AppAsia®

ANNUAL REPORT 2020

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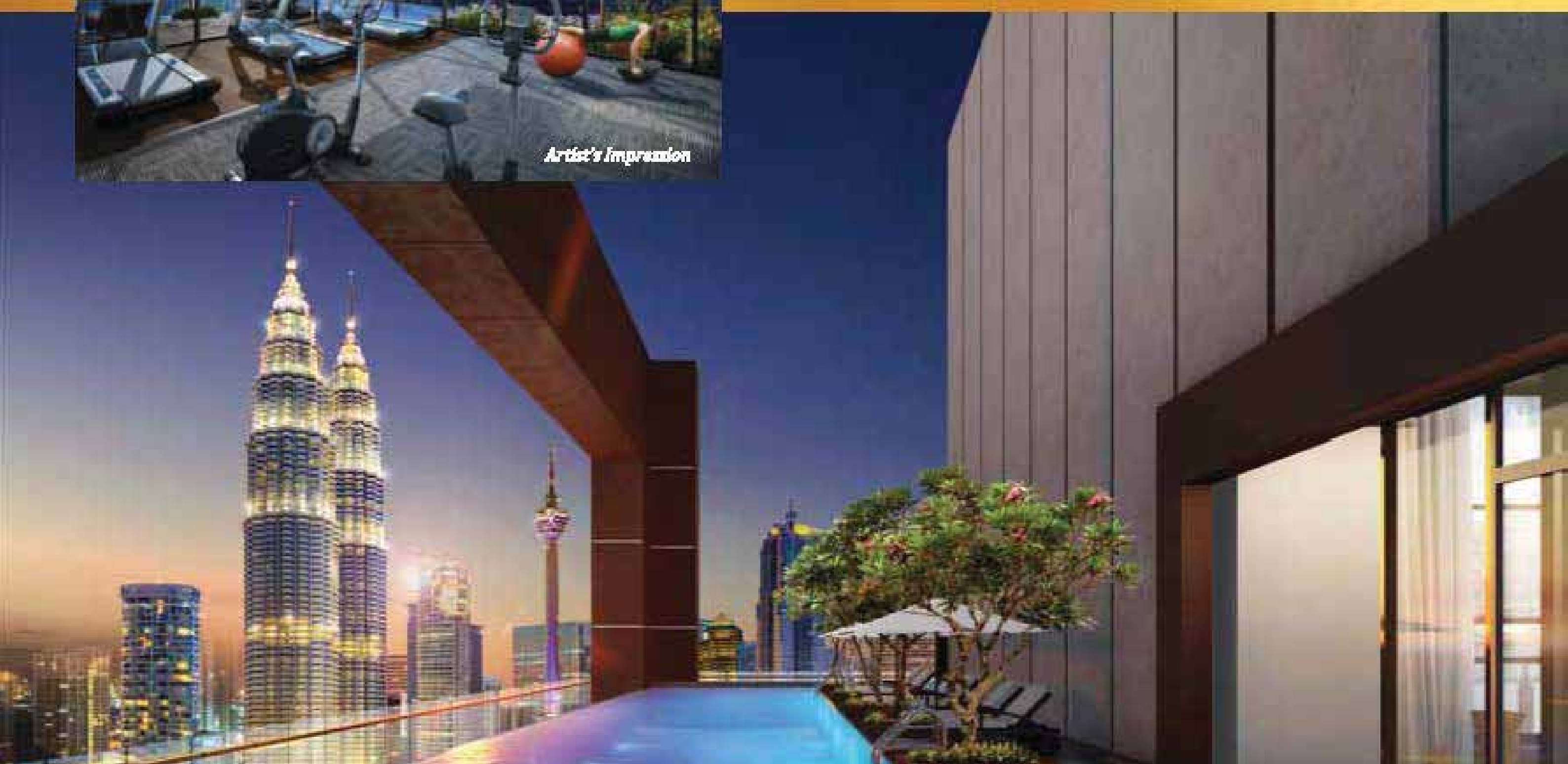
ASIA PACIFIC PROPERTY AWARDS
DEVELOPMENT
in association with
American Standard
★★★★★
BEST APARTMENT / CONDOMINIUM MALAYSIA
2019-2020
ASIA PACIFIC PROPERTY AWARDS
ARCHITECTURE
in association with
GROHE
AWARD WINNER
ARCHITECTURE MULTIPLE RESIDENCE MALAYSIA
2019-2020
ASIA PACIFIC PROPERTY AWARDS
DEVELOPMENT
in association with
American Standard
AWARD WINNER
NEW HOTEL CONSTRUCTION & DESIGN MALAYSIA
2019-2020
ASIA PACIFIC PROPERTY AWARDS
ARCHITECTURE
in association with
GROHE
AWARD WINNER
HOTEL ARCHITECTURE MALAYSIA
2019-2020
Artist's Impression


Artist's Impression


Artist's Impression


Artist's Impression

EXPERIENCE THE LIFESTYLE

SHOPPING REDESCOVERED

Centerpoint Seremban is a new exciting retail and lifestyle mall designed to provide great exposure for retailers and convenience to shoppers, Centerpoint Seremban facilitates multiple vehicular ingress/egress with two drop-off points to ensure a hassle-free entry to the mall.

Centerpoint Seremban is strategically located in the central business district of Seremban in one of the most vibrant hubs of the city, and is also the only shopping mall in Ampangan. It's an exciting place for the whole family to shop.

Entertainment
Leisure
Lifestyle
Dining

+606-763 9889
info@centerpointseremban.com
www.centerpointseremban.com

LEASING INQUIRIES:

+60 111 9300 000

Pegasus Heights Berhad

1-40-1, Menara Bangkok Bank,
Berjaya Central Park, No. 105 Jalan Ampang,
50450, Kuala Lumpur.
Tel: +603-2181 3553
Email: info@pegasusheights.com

MALL ADDRESS:

Centerpoint Seremban,
33, Jalan Dato Siamang Gagap,
Betaria Business Centre,
70100 Seremban, Negeri Sembilan.
Tel: +606-763 9889 | Fax: +606-763 9998
Email: info@centerpointseremban.com

AppAsia®

AI + Big Data + Cloud + Security

Digital **Platform Solution**

For your digital platform project with the advanced digital platform solutions

- **Industry** Platform
- **Customers** Platform
- **Supplier** Platform
- **Knowledge based** Platform
- **Digital Content** Platform
- **E-Marketplace**
- **B2B** Platform
- **Big Data** Platform
- **Bank Confirmation** Platform

info@appasia.com

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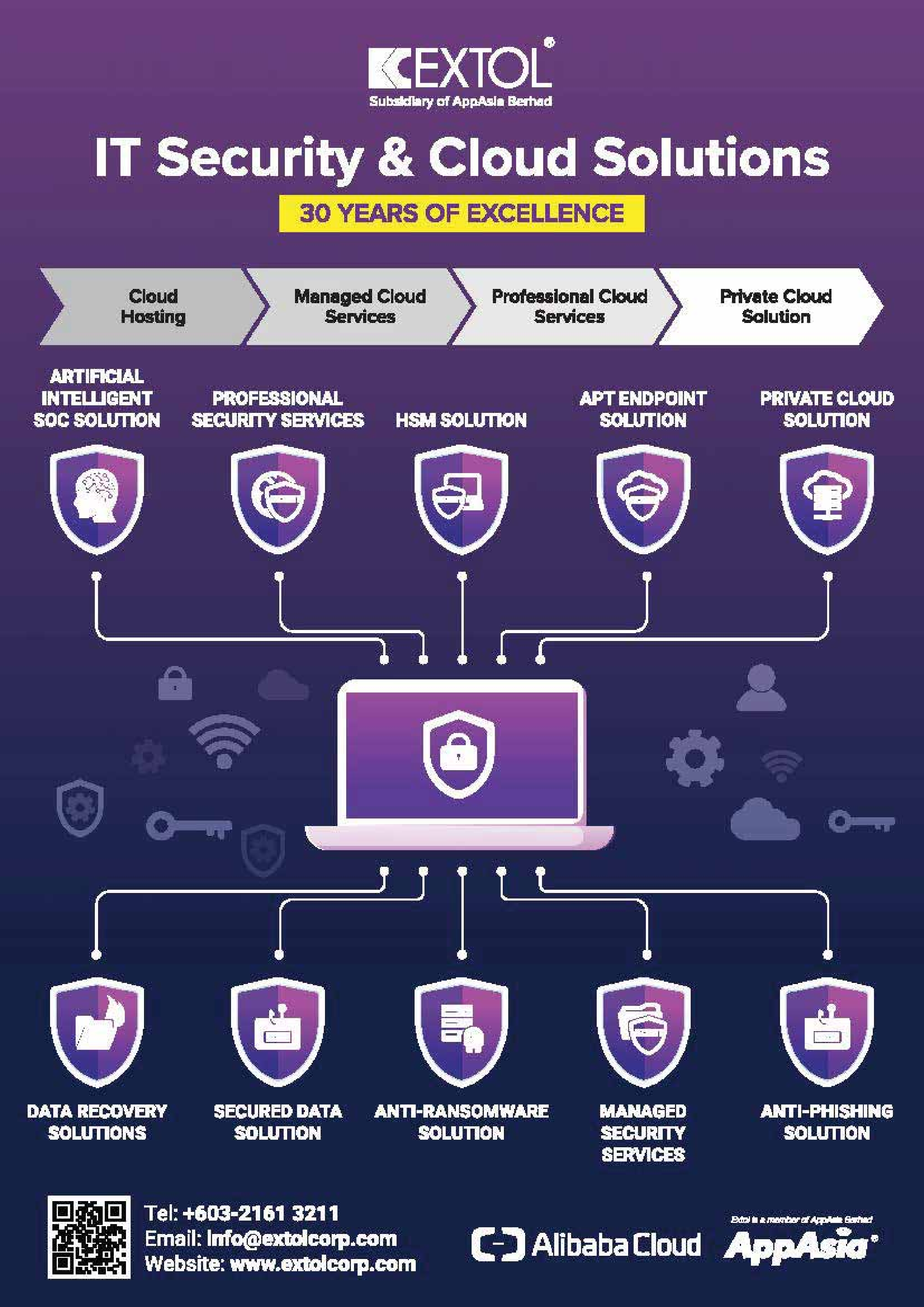
+603-2181 3666


EXTOL
Subsidiary of AppAsia Berhad
IT Security & Cloud Solutions
30 YEARS OF EXCELLENCE
Cloud Hosting
Managed Cloud Services
Professional Cloud Services
Private Cloud Solution
ARTIFICIAL INTELLIGENT SOC SOLUTION
PROFESSIONAL SECURITY SERVICES
HSM SOLUTION
APT ENDPOINT SOLUTION
PRIVATE CLOUD SOLUTION
DATA RECOVERY SOLUTIONS
SECURED DATA SOLUTION
ANTI-RANSOMWARE SOLUTION
MANAGED SECURITY SERVICES
ANTI-PHISHING SOLUTION
Tel: +603-2161 3211
Email: info@extolcorp.com
Website: www.extolcorp.com
Alibaba Cloud
Extol is a member of AppAsia Berhad
AppAsia

GLOSS FINISH

Wood & Metal Finish

- For Protection & Decoration of Wood and Metal
- For Both Exterior & Interior Use
- Excellent Gloss Retention
- Rust Resistant with Good Durability
- Fungal Resistant

ANTI FUNGUS & ALGAE

ANTI RUST

RoHS Compliant

SERSOL

TABLE OF CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Wira Rahadian Mahmud bin Mohammad Khalil
(Independent Non-Executive Chairman)

Toh Hong Chye *(Executive Director)*

Wong Ngai Peow *(Executive Director)*

Yong Mai Fang *(Executive Director)*

Datuk Low Kim Leng *(Independent Non-Executive Director)*

Tiew Chee Ming *(Independent Non-Executive Director)*

AUDIT COMMITTEE

Tiew Chee Ming (Chairman)
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil
Datuk Low Kim Leng

REMUNERATION COMMITTEE

Datuk Low Kim Leng (Chairman)
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil
Tiew Chee Ming

NOMINATION COMMITTEE

Datuk Low Kim Leng (Chairman)
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil
Tiew Chee Ming

SHARE ISSUANCE SCHEME ("SIS") OPTION COMMITTEE

Toh Hong Chye (Chairman)
Wong Ngai Peow
Yong Mai Fang
Low Yen Hoon

COMPANY SECRETARIES

Chin Wai Yi
(SSM PC No. 202008004409/
MAICSA 7069783)

REGISTERED OFFICE

E-10-4, Megan Avenue 1
189, Jalan Tun Razak
50400 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia
Tel No. : +603-2181 0516
Fax No. : +603-2181 0516

HEAD OFFICE

1-40-1, Menara Bangkok Bank
Berjaya Central Park
No. 105 Jalan Ampang
50450 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia
Tel No. : +603-2181 3666

AUDITORS

UHY (AF-1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia
Tel No. : +603-2279 3088
Fax No. : +603-2279 3099

PRINCIPAL BANK

CIMB Bank Berhad

SHARE REGISTRAR

Boardroom Shares Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel No. : +603-7890 4700
Fax No. : +603-7890 4670

COMPANY SOLICITORS

Messrs Ringo Low & Associates
D-03-03 Phileo Damansara 1
Off Jalan Damansara
46350 Petaling Jaya,
Selangor Darul Ehsan
Malaysia
Tel No. : +603-7957 8778
Fax No. : +603-7957 1771

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
ACE Market
Stock Name : APPASIA
Stock Code : 0119

CORPORATE WEBSITE

www.appasia.com

CORPORATE STRUCTURE

AppAsia

APPASIA BERHAD & GROUP OF COMPANIES

- 100% AppAsia Cloud Sdn. Bhd.
- 100% AppAsia International Sdn. Bhd.
- 100% AppAsia Mall Sdn. Bhd.
- 100% AppAsia Tech Sdn. Bhd.
- 100% Extol Corporation Sdn. Bhd.
- 100% AppAsia Marketing Sdn. Bhd. (formerly known as Extol Marketing Sdn. Bhd.)
- 100% AppAsia Capital Sdn. Bhd. (formerly known as TBH Borneo Sdn. Bhd.)
- 70% AppAsia Stream Sdn. Bhd. *# Incorporated on 12 August 2020*

DIRECTORS' PROFILES

DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL

Independent Non-Executive Chairman

Age	:	47
Nationality	:	Malaysian
Gender	:	Male
Date of Appointment	:	24 July 2014
Board Committee membership	:	• Member of the Audit Committee • Member of the Remuneration Committee • Member of the Nomination Committee

Qualification, Working Experience and Occupation

Datuk Wira Rahadian Mahmud bin Mohammad Khalil holds a Degree in Civil Engineering from Queen Mary College, University of London in 1996.

He has vast experience in businesses under various industries throughout his career with active participation in reforestation, construction and manufacturing sectors.

He was a Non-Executive Director of Magna Prima Berhad from July 2007 to May 2011. Subsequently, he was re-designated as Executive Director on 12 May 2011 and on 14 April 2014, he was promoted to Group Managing Director.

Directorship of public companies and listed issuers

- Magna Prima Berhad (Group Managing Director)
- KYM Holdings Berhad (Independent Non-Executive Director)

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

DIRECTORS' PROFILES (CONT'D)

WONG NGAI PEOW
Executive Director

Age	:	45
Nationality	:	Malaysian
Gender	:	Male
Date of Appointment	:	28 May 2014
Board Committee membership	:	• Member of the Share Issuance Scheme Committee

Qualification, Working Experience and Occupation

Wong Ngai Peow (Calvert) holds a Bachelor Degree in Information Technology and Business Management from the University of Malaya.

He has more than 20 years of in-depth professional experience in the Information Technology ("IT") industry.

Starting as a system analyst, Calvert quickly became a technopreneur after founding several successful IT ventures since 2002. He successfully grew his startups to prosperous ventures in the IT sector, eventually winning The Star's Outstanding Business Award as Best ICT Company in Malaysia in 2010.

Throughout his many years of specialised IT industry experience, Calvert has successfully implemented various size of complex IT projects for many multinational corporations, financial institutions, public listed companies and government agencies in the region.

His portfolio includes the successful implementation of online trading system, e-insurance systems, bonds information system, B2B2C e-commerce portal, mobile applications, payment gateway system, cybersecurity solutions, business process integration, social networking system and cloud solution.

Currently, he is spearheading AppAsia Berhad and its subsidiaries business operations and product developments.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

DIRECTORS' PROFILES (CONT'D)

TOH HONG CHYE
Executive Director

Age	:	45
Nationality	:	Malaysian
Gender	:	Male
Date of Appointment	:	24 July 2014
Board Committee membership	:	• Chairman of the Share Issuance Scheme Committee

Qualification, Working Experience and Occupation

Toh Hong Chye holds a Master in Business Administration in Finance from the International Islamic University Malaysia. He is also a Chartered Accountant, a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

He founded H.C. Toh & Co., a non-audit firm involved in company secretary, accounting and business advisory services for companies from various industries. His experience covers audit and assurance engagements, corporate reporting and compliance, taxation and wide-ranging overseas exposures. He had been involved in the successful implementation of several corporate exercises which include merger and acquisition and corporate debt restructuring exercises undertaken by private and public listed companies.

Directorship of public companies and listed issuers

- Pegasus Heights Berhad (Executive Director)
- Sersol Berhad (Executive Director)
- Sinmah Capital Berhad (Non-Independent Executive Director)

Relationship with other directors/ shareholders/ listed issuer

- Spouse to Yong Mai Fang, the Director and Shareholder of the Company
- Director and Shareholder of Richmond Virginia Tobacco Sdn. Bhd., the major shareholder of the Company

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

DIRECTORS' PROFILES (CONT'D)

YONG MAI FANG
Executive Director

Age	:	44
Nationality	:	Malaysian
Gender	:	Female
Date of Appointment	:	1 March 2018
Board Committee membership	:	• Member of the Share Issuance Scheme Committee

Qualification, Working Experience and Occupation

Yong Mai Fang is a Chartered Accountant, a fellow member of the Association of Chartered Certified Accountants and also a member of the Malaysian Institute of Accountants.

She was the Audit Branch Manager of B. L. Tan & Co. for 10 years. She primarily oversees and manages audit, taxation and other assurance services required by the clients.

She has more than 15 years of experience in accountancy and business advisory services. Her experience covers various sector comprising property development, construction, investment holding, leisure management, servicing and trading.

Based on her vast experience and knowledge, she shall be able to provide her management expertise and skills in assisting the Company to develop and grow to a higher level.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/ listed issuer

- Spouse to Toh Hong Chye, the Director and Shareholder of the Company
- Director and Shareholder of Richmond Virginia Tobacco Sdn. Bhd., the major shareholder of the Company

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

DIRECTORS' PROFILES (CONT'D)

DATUK LOW KIM LENG
Independent Non-Executive Director

Age	:	58
Nationality	:	Malaysian
Gender	:	Male
Date of Appointment	:	28 May 2014
Board Committee membership	:	• Chairman of the Nomination Committee • Chairman of the Remuneration Committee • Member of the Audit Committee

Qualification, Working Experience and Occupation

Datuk Low Kim Leng graduated from Manchester Metropolitan University (UK) with a degree of Bachelor of Arts (Hons) (Law) in 1983 and as an Utter Barrister of the Honourable Society of Gray's Inn, he was admitted to the English Bar in 1984. He was called to the Malaysian Bar and was admitted as an advocate and solicitor of the High Court of Malaya in 1985.

He practices law under the name and style of Messrs Ringo Low & Associates of which he is now a principal partner and a registered Trade Mark Agent. He has been appointed as a Notary Public to carry out notarial functions since 2004. He is also a legal advisor to various national organisations.

In recognition of his excellent services rendered as a lawyer and a corporate advisor, he was conferred the award of Darjah Pangkuan Seri Melaka by TYT Tun Datuk Seri Utama Dr Khalil bin Yaakob, the Governor of Melaka in November 2018.

Directorship of public companies and listed issuers

Sersol Berhad (Independent Non-Executive Director)

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

DIRECTORS' PROFILES (CONT'D)

TIEW CHEE MING

Independent Non-Executive Director

Age	:	32
Nationality	:	Malaysian
Gender	:	Male
Date of Appointment	:	1 March 2018
Board Committee membership	:	• Chairman of the Audit Committee • Member of the Nomination Committee • Member of the Remuneration Committee

Qualification, Working Experience and Occupation

Tiew Chee Ming is a Chartered Accountant, a fellow member of the Association of Chartered Certified Accountants and also a member of the Malaysian Institute of Accountants.

He started his career with Sersol Berhad as an internal auditor in 2014 and was later promoted to Group Accountant in year 2016 to oversee the Group financial reporting and functions. Subsequently, he was promoted to Chief Financial Officer of Sersol Berhad in year 2018.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

PROFILES OF KEY SENIOR MANAGEMENT

LOW YEN HOON
ACCOUNTS MANAGER

Age	:	35
Nationality	:	Malaysia
Gender	:	Female
Date of appointment	:	3 May 2016

Qualification, Working Experience and Occupation

Low Yen Hoon is a Chartered Accountant, a member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

She joined the Company as Assistant Accounts Manager and was subsequently promoted to Accounts Manager. She is currently Accounts Manager of the Group.

She has over ten (10) years of experience in accounting and auditing, having worked in several audit firms such as Douglas Loh & Associates and K-Konsult Corporation Sdn. Bhd.

Directorship of public companies and listed issuers

Pegasus Heights Berhad (Independent Non-Executive Director)

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

LOKE BAN YEE
TECHNICAL LEAD, E-MEDIA

Age	:	34
Nationality	:	Malaysian
Gender	:	Female
Date of appointment	:	1 July 2014

Qualification, Working Experience and Occupation

Loke Ban Yee graduated from Universiti Putra Malaysia with a First-class Degree in Bachelor of Computer Science.

She joined the Company as an Application Solution Architect and was subsequently promoted to Technical Lead on 1 April 2019. She is currently leading the research and development of the digital media technology for the Company.

She has over ten (10) years of technical experience in the Information Technology industry, with specialised experience in advanced system engineering, design, development as well as technical team management.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

PROFILES OF KEY SENIOR MANAGEMENT (CONT'D)

HEW YIT CHEE
TECHNICAL LEAD, DIGITAL PLATFORMS

Age	:	37
Nationality	:	Malaysian
Gender	:	Male
Date of appointment	:	15 October 2019

Qualification, Working Experience and Occupation

Hew Yit Chee holds a Bachelor of Information System Engineering from Universiti Tunku Abdul Rahman.

He joined the Company as Technical Lead and is currently leading the research and development of the digital platform technology for the Company.

He has over ten (10) years of technical experience in the Information Technology industry, with in-depth experience in system development, advanced computing and overall system architect design and technical team management.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("**MD&A**") aims to assist the reader in understanding the results of operations and financial condition of AppAsia Berhad ("**AppAsia**") and its subsidiaries ("**the Group**"). It contains data derived from our audited financial statements and factual statements on how the Group addresses business conditions, future plan, relevant risks, foreign exchange fluctuations, impact of inflation and other economic uncertainties.

The MD&A should be read in conjunction with our financial statements and the accompanying Notes to the Financial Statements.

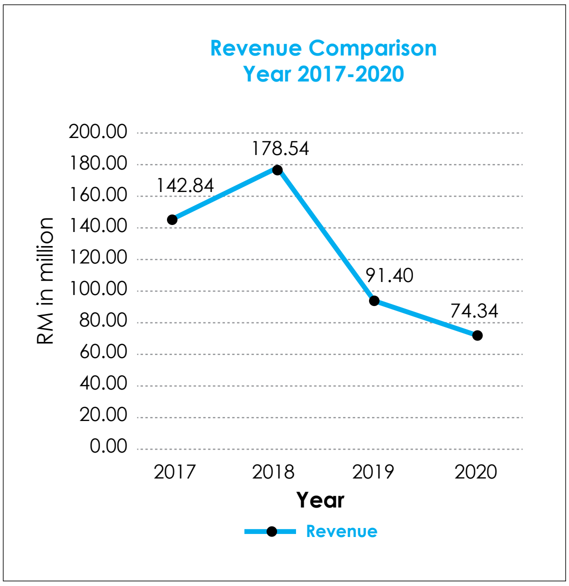
1) GROUP BUSINESS OPERATIONS AND PERFORMANCE

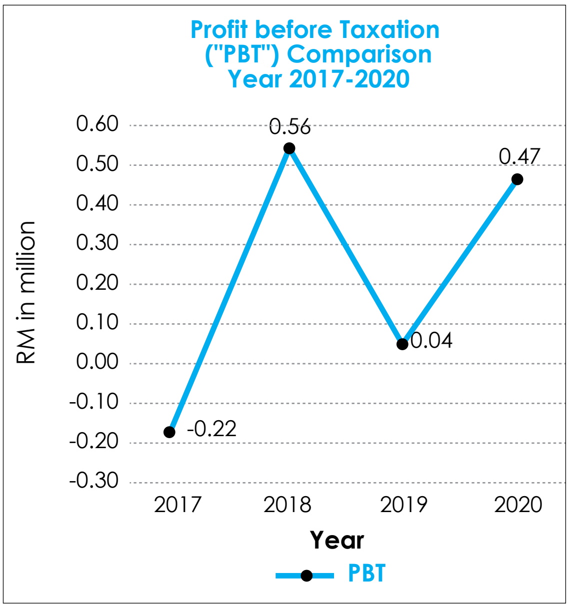
AppAsia is principally engaged in the activities of investment holding and management services. The Group's businesses are categorised into three segments, namely Digital Solutions, E-Commerce and other services. There are eight subsidiaries under the Group as follows:

No.	Company	Ownership
1.	AppAsia Cloud Sdn. Bhd.	100%
2.	AppAsia International Sdn. Bhd.	100%
3.	AppAsia Mall Sdn. Bhd.	100%
4.	AppAsia Marketing Sdn. Bhd. (formerly known as Extol Marketing Sdn. Bhd.)	100%
5.	AppAsia Stream Sdn. Bhd.	70%
6.	AppAsia Tech Sdn. Bhd.	100%
7.	Extol Corporation Sdn. Bhd.	100%
8.	AppAsia Capital Sdn. Bhd. (formerly known as TBH Borneo Sdn. Bhd.)	100%

During the financial year under review ("**FYE2020**"), AppAsia incorporated AppAsia Stream Sdn. Bhd., to expand into video production and streaming services to cater the increasing growth of this industry.

The Group has achieved an increase of profit despite the decrease in revenue during the challenging economy situation for FYE2020.





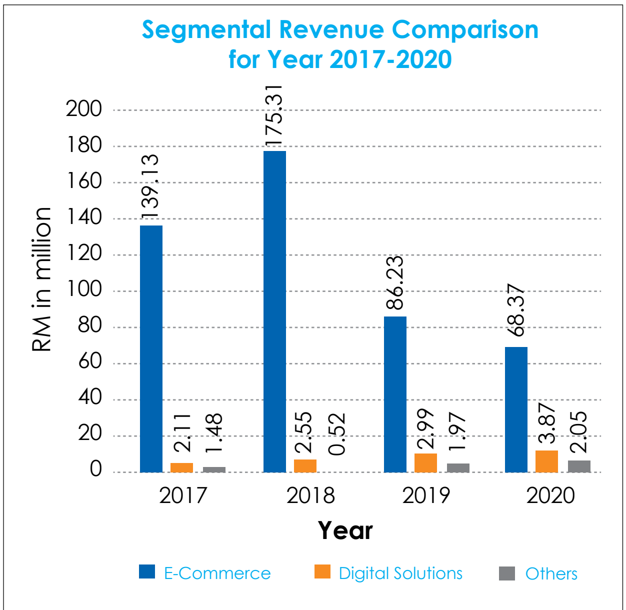
In FYE2020, the Group's revenue decreased by 18.67% from RM91.40 million for the financial year ended 31 December 2019 ("**FYE2019**") to RM74.34 million. The decrease in revenue was mainly due to the decrease of revenue in the Business-to-Business ("**B2B**") e-commerce services sector due to the Covid-19 pandemic that impacted the overall B2B trading activities.

However, the Group managed to achieve higher profit in FYE2020 in which the profit before taxation ("**PBT**") had increased by 1,075% from RM0.04 million (FYE2019) to RM0.47 million (FYE2020). The increase was mainly due to the growth in Digital Solution segment and effective cost control across the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

The Group registered RM14.41 million cash and cash equivalents for FYE2020, and achieved net positive cash flow of RM3.58 million in FYE2020 compared to RM3.82 million in FYE2019. In FYE2020, the net positive cash flow was contributed from operating activities (RM3.12 million) and financing activities (RM1.67 million), which was reduced by the negative cash flow from investing activities of RM1.20 million. However, majority of the investment cash flow was spent on Information Technology ("**IT**") research and development ("**R&D**") (RM0.98 million), which was essential for the future growth of the Group. The Group also spent RM0.67 million on shares bought back as part of the Group's financing activities.

The business operation and financial performance of each business segment of the Group are explained below.



a) Digital Solutions Business

The Group's digital solutions business is primarily focused in providing digital platform related solutions and services, ranging from the advanced web portal, digital publishing system, interactive mobile applications, social media integration, programmatic advertisement engines, video streaming and big data solutions to 24x7 on-demand system support services.

AppAsia provides specialised digital platform solutions for the e-media industry. We help our partners to digitise their contents and provide them with digital platform solutions to reach out to the global readers via the internet, mobile and social media. The revenues are mainly from the digital advertising and user subscription fee generated through these digital platforms.

Our digital platform solution also includes the industry-wide electronic bank confirmation platform, eConfirm.my, which was launched in June 2020. The target users of the platform are the auditors that submit the confirmation requests for their clients as well as the financial institutions responding to the requests. The eConfirm.my platform charges RM15 for each confirmation.

The Group has also introduced video production services as part of the Digital Solution services in August 2020 in view of the growing demand for digital video solution. Our video production services are targeted for companies ranging from the SMEs to the big corporations, who are aiming to promote their products and services via digital marketing.

The Group's revenue in this sector had increased by 29.4% from RM2.99 million (FYE2019) to RM3.87 million (FYE2020) due to the launch of new digital platforms.

b) E-Commerce Business

Our E-Commerce business division is principally involved in providing Business-to-Consumer ("**B2C**") and Business-to-Business ("**B2B**") e-commerce platforms through AppAsia e-Marketplace.

The AppAsia B2B platform provides the online sourcing features for the wholesaler or retailers to source for wholesale products locally and globally whereas AppAsia B2C platform provides online store features to promote ours as well as other merchants' products and services to the online consumers.

The revenue from the E-Commerce business decreased from RM86.23 million

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

(FYE2019) to RM68.37 million (FYE2020). The decrease was mainly due to lower B2B transactions caused by imposition of the Movement Control Order that has impacted the overall B2B sourcing industry. Another reason for the drop of B2B sales was because the management imposed stringent credit risks filtering for the B2B transactions.

c) Other Businesses

The Group is also involved in other businesses, namely the IT Security, Cloud, IT training and money lending services. The revenue for this segment increased by 4.1% from RM1.97 million (FYE2019) to RM2.05 million (FYE2020) due to the growth in IT Training and money lending business.

2) IDENTIFIED RISKS AFFECTING GROUP PERFORMANCE

The Group is operating in the IT industry that is constantly evolving and challenging. Frequent changes in technology and consumers' demand require our expertise in creating innovative and sustainable solutions to stay ahead of our competitors, at home and abroad. Besides, the Group is also involved in the finance industry through the moneylending business that may be associated with credit risks.

The identified risks affecting Group performance are:

a) Credit risk

The Group's credit risks primarily comprise trade for the B2B e-commerce services and receivable for the money lending services. Credit risks are managed through credit checks using the services of credit reporting and checking agencies. Credit risks are also minimised through selective interaction and association with creditworthy business partners.

In FYE2020, the Group continues to adopt stringent credit control procedures. Long outstanding trade receivables, considered as high exposures to risk dependency, were monitored on a regular basis.

b) Technology obsolescence risk

Our Group is highly dependent on the IT technology development for future growth and survival as our products and services are based on technological advantages. Technology obsolescence risk shall be significant to the Group if the process, product, or technology used or produced by the Group for profit may become obsolete, and thus no longer competitive in the marketplace. This would significantly reduce the profitability of the Group.

In order to minimise this risk, the Group shall maintain its commitment to invest in research and development to ensure the Group's products and technology remain competitive in the industry.

c) Competition risk

Our long-term success depends largely on how we continue to secure new business and/or customers to minimise our risk of dependency on a handful of major customers. Furthermore, maintaining cordial and long-term customer relationships are essential to ensure the continuity of business.

Notwithstanding our strengths, we continue to face competition from existing and prospective industry players:

i) <u>Competition in Digital Solution Market</u>

Our competitors in this sector are typically from major local and foreign applications developers. Some customers are also in preference of hiring in-house IT team for the development of their digital solutions. Our challenge is to convince our customers to partner with us to develop the digital solutions instead of using their in-house team or other vendors.

To overcome this challenge, we are committed to provide state-of-the-art solutions compared to others. As such, the Group continuous to innovate our digital products so that our solutions are always be competitive in the industry. AppAsia is also committed to provide higher

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

services standards to ensure top quality services are provided to our customers and partners compared to others. Our proven track record and customers' success stories provide us with an edge over many competitors.

ii) Competition in the E-Commerce Market

Though the e-commerce industry has been growing rapidly, the market is still very competitive.

The Group has been operating the e-commerce business with cautious cost measures and focusing in optimising the profit margin per transaction.

iii) Competition in other sectors

For ICT Security and Cloud solutions, the Group is expected to face competitions from local and foreign companies.

Under the brand name of Extol, the Group distinguishes itself in ICT Security and Cloud solutions with many proven track records especially in the financial sectors. Our proven end-to-end encryption solution provides us the competitive edge over our competitors.

d) Professional liability risk

Our professional services, software and hardware solutions are important to ensure the smooth operations of our businesses. Such solutions may be susceptible to system disruption such as virus attack and software or hardware malfunction. Unless rectified timely, this may cause disruption to our customers' operations and may lead to reputation damage, loss of client or legal claims from our customers. We may also incur additional costs to remedy the problems faced by our customers. Our Group provides our customers with limited services warranty and liability. To mitigate our professional liability risk, we have in place quality control procedures and maintain good business relationship with our partners to secure on-time support services.

3) FACTORS AFFECTING GROUP'S RESULTS

Our Group's financial condition and results of operations are subjected to several key factors set out below:

a) Technological Advancements or Developments

Our Group's competitive edge depends substantially on our ability to anticipate and keep ahead of technological advancements to address our customers' needs.

Information technological advancements are often rapid and volatile. Our R&D team aims to remain "ahead of the curve" by:

i. continuously enhancing existing technology and applications as part of our continuous improvement efforts in line with market demands; and
ii. developing new technology for new solutions to keep pace with the latest advancement especially in the 5G networks, A.I., machine learning and big data technologies.

Our Group aims to produce advanced and innovative products within budget and on timely basis, to consolidate our position as a key player in the IT industry.

b) Dependency on Major Contracts

No assurance can be given that the loss of major contracts will not materially affect our Group's business, operating results and financial position. However, our Group will continue to diversify its clients' base to reduce over-reliance on major clients.

c) Cybersecurity and System Disruptions

We are principally operating in a highly technology-driven environment, which is susceptible to various cybersecurity and system disruption risks that may impact the Group's revenue, which is further explained in detail in the Sustainability Statement section.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

d) Downturn of Other Related Industries

Although the Group is in its effort to diversify its business segments and customers categories across different industries, the economic downturn of other related industries, which our customers or partners are involved in, may indirectly or directly hamper the Group's earnings.

e) Changes on any Acts, Tax, Regulations or Policies

The Group's performance may be affected positively or negatively with any changes to the relevant legal acts, tax regimes, data protection acts, local regulations, industry compliance standards or any other related policies.

f) Impact of Global Crisis

The Group's performance may be affected by the global crisis like the latest COVID-19 outbreak, which caused a global pandemic and economic recession since 2020. Though the COVID-19 pandemic did not impact directly on the Group's operation, they have constituted major social and economic problems that may have a domino effect on all sectors. The management is working its best to put in all necessary plans and measures to avoid a major impact on the Group's operation and performance.

4) PROSPECTS AND OUTLOOK

In view of the uncertain social and economic environment, the Group is cautious in its strategy in spending while exploring new market. The Group remains focus on growing the businesses especially in the digital solutions segment.

In overall, the management is optimistic about the Group's future growth in view of the following prospects:

A) E-Media Digital Solution Business

In this sector, AppAsia has been partnering with a few publishers to provide e-media digital solutions including the digital contents, online publishing, digital advertising, advanced mobile applications, artificial intelligent engine, video streaming, podcasting and big data solution. AppAsia's revenue in this sector is dependent on the expansion of the digital advertising industry which is expected to grow in the near future.

Besides the aforesaid expectation, AppAsia also aims to secure new partnerships with a few more publishers and that may generate additional revenue to the Group. The Group also targets to roll out its big data management platform that will provide personalised user subscription services to increase the revenue of its digital platforms.

B) eConfirm Industry Platform

The Group has launched the industry-wide bank confirmation platform, eConfirm.my, in June 2020. eConfirm.my is the first and only industry-wide electronic bank confirmation platform, that is in collaboration with Malaysian Institute of Accountants ("**MIA**"), to provide electronic bank confirmation to all the auditors and banks operating in Malaysia. The exclusive collaboration agreement with MIA shall last for a total of 12 years from 2018 until 2030 with pay-per-transaction revenue model. This platform shall provide efficient and secured online system to process bank confirmations required for every company's audit process. It is targeted to be used by most of the auditors and banks to process the audit confirmation for more than 1 million companies in Malaysia. The volume of the confirmations are expected to pick up when major banks are onboarded in FYE2020. With this, the management is confident that this business shall contribute positively to the Group's revenue.

Besides, in view of its unique business model and cutting-edge technology, the management is also looking into promoting this business to ASEAN market in the near future.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

C) Other Businesses

In September 2020, the Group has signed an exclusive collaboration agreement with Telekom Malaysia Berhad to jointly develop and promote the Yellow Pages Digital Platform. This platform is expected to launch in 2021, which may provide additional revenue to the Group.

AppAsia's digital marketing solution is also selected as one of the Technology Service Provider ("**TSP**") of the SME Digitalisation Grant under MDEC. Under this scheme, each eligible SME using AppAsia's digital marketing solution shall be entitled for a 50% matching grant (maximum RM5,000) provided by the government. With this incentive, it is expected to boost our digital solution revenue.

For e-commerce business, the Group shall remain cautious in spending and avoid huge marketing expenditures while expanding in this sector. The Group shall look into expanding this business by jointly developing industry specific e-marketplace with potential industry partners.

The management is also optimistic of the growth of the ICT Security and Cloud businesses.

CORPORATE SUSTAINABILITY STATEMENT

Today's astounding rate of innovation is driven by technology solutions that speed processing of information. AppAsia Berhad ("**AppAsia**") continues to deliver products that push technological capabilities forward by fast-tracking the business' progress. We are moving swiftly to advance positive influences on the people and the planet, investing in the best talent, reducing the environmental impact of our operations, sourcing product inputs responsibly and sharing our success with our communities. As a company and a corporate citizen, AppAsia is keeping pace with the rapid change and finding more ways to accelerate sustainability and enrich life.

Governance Structure

The Board of Directors ("**Board**") of AppAsia considers economic, environment, social and governance issues such as fraud, corruption and bribery, environment, health and safety, when determining the nature and extent of material risks that AppAsia is willing to take to achieve its strategic and business objectives.

The Board is committed to the highest level of corporate governance and transparency in the execution of policies and processes as this is fundamental to the management and operational protocols of AppAsia. This is founded on the belief that good governance is essential in building trust and confidence with stakeholders which ultimately determines the success of the business.

Guided by the company's core values, AppAsia builds and maintains a strong organisational culture to guide employees in making the right business decisions.

Stakeholders Engagement

Stakeholders, both internal and external, drive our business success. We take measures to understand our local impacts effect of our operations, products on people, the environment and society. To do this, we partner with a wide range of external parties to properly inform the decisions we make.

We engage with key stakeholders based on their material relationship to our operational success and our potential to affect them through our operations. Append below is the summary of channels through which we engage with different stakeholders.

Stakeholders	Forms of Engagement	Frequency	Engagement focus / objectives
Employees	• Ongoing supervisor interactions • Training • Meetings hosted by senior leaders	Ongoing	To create a culture in which all employees contribute to our success.
Customers	• Regular meetings • Complaints or feedbacks • Customer requirement documents	Ongoing	To understand how we are performing from our customers' perspectives and build industry consensus on social and environmental issues.
Shareholders	• Annual General Meeting • Quarterly financial reports • Announcements to Bursa Malaysia Securities Berhad • Annual Reports and Circulars • Company's website	Ongoing	To foster transparency and ensure we are meeting the needs of our shareholders and investors.

We update the Group's information on a regular basis on our company website to provide convenience to our stakeholders in obtaining information about the Group and also provide a channel to communicate with our stakeholders.

CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

AppAsia's Response to COVID-19

The COVID-19 pandemic had influenced how we interact with each other on a daily basis and shaped new business processes in ways we are only beginning to understand.

Acting with an abundance of caution, we established preventive protocols to reduce the risk of exposure, such as working remotely, team separation to minimise the number of people working on-site at the same time, additional cleaning and disinfecting while maintaining suitable social distancing. As the situation escalated, AppAsia maintained strong employee morale and wellbeing by providing additional assistance to employees working from home and on-site, including moving many of our programs to virtual experiences which include online training classes and sustainability-related engagement activities.

AppAsia is committed to support the government to battle the ongoing pandemic. The Group has donated 1,440 boxes of 3 ply face masks to the following organisations:

- Pertubuhan Confucian Chung De K.L.
- Ibu Pejabat Polis Daerah Kajang
- Jin Gang Chan Si Association
- Kechara Soup Kitchen
- Kuala Lumpur Baptist Church
- Kementerian Pendidikan Malaysia
- Pertubuhan Tindakan Wanita Islam Malaysia (PERTIWI)
- Pemegang Amanah Yayasan Kebajikan SSL Haemodialysis Berdaftar

CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

Economic

AppAsia has identified and assessed material issues with the most significant impact to business operations and stakeholders. Following the last materiality assessment for the financial years ended 2018 and 2019, AppAsia and its subsidiaries (collectively known as the "**Group**") had conducted a review for the reporting year 2020 and determined that the following three (3) material sustainability matters ("Material Matters") remain relevant to AppAsia:

- Industry Impact and Client Relationship
- Intellectual Property
- Cyber Security and System Interruption

a) Industry Impact and Client Relationship

AppAsia offers customer-centric end-to-end premium quality solutions with value added digital solutions.

At a time where customer expectations are ever growing, the Group strives to cater to customers' different needs and expectations and constantly look for ways to improve the quality of experience for its customers.

b) Intellectual Property

Intellectual Property ("**IP**"), or the value of knowledge created, acquired and repositioned for application, is integral to the Group's strategy formulation. It provides AppAsia with a competitive edge to achieve success in a competitive marketplace.

The Group embraces and leverages technology (including digital) to enhance performance and competitive advantage, and safeguard against potential disruption to the business.

c) Cybersecurity and System Interruption

As a provider of technology services, products and solutions, safeguarding confidential information is paramount in building and maintaining trust with our customers and stakeholders. We conduct our business in compliance with data protection laws and standards such as the Personal Data Protection Act 2010.

With the increasing prevalence and complexity of cyber-attacks and personal data theft, AppAsia adopts a holistic and risk-based framework to safeguard confidential information. The Group is guided by policies and standard operating procedures ("**SOP**") which prescribe measures to securely receive, handle and store confidential information in secure storage facilities. In addition to that, the Group's Information Technology ("**IT**") department regularly monitors and make improvements to our IT infrastructure, systems and SOPs to safeguard confidential information.

Specific areas of growth and vulnerability are the internet of things (**IoT**). What began as a means of machine-to-machine communication has evolved into a complex network of millions of connected devices worldwide.

As a result of IoT growth, the Group's innovation focus today includes not only storage solutions for vast amounts of new data but also security for IoT devices. The threat of enterprise attacks is far-reaching, given the vulnerability of embedded systems.

The Group maintains a high standard of IT control and compliance by establishing a clear information and communication technology security policy. In addition, the Group also develops the information security management system (ISMS) framework according to ISO 27001 and other information security management quality standards.

Environmental

The Group believe that the efficient use of resources is essential for sustained economic growth. We have therefore instituted a systematic approach towards integrating practices for resource use efficiency into our operations. We have since implemented energy efficiency initiatives such as reminders for employees to switch off office lights and air conditioners when not in use, thus further reducing unnecessary electricity consumption.

(a) Energy Consumption

During the financial year under review ("**FYE2020**"), there was an increase in electricity consumption from 59,000 kW to 72,000 kW due to the re-occupation of a rented office during the year as shown in Table 1.0. The same energy-saving measures will be implemented in both offices to make sure electricity is used efficiently.

CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

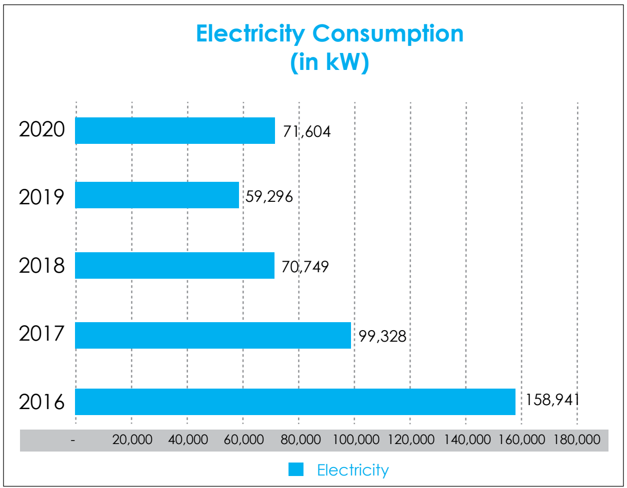


Table 1.0

(b) Waste Management

While waste and material use has not been identified as a material issue for AppAsia, the Group remains committed to minimising its environmental impact. This year, AppAsia embarked on an initiative for its offices to go 'paperless', that is, removing any need for printed documents and digitising all documents by end 2021. Representatives from various departments were required to identify opportunities and track paper usage reduction.

Social

Our people are our key asset in the delivery of our organisational goals. AppAsia's human capital management policies and practices are guided by its Code of Conduct, and applicable local laws and regulations.

(a) Talent Attraction and Retention

We recognise that attracting and retaining the right talent is key in the continued success of an organisation. To this end, we continue to enhance our recruitment strategy and improve our practices to provide our employees with a conducive work environment.

We are committed to providing equal recruitment and employment opportunities to all employees and candidates. Our policy bans any form of discrimination based on race, colour, gender, sexual orientation, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, marital or social status. We believe that our people should be treated fairly, equally and with respect.

(b) Occupational Health, Safety and Well-being

We believe that good health and safety performance improves employee morale, as well as our organisational reputation. At AppAsia, our safety vision is straightforward – we strive for an incident-free workplace.

To inculcate high standards of occupational safety and health policies, trainings are conducted at all our operational sites. Fire drills and safety training to enhance employees' preparedness during emergencies are also conducted throughout the year. Besides that, we adhere to preventative measures such as upkeep of equipment, usage of personal protection equipment, and elimination of hazards at all our sites.

(c) Workforce Learning and Development

Appropriate training is provided to employees to improve their knowledge and expertise to contribute meaningfully and effectively to AppAsia's performance. The Group supports the training and development needs of employees. Besides on-the-job exposure, there are many opportunities for job rotation, mentoring and coaching to allow employees to reach their full potential.

(d) Anti-Corruption and Whistleblowing Policies

We uphold a corporate culture of integrity and have a zero-tolerance approach towards fraud and corruption. We are committed to complying with all anti-corruption and anti-bribery laws. On top of instituting our Code of Conduct, we also have several mechanisms in place to mitigate and identify risk and potential corruption violations. We have Anti-Corruption and Whistle-Blowing Policies to provide employees and third parties with a secure channel to report or raise concerns about possible improprieties, without fear of reprisal in any form. The details regarding the whistle-blowing policies and procedures can be viewed on our website at www.appasia.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("**the Board**") of AppAsia Berhad ("**the Company**") recognises the importance of corporate governance and is committed to ensuring that the principles and best practices in corporate governance as set out in the Malaysian Code on Corporate Governance ("**MCCG**") are observed and practised throughout the Company and its subsidiaries (collectively referred to as "**the Group**") so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders' investment and ultimately enhancing shareholders' value.

This statement is prepared in compliance with ACE Market Listing Requirements ("**AMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and it is meant to be read together with the Corporate Governance Statement and Corporate Governance Report. The Corporate Governance Report provides details on how the Company has applied each practice as set out in the MCCG for the financial year ended 31 December 2020 ("**FYE2020**"), a copy of which is available on the Company's website.

This statement further outlines the following principles and recommendations which the Group has comprehended and applied with the best practices outlined in MCCG and the Board will continue to take measures to improve compliance with principles and recommended best practices in the ensuing years:

- Board Leadership and Effectiveness
- Effective Audit and Risk Management
- Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board has considered and discussed a wide range of matters during the FYE2020, including strategic decisions and reviewing of risk associated matters in the business. The Board is aware that decisions made for the business of the Group would affect a broad range of our stakeholders. While the Board seeks to ensure that the decisions were taken in a way that was fair and consistent with the Group's values, the Board also recognised the importance of balancing these with the need to support the long-term future of the business.

In order to ensure orderly and effective discharge of the above functions and responsibilities of the Board, the Board has established various committees where specific powers of the Board are delegated to the relevant Board Committees.

The Board has a formal schedule of matters reserved for deliberation as set out below, to ensure good governance is in place for the Group:

a) Conflict of interest issues relation to a substantial shareholder or a Director including approving related party transactions
b) Material acquisition and disposition of assets not in the ordinary course of business including significant capital expenditures
c) Strategic investments, mergers and acquisitions and corporate exercises
d) Limits of authority
e) Treasury policies
f) Risk management policies
g) Key human resource issues
h) Business plans

II. BOARD COMPOSITION

The Board recognises the benefits of having a diverse Board to ensure that the mix and profiles of the Board members in terms of age, ethnicity and gender to provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management. The Board believes that a truly diverse and inclusive Board will leverage on different thought, perspective, cultural and geographical background, age, ethnicity and gender which will ensure that the Group has a competitive advantage.

In evaluating the suitability of individual Board members, the Nomination Committee ("**NC**") takes into account several factors, including skills, knowledge, expertise, experience, professionalism and time commitment to effectively discharge his or her role as a Director, contribution, background, character, integrity and competence. In the case of candidates for the position of Independent Non-Executive Directors, the NC will evaluate the candidates' ability to discharge their responsibilities and should bring in their independent judgement, provide constructive challenge, strategic guidance, offer specialist advice and impartiality.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Board currently has one (1) female Director, and with the current composition, the Board feels that its members have the necessary knowledge, experience, diverse range of skills and competence to enable them to discharge their duties and responsibilities effectively. Moving forward, the Board, being in line with the national target of having 30% women on the boards of the listed issuers, will maintain a register of potential directors which include high-calibre female candidates and appoint them when the need arises.

III. REMUNERATION

The Board has in place a Directors' Remuneration Policy which is clear and transparent, designed to support and drive business strategy and long-term objectives of the Group. In this regard, the Remuneration Committee ("**RC**") is responsible to formulate and review the remuneration policies for the Directors of the Company to ensure the same remain competitive, appropriate and in line with the prevalent market practices.

The Board carries out a remuneration review for its employees including that of Senior Management, with the view to ensure that the Group continues to retain and attract the best talents in the industry. The proposed salary structure was considered by the RC and subsequently approved by the Board for implementation.

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Audit Committee ("**AC**") plays a key role in ensuring integrity and transparency of corporate reporting. The AC's role is to review and challenge Management to ensure that appropriate disclosures of accounting treatment and accounting policies are made. The AC has a duty to provide assurance to the Board that robust risk management, controls and assurance process are in place. The AC continues to monitor the potential risks of the Group and ensures that mitigating factors are in place to see to the health, safety and business continuity of the Group.

The AC with the assistance of the Internal Auditor had undertaken a thorough review of the following areas within the Group to ensure that appropriate controls and effective management process are in place:

- Sales process
- Accounts related process
- Purchase process
- Other administration related process
- Fixed Assets which assessed the followings:
  - Process of purchasing fixed assets
  - Process of register and tagging fixed asset
  - Process of reconciliation fixed asset
  - Fixed asset capitalisation policy
  - Fixed asset maintenance and insurance policy
  - Process of disposal fixed asset
  - Physical safeguards of fixed assets

Annually, the composition of the AC is reviewed by the NC and recommended to the Board for their approval. With the view to maintain an independent and effective AC, the NC ensures that only Independent Non-Executive Directors who have the appropriate level of expertise and experience and have the strong understanding of the Group's business would be considered for membership on the AC.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management is a critical component of good management practice and effective corporate governance. With the Risk Management Framework being in place, the Board's decision-making is supported by sufficient information for the right discussions and considerations. The enhanced level of risk debate and greater involvement from the Management are also critical in ensuring that appropriate monitoring and mitigations are embedded to support the proposals under discussion.

The Board will continue to drive a proactive risk management culture and ensure that the Group's employees have a good understanding and application of risk management principles towards cultivating a sustainable risk management culture. The Board will also continue to challenge the Group's risk reporting mechanism and ensure that it is data-driven to capture and quantify exposures where applicable and necessary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. COMMUNICATION WITH STAKEHOLDERS

The Group recognises the importance of stakeholder engagement leading to the long-term sustainability of its businesses. As a responsible corporate citizen, the Group must interact with stakeholders and also acknowledge the potential impact that its operations may have on a wide range of stakeholders. For engagement to be constructive and meaningful, each matter considered by the Board therefore has to be in the context of relevant economic, social and environmental factors.

The Company has heightened its engagement efforts with stakeholders by engaging discussions with analysts, fund managers and shareholders, both locally and overseas, upon requests.

Moving forward, the Board intends to adopt a more mature form of sustainability reporting to stakeholders by implementing the International Integrated Reporting Framework in the Annual Report, allowing stakeholders to have a better understanding on the Group's sustainability.

II. CONDUCT OF GENERAL MEETINGS

The Group's Annual General Meeting ("**AGM**") is an important means of communicating with its shareholders. To ensure effective participation of an engagement with the shareholders at the AGM of the Group, all members of the Board would be present at the meeting to respond to questions raised by shareholders and proxies. In addition, the Chairman of the Board would chair the AGM in an orderly manner and encourage the shareholders and proxies to speak at the meeting. The overall performance of the Group would be presented at the meeting.

In line with good governance practices, the notice of the AGM would be issued at least 28 days before the AGM date and the AGM is conducted through an electronic polling system. The Group will continue to explore and leverage on technology, to enhance the quality of engagement with its shareholders to facilitate further participations by shareholders at the AGM of the Group.

PRELUDE

Over the next few pages, we would look at the Board, its role, performance and oversight. We will provide details on the Board's activities and discussions during the financial year, the actions arising from these and the progress made against them. We also provide an insight on director independence effectiveness and our Board evaluation, succession planning and induction and ongoing developments.

CORPORATE GOVERNANCE STATEMENT

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1. Board of Directors'

AppAsia Berhad ("**the Company**") and its subsidiaries ("**the Group**") acknowledge the pivotal role played by the Board of Directors ("**the Board**") in the stewardship of its directions and operations, and ultimately the enhancement of long-term shareholders' value. To fulfil this role, the Board plays a critical role in setting the appropriate tone at the top and is charged with leading and managing the Group in an effective, good governance and ethical manner. The directors individually have a legal duty to act in the best interest of the Group and are also collectively aware of their responsibilities to the stakeholders for the manner in which the affairs of the Group are managed. The Board's responsibilities, amongst others include the following:

a) Review and approve the annual corporate plan for the Group, which includes the overall corporate strategy, sustainability strategy, business development and marketing plan, human resources plan, IT plan, financial plan, budget, regulatory plan and risk management plan;

b) Review and approve strategic initiatives including corporate business restructuring or streamlining and strategic alliances;

c) Supervise the operation of the Group to evaluate whether established targets are achieved;

d) Ensure that the Company has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility;

e) Identify principal risks and ensure the implementation of appropriate systems to manage these risks;

f) Approve the nomination, selection, succession policies, and remuneration packages for the Board members, Board Committee members, Nominee Directors on the functional Boards of the subsidiaries and the senior management, and the annual manpower budget for the Group, including managing succession planning, appointing, training, fixing the compensation of, and where appropriate replacing senior management or key management personnel;

g) Promote better investor relations and shareholder communications;

h) Review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;

i) Review and approve the Financial Statements encompassing annual audited accounts and quarterly reports, dividend policy, credit facilities from financial institutions and guarantees;

j) Monitor the compliance with legal, regulatory requirements and ethical standards;

k) Review and approve investment policies and guidelines for the Company's surplus funds, asset allocation policy and policy on exposure limits on investment with banking institutions;

l) Review and approve the capital expenditure, purchase of fixed assets, operating expenditure, variation order and any other matters in accordance with the Authority Limits Document;

m) Establish such committees, policies and procedures to effectively discharge the Board's role responsibilities; and

n) Initiate a Board self-evaluation program and follow-up action to deal with issues arising and arrange for directors to attend courses, seminars and participate in development programs as the Board judges appropriate.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

To assist in the discharge of its responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide recommendations and advice:

(i) Nomination Committee ("**NC**")
(ii) Remuneration Committee ("**RC**")
(iii) Audit Committee ("**AC**")
(iv) Share Issuance Scheme ("**SIS**") Option Committee

Each Board Committee operates within their approved terms of reference set by the Board which are periodically reviewed. The Board appoints the Chairman and members of each Board Committee.

The Chairman of the respective Board Committees will report to the Board on the outcome of any discussions and make recommendations thereon to the Board. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board may form other committees delegated with specific authorities to act on their behalf. These committees will operate under approved terms of reference or guidelines and are formed whenever required.

Board meeting agenda includes statutory matters, governance and management reports, which include strategic risks, strategic projects and operational items. The Board approves an annual performance contract setting the priorities director and performance targets for the Group within the parameters of the corporate plan.

The profile of each Director is presented on page 4 to page 9 of this Annual Report.

2. Separation of position of the Chairman and Executive Directors

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. The roles of the Chairman and the Executive Directors of the Company are separately held, and each has clearly accepted division of responsibilities and accountability to ensure a balance of power and authority. This segregation of roles also facilitates a healthy open, exchange of views between the Board and Management in their deliberation of the business, strategic aims and key activities of the Company.

The Chairman of the Board, Datuk Wira Rahadian Mahmud bin Mohammad Khalil, an Independent Non-Executive Chairman, leads the Board with focus on governance and compliance and acts as a facilitator at Board meetings to ensure that relevant views and contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates the discussion. The roles and responsibilities of the Chairman's key responsibility, amongst others, includes the following:

a) Leadership of the Board;

b) Overseeing the effective discharge of the Board's supervisory role;

c) Facilitating the effective contribution of all Directors;

d) Conducting the Board's function and meetings;

e) Briefing all Directors in relation to issues arising at meetings;

f) Scheduling regular and effective evaluations of the Board's performance; and

g) Promoting constructive and respectful relations between Board members and between the Board and the Management.

The Executive Directors, namely Toh Hong Chye, Wong Ngai Peow and Yong Mai Fang, oversee the day-to-day operations to ensure the smooth and effective running of the Group. The Executive Directors implement the policies, strategies, decisions adopted by the Board, monitor the operating financial results against plans and budgets and act as a conduit between the Board and Management in ensuring the success of the Group's governance and management functions.

During Board meetings, the Chairman maintains a collaborative atmosphere and ensures that all Directors contribute to the discussion. The Chairman and Executive Directors arrange informal meetings and events from time to time to build constructive relationships between the Board members.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Executive Directors take on primary responsibility to spearhead and manage the overall business activities of the various business division of the Group to ensure optimum utilization of corporate resources and expertise by all the business divisions and at the same time achieve the Group's long-term objectives. The Executive Directors are assisted by the heads of each division in implementing and running the Group's day-to-day business.

3. Supply of and Access to Information

All Directors have full and unrestricted access to all information pertaining to the Group's businesses and affairs in a timely manner to enable them to discharge their duties effectively.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors and Board Committees in advance of the scheduled meetings. Notices of meetings are sent to Directors at least seven (7) days before the meetings. Management provides the Board with detailed meeting materials at least seven (7) days in advance of the Board or Board Committees' meetings. Senior Management may be invited to join the meetings to brief the Board and Board Committees on the requisite information on matters being discussed, where necessary.

Technology is effectively used in the meetings of Board and Board Committees and in communication with the Board, where the Directors may receive agenda and meeting materials online and participate in meetings via audio or video conferencing.

4. Commitment of the Board

The Board would meet at least five (5) times a year, at quarterly intervals which are scheduled at the onset of the financial year to help facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened where necessary to deal with urgent and important matters that require attention of the Board. All Board meetings are furnished with proper agendas with due notice given and Board papers are prepared by the Company Secretaries and circulated to all Directors prior to the meetings.

All pertinent issues discussed at the Board meetings are properly recorded by the Company Secretaries.

The Board met five (5) times during the financial year ended 31 December 2020 ("**FYE2020**"). The attendance of each Director at the Board Meetings held during FYE2020 are as follow:

Directors	Number of meetings attended	%
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	5/5	100%
Toh Hong Chye	5/5	100%
Wong Ngai Peow	5/5	100%
Datuk Low Kim Leng	5/5	100%
Yong Mai Fang	5/5	100%
Tiew Chee Ming	5/5	100%

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at each Board meeting.

It is the Board's policy for Directors to notify the Board before accepting any new directorship notwithstanding that the ACE Market Listing Requirements ("**AMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") allow a Director to sit on the board of a maximum of five listed issuers. At present, all Directors of the Company have complied with the AMLR of Bursa Securities where they do not sit on the board of more than five (5) listed issuers.

5. Continuous Development of the Board

The Board, via the NC, continues to identify and attend appropriate briefings, seminars, conferences and courses to keep abreast of changes in legislations and regulations affecting the Group.

All Directors have completed the Mandatory Accreditation Programme. The Directors are mindful that they would continue to enhance their skills and knowledge to maximize their effectiveness as Directors during their tenure. Throughout their period in office, the Directors are continually updated on the Group's business and the regulatory requirements.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The list of training programmes attended by the Directors during the FYE2020 under review is as follows:

- Update for Secretarial Practitioner's - Practice Directive & Guidelines Issued Companies Act 2016
- Tax Audit & Investigation
- Applied Data Analytics
- Introduction to MBRS
- Understanding & Applying the New Technical Requirements on MFRS 16 Leases
- Key Disclosure Obligation of A Listed Company
- Conduct of Directors of Listed Companies & Common Breaches of The Listing Requirements
- MBRS for Preparers Financial Statements
- Impact of Financial Reporting on Taxation
- Advance Corporate Tax Issues & Strategies
- Contemporary Issues in Complying with IFRS / MFRS15 Revenue from Contracts with Customers

The Company Secretaries also highlight the relevant guidelines on statutory and regulatory requirements from time to time to the Board. The External Auditors on the other hand, briefed the Board on changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

6. Board Committees

<u>AC</u>

The AC monitors internal control policies and procedures designed to safeguard the Group's assets and to maintain the integrity of financial reporting. The AC maintains direct, unfettered access to the Company's External Auditor, Internal Auditor and management.

The AC comprises of three (3) members, all of whom are Independent Non-Executive Directors. The present members of the AC are as follows:

Director	Designation
Tiew Chee Ming	Chairman
Datuk Low Kim Leng	Member
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	Member

A copy of the AC's Terms of Reference can be found in the Company's website at www.appasia.com.

<u>NC</u>

The NC oversees matters related to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director as well as identify candidates to fill board vacancies, and nominating them for approval by the Board.

The NC comprises of three (3) members, all of whom are Independent Non-Executive Directors. The present members of the NC are as follows:

Director	Designation
Datuk Low Kim Leng	Chairman
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	Member
Tiew Chee Ming	Member

During the FYE2020, the NC held one (1) meeting. Below are the summary of the key activities undertaken by the NC in discharge of its duty:

(a) Reviewed the composition of the Board and Board Committees with regards to the mix of skills, independence and diversity in accordance with its policy;
(b) Determined the Directors who stand for re-election and re-appointment by rotation;
(c) Assessed the effectiveness and performance of the Board as a whole and the contribution of each individual Director. This was carried out through a self-assessment document that was completed by each Director. The assessment criteria include the following:
- Board composition
- Board process
- Performance of Board Committees
- Information provided to the Board
- Role of the Board in strategy and planning
- Risk management framework
- Accountability and standard of conduct of Directors

CORPORATE GOVERNANCE STATEMENT (CONT'D)

(d) Reviewed the terms of office of the AC and each member of the AC to ascertain that the AC and its member have carried out their duties in accordance with the AC's Terms of Reference; and
(e) Assessed and reviewed the independence and continuing independence of the Independent Directors.

A copy of the NC's Terms of Reference is available at the Company's website at www.appasia.com.

RC

The RC is responsible for recommending to the Board the remuneration principles and the framework for members of the Board and Senior Management.

The RC comprises of three (3) members, all of whom are Independent Non-Executive Directors. The present members of the RC are as follows:

Director	Designation
Datuk Low Kim Leng	Chairman
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	Member
Tiew Chee Ming	Member

During the FYE2020, the RC held one (1) meeting and all member registered full attendance. Below are the summary of the key activities undertaken by the RC in discharge of its duty:

(a) Reviewed, assessed and recommended the remuneration packages of the Executive Directors and Senior Management; and
(b) Reviewed the Directors' fees and other benefits payable to Non-Executive Directors.

A copy of the RC's Terms of Reference can be found in the Company's website at www.appasia.com.

SIS Option Committee

The SIS Option Committee was established on 12 March 2015. The SIS Option Committee is primarily responsible for administering the Company's SIS Option in accordance with the approved SIS By-Laws and regulations. The present members of the SIS Option Committee are as follows:

Officer	Designation
Toh Hong Chye	Chairman
Wong Ngai Peow	Member
Yong Mai Fang	Member
Low Yen Hoon	Member

The SIS Option Committee meets as and when required. No meeting was held during the financial year. Approval on matter requiring the sanction of the SIS Option Committee was sought by way of written resolution.

7. Board Charter

The Company has established a Board Charter to promote high standards of corporate governance and the Board Charter is designed to provide guidance and clarity for Directors and Management with regard to the role of the Board and its committees. The Board Charter clearly sets out the key values and principles of the Company and further sets out the duties and responsibilities of the Board, the Chairman, the Executive Directors and the Board Committees. The Board Charter also provides structure guidance and ethical standards for the Board in discharging their duties towards the Group as well as its operating practices. The Board Charter further entails the following issues and decisions reserved for the Board:

(a) approval of corporate plans and programmes;
(b) approval of annual budgets, including major capital commitments;
(c) approval of new ventures;
(d) approval of material acquisitions and disposals of undertakings and properties; and
(e) changes to the management and control structure within the Group, including key policies, delegated authority limits.

The Board Charter is reviewed annually by the Board to ensure it complies with legislations and best practices, and remains effective and relevant to the Board's objectives.

A copy of the Board Charter can be found in the Company's website at www.appasia.com.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

8. Code of Conduct and Code of Ethics

The Company has established a Code of Conduct and Code of Ethics which is also enshrined in the Board Charter to promote a corporate culture which engenders ethical conduct that permeates throughout the Group. The Code of Ethics is based on principles in relation to trust, integrity, responsibility, excellence, loyalty, commitment, dedication, discipline, diligence and professionalism. Where else the Code of Conduct is based on the principles in relation to integrity, transparency, accountability and corporate social responsibility.

The Board is focused on creating corporate culture which engenders ethical conduct that permeates throughout the Company. The Group practices the relevant principles and values in the Group's dealings with employees, customers, suppliers and business associates. The Directors, officers and employees of the Group are also required to observe, uphold and maintain high standards of integrity in carrying out their roles and responsibilities and to comply with the relevant laws and regulations as well as the Group's policies.

The Board is provided guidance through the Code of Conduct and Ethics on disclosure of conflict of interest and other disclosure information/requirements to ensure that the Directors comply with the relevant regulations and practices. In order to address and manage possible conflicts of interest that may arise between Directors' interests and those of the Group, the Company has put in place appropriate procedures including requiring such Directors to abstain from participating in deliberations during meetings and abstaining from voting on any matter in which they may also be interested or conflicted. The Directors of the Group are also required to disclose and confirm their directorships and shareholdings in the Group and any other entities where they have interests.

Notices on the closed period for trading in the Company's shares are sent to Directors, principal officers and the relevant employees on a quarterly basis specifying the timeframe during which they are prohibited from dealing in the Company's shares, unless they comply with the procedures for dealings during closed period as stipulated in the AMLR.

Details of the Code of Conduct and Code of Ethics can be found in the Company's website at www.appasia.com.

9. Whistleblowing Policy and Procedure

The Company has adopted a Whistleblowing Policy as the Board believes that a sound whistleblowing system will strengthen, support good management and at the same time, demonstrate accountability, good risk management and sound corporate governance practices. The policy is to encourage reporting of any major concerns over any wrongdoings within the Group.

The policy outlines the relevant procedures such as when, how and to whom a concern may be properly raised about the genuinely suspected or instances of wrongdoing at the Company and its subsidiaries. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retaliation. All such concerns shall be set forth in writing and forwarded in a sealed envelope to either the Chairman of the Board or the members of the AC.

Full details of the Whistleblowing Policy can be found on the Company's website at www.appasia.com

10. Company Secretaries

The Board is assisted by qualified and competent Company Secretaries who play a vital role in advising the Board in relation to the Group's constitution, policies, procedures and compliance with the relevant regulatory requirements, codes, guidance and legislations. All the Directors have unrestricted access to the advice and services of the Company Secretaries for the purpose of the conduct of the Board's affairs and the business.

The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes. The Company Secretaries have also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia or the Malaysian Institute of Chartered Secretaries and Administrators for practising company secretaries. The Board is satisfied with the performance and support rendered by the Company Secretaries in discharging their functions.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

In addition, the Company Secretaries are also accountable to the Board and are responsible for the following:

- Advising the Board on its roles and responsibilities.
- Advising the Board on matters related to corporate governance and the AMLR.
- Ensuring that Board procedures and applicable rules are observed.
- Maintaining records of the Board and ensuring effective management of the Company's statutory records.
- Preparing comprehensive minutes to document Board proceedings and ensuring conclusions are accurately recorded.
- Assisting communications between the Board and Management.
- Providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time.
- Preparing agendas and co-coordinating the preparation of Board papers.

II. Board Composition

1. Composition and Diversity

The Directors are of the opinion that the current Board size and composition is adequate for facilitating effective decision making given the scope and nature of the Group's businesses and operations. The Board maintains an appropriate balance of expertise, skills and attributes among the Directors which is reflected in the diversity of backgrounds and competencies of the Directors. Such competencies include finance, accounting, legal, digital and other relevant industry knowledge, entrepreneurial and management experience and familiarity with regulatory requirements and risk management.

As at the date of this Statement, the Board consists of one (1) Independent Non-Executive Chairman, two (2) Independent Non-Executive Directors, and three (3) Executive Directors, wherein at least half of the Board comprises Independent Directors. The composition of the Board ensures that the Independent Non-Executive Directors will be able to exercise independent judgment on the affairs of the Company.

The Board of Directors' profile can be found on page 4 to page 9 of this Annual Report.

2. Independency of Independent Directors

The tenure of the Independent Directors has yet to exceed a cumulative term of nine (9) years. Nonetheless, if such Independent Directors exceeded a cumulative term of nine (9) years, the Board would justify and seek annual shareholders' approval. In addition, if the Board continues to retain the Independent Directors after the twelfth (12th) year, the Board would seek annual shareholders' approval to authorise these Independent Directors to continue in office as Independent Directors through a two-tier process.

The Independent Directors play a crucial role in corporate accountability and provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders. The Board, via the NC assesses each Director's independence to ensure on-going compliance with this requirement annually. The NC is satisfied that the Independent Directors are independent of Management and free from any business or other relationships which could interfere with the exercise of independent judgement, objectivity and the ability to act in the best interest of the Company.

3. Appointment of Board and Senior Management

The Board of Directors comprises of a collective of individuals having an extensive complementary knowledge and competencies, as well as expertise to make an active, informed and positive contribution to the management of the Group in terms of the business' strategic direction and development. The appointment of the Board and its Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The NC will assess the suitability of the candidates before formally considering and recommending them for appointment to the Board or senior management. In proposing its recommendation, the NC will consider and evaluate the candidates' required skills, knowledge, expertise, competence, experience, characteristics, professionalism. For appointment of Independent Directors, considerations will also be given on whether the candidates meet the requirements for independence as defined in AMLR of Bursa Securities and time commitment expected from them to attend to matters of the Company in general, including attending meetings of the Board, Board Committees and Annual General Meeting ("**AGM**").

4. Gender Diversity

While the Board of Directors acknowledges the need to promote gender diversity within its composition and endeavour to increase female participation in the Board and Senior Management, it has decided not to set any specific targets as the Board believes that it is more important to have the right mix and skills for such positions.

As at the date of this report, there are three female employees involved in the Board and Senior Management, collectively.

The Company enshrined boardroom diversity into its Board Charter which outlines its approach to achieving and maintaining diversity (including gender diversity) on its Board. This includes requirements for the Board to establish measurable objectives for achieving diversity on the Board and for the appropriate Board Committees to monitor the implementation of boardroom diversity, assess the effectiveness of the Board nomination process and the appointment process at achieving the objectives of boardroom diversification.

5. Identifying Suitable Candidates

Any proposed appointment of a new Member to the Board will be deliberated by the full Board based upon a formal report, prepared by the NC on the necessity for reviewing the qualifications and experience of the proposed director. The NC would be guided by an internal policy on Criteria and Skill Sets for the Board Members in assessing the suitability of the potential candidates for appointment to the Board.

Directors being appointed based on the recommendation by the management, the NC is responsible for assessing the suitability of the above-mentioned Directors for appointment and opined that the Directors recommended by the management are of suitable calibre and have the necessary knowledge, experience, diverse range of skills and competence to enable them to discharge their duties and responsibilities effectively.

6. Chairman of the NC

The NC is led by Datuk Low Kim Leng, the Independent Non-Executive Director, who directs the NC for succession planning and appointment of Board members and Senior Management by conducting annual review of board effectiveness and skill assessments. This provides the NC with relevant information of the Group's needs, allowing them to source for suitable candidates when the need arises.

7. Annual Evaluation

The NC is responsible in evaluating performance and effectiveness of the entire Board, the Board Committees and individual Director on a yearly basis. The evaluation process is led by the NC Chairman and supported by the Company Secretary via questionnaires. The NC reviews the outcome of the evaluation and recommends to the Board on areas for continuous improvement and also for them to form the basis of recommending relevant Directors for re-election at the AGM.

The assessment criteria used in the assessment of Board and individual Directors include a mix of skills, knowledge, Board diversity, size and experience of the Board, core competencies and contributions of each Director. The Board Committees were assessed based on their roles and responsibilities, scope and knowledge, frequency and length of meetings, supply of sufficient and timely information to the Board and also overall effectiveness and efficiency in discharging their function.

The Board evaluation comprises Performance Evaluation of the Board and various Board Committees, Directors' Peer Evaluation and Assessment of the independence of the Independent Directors. The assessment is based on four (4) main areas relating to Board Structure, Board Operations, Board and Chairman's roles and responsibilities and Board Committees' role and responsibilities.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

For Directors' Peer Evaluation, the assessment criteria include abilities and competencies, calibre and personality, technical knowledge, objectivity and the level of participation at Board and Committee meetings including his/her contribution to Board processes.

Any appointment of a new Director to the Board or Board Committee is recommended by the NC for consideration and approval by the Board. In accordance with the Company's Constitution, one-third (1/3) of the Directors for the time being shall retire from office at each AGM. A retiring director shall be eligible for re-election. The Constitution also provides that all directors shall retire at least once every three (3) years.

During the year, the Board conducted an internally facilitated Board assessment. The results and recommendations from the evaluation of the Board and Committees are reported to the Board for full consideration and action. The Board was comfortable with the outcome and that the skills and experience of the current Directors satisfy the requirements of the skills matrix and that the Chairman possesses the leadership to safeguard the stakeholders' interest and ensure the development of the Group.

The NC also considered the results of the evaluation when considering the re-election of Directors and recommended to the Board for endorsement the Directors standing for re-election at forthcoming AGM of the Company.

III. Remuneration

The objective of the Group's internal remuneration policy is to provide fair and competitive remuneration to its Board and Senior Management in order for the Company to attract and retain Board and Senior Management of calibre to run the Group successfully. The responsibilities for developing the remuneration policy and determining the remuneration packages of Executive Directors and Senior Management lie with the RC. Nevertheless, it is ultimately the responsibility of the Board to approve the remuneration of Executive Directors and Senior Management.

Based on the remuneration framework, the remuneration packages for the Executive Directors and Senior Management compose of a fixed component (i.e. salary, allowance and etc.) and a variable component (i.e. bonus, benefit-in kind and etc.) which is determined by the Group's overall financial performance in each financial year which is designed to support our strategy and provides a balance between motivating and challenging our senior managements to deliver our business priorities, as set out by Executive Directors, and strong performance while also driving the long-term sustainable success of the Group.

The level of remuneration of Non-Executive Directors reflects their experience and level of responsibility undertaken by them. Non-Executive Directors will receive a fixed fee, with additional fees if they are members of Board Committees, with the Chairman of the AC or NC receiving a higher fee in respect of his service as Chairman of the respective Committees. The fees for Directors are determined by the Board with the approval from shareholders at the AGM and no Director is involved in deciding his/her own remuneration.

During the financial year under review, the RC had reviewed the remuneration for the Executive Directors and Senior Management which reflects their level of responsibilities as well as the performance of the Group, and considered their remuneration packages are comparable within the industry norm. The RC further discussed the annual salary review for the Executive Directors and Senior Management in line with the budget salary increase for the rest of the organisation. When approving payments for annual bonus, the RC considered the overall performance of the business and of the Executive Directors and Senior Management against this, as well as their individual targets. Bonus payments made to Executive Directors and Senior Management reflected the large proportion of collective measures for the year, in support of focusing on teamwork and simplicity within the pay arrangements.

The details of the remuneration of the Board (on named basis) and top five (5) Key Senior Management (on bands of RM50,000) of the Company comprising remuneration received/receivable from the Company and the Group for the FYE2020 are set out below:

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Directorship	Fees RM	Salaries and Bonus RM	* Others RM	Total RM
Company				
Executive Directors				
Toh Hong Chye	-	60,000	11,862	71,862
Wong Ngai Peow	-	-	8,800	8,800
Yong Mai Fang	-	280,000	78,723	358,723
Non-Executive Directors				
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	30,000	-	15,000	45,000
Datuk Low Kim Leng	30,000	-	15,000	45,000
Tiew Chee Ming	18,000	-	12,000	30,000
Total	**78,000**	**340,000**	**141,385**	**559,385**
Group				
Executive Directors				
Toh Hong Chye	-	560,000	109,632	669,632
Wong Ngai Peow	-	420,000	67,322	487,322
Yong Mai Fang	-	280,000	78,723	358,723
Non-Executive Directors				
Datuk Seri Rahadian Mahmud bin Mohammad Khalil	30,000	-	15,000	45,000
Datuk Low Kim Leng	30,000	-	15,000	45,000
Tiew Chee Ming	18,000	-	12,000	30,000
TOTAL	**78,000**	**1,260,000**	**297,677**	**1,635,677**

** Others comprised of EPF, SOCSO, EIS, benefit in kind and other allowances*

Remuneration Bands	Number of Senior Management
RM100,001 – RM150,000	2
RM150,001 – RM200,000	2 #

 # One of them is also an Executive Director of Holding Company

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AC

Presently, the AC consists of three (3) Independent Non-Executive Directors and all of them are financially literate and have sufficient understanding of the Group's business. All the members of the AC undertook continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

The Chairman of the AC is not the Chairman of the Board, ensuring that the impairment of objectivity on the Board's review of the AC's findings and recommendation remains intact.

The AC has adopted a Terms of Reference which sets out its goals, objectives, duties, responsibilities and criteria on the composition of the AC which includes a former key audit partner of the Group to observe a cooling-off period of at least two (2) years before being able to be appointed as a member of the AC. For the FYE2020, no former key audit partner of the Company's Auditors is appointed as a member of AC.

In presenting the annual audited financial statements and interim financial statements on a quarterly basis to the shareholders, the Board is responsible to present a clear, balanced and understandable assessment of the Group's performance and position. The AC is entrusted to provide assistance to

CORPORATE GOVERNANCE STATEMENT (CONT'D)

the Board in reviewing the Group's financial reporting process and accuracy of its financial results, and scrutinising information for disclosure to ensure accuracy, adequacy, completeness and compliance with the accounting standards.

The Board places great emphasis on the objectivity and independence of the External Auditors. Through the AC, the Board maintains a transparent relationship with the External Auditors in seeking professional advice on the internal control and ensuring compliance with the appropriate accounting standards. The AC is empowered to communicate directly with the External Auditors to highlight any issues of concern at any point in time.

The External Auditors are recommended to meet the AC without the presence of the executive Board members and Management on regular basis pertaining on matters relating to the Group and its audit activities. During such meetings, the External Auditors highlight and discuss the nature and scope of the audit, audit programme, internal controls and any other issues that may require the attention of the AC or the Board. For the FYE2020, External Auditors met the AC once without the presence of the executive Board members and Management.

The AC ensures the External Audit function is independent of the activities it audits and reviews the contracts for the provision of non-audit services by the External Auditors in order to make sure that it does not give rise to conflict of interests. The excluded contracts would include management consulting, internal audit and standard operating policies and procedures documentation.

For the FYE2020, fees paid to the External Auditors, Messrs UHY and its affiliated firms by the Company and the Group are stated in the table below:

Nature of Services	Group (RM)	Company (RM)
Audit services rendered	73,000	22,000
Non-Audit services rendered	3,000	3,000

The External Auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

Further information on the roles and responsibilities of the AC may be found in the AC Report on page 37 to page 38 of this Annual Report.

II. Risk Management and Internal Control Framework

The Board assumes ultimate responsibility for the effective management of risk across the Group, determining its risk appetite as well as ensuring that each business area implements appropriate internal controls. In order to achieve such objective, a risk management framework has been adopted by the Group. The Group's risk management systems are designed to manage and eliminate risks, where possible to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated its responsibility for reviewing the effectiveness of the Group's systems of internal control to the AC. This covers all material controls including financial, operational, compliance and risk management systems. The AC is further supported by a number of sources of internal assurance within the Group in order to determine the adequacy and effectiveness of the framework.

The Group has outsourced the internal audit function as being the most cost-effective means of implementing an internal audit function. The independent third-party service provider of the internal audit services for the FYE2020 was Messrs S F Chang Corporate Services Sdn. Bhd., which reported directly to the AC as specified in the Terms of Reference of the AC. The Internal Auditor carries out is function in accordance with the approved annual Internal Audit Plan approved by the AC. Messrs S F Chang Corporate Services Sdn. Bhd. has approximately three (3) audit personnel assisting the person responsible for the internal audit. Details on the person responsible for the internal audit are set out below:

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Name	Chang Siew Foong
Qualification	C.A.(M), FCCA, ACTIM
Independence	Does not have any family relationship with any of the director and/or major shareholder of the Company
Public Sanction or penalty	Has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Further information may be found in the Statement on Risk Management and Internal Control on page 39 to page 40 and Management Discussion and Analysis on page 12 to page 17 of this Annual Report.

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

I. Communication with stakeholders

The Board believes that stakeholders' communication is an essential requirement of the Group's sustainability. In view thereof, stakeholders are informed of all material business events and risks of the Group in a factual, timely and widely available manner. The Board has formalised a corporate disclosure policy and procedure not only to comply with the discourse requirements as stipulated in the AMLR, but also sets out the persons authorised and responsible to approve and disclose material information to all stakeholders.

The Group has set up an investor relations program to facilitate effective two-way communication with investors and analyst to provide a greater understanding of the Group's vision, strategies, developments and financial prospects. A variety of engagement initiatives including direct meetings and dialogues with stakeholders are constantly conducted to learn about their needs enabling sustainability and growth of the Group.

The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Securities and press conferences. It is the Group's practice that any material information for public announcement, including annual, quarterly financial statements, press releases, and presentation to investors, analyst and media are factual and reviewed internally before issuance to ensure accuracy and is expressed in a clear and objective manner.

The Company's corporate website includes a dedicated Investor Relations section which provides all relevant information on the Group, including announcements to Bursa Securities, share price information as well as the corporate and governance structure of the Group. Stakeholders are also able to subscribe to e-mail alerts from the Group via the Investor Relation page.

II. Conduct of General Meetings

The AGM is the principal forum for dialogue with shareholders, allowing shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. To ensure shareholders have sufficient time to go through the Annual Report, it is circulated at least twenty-eight (28) calendar days before the date of the AGM. Shareholders are encouraged to vote on the proposed motions by appointing a proxy in the event they are unable to attend the meeting.

During the AGM, a presentation was shown to the shareholders on the Group's performance and major activities which were carried out during the financial year under review. The Board also encourages participation from shareholders by having a question and answer session during the AGM where the Directors (inclusive of the Chairman of the AC, NC and RC) are available to provide meaningful response to questions raised by the shareholders.

In line with the AMLR, the Company has implemented and will continue to implement poll voting for all proposed resolutions set out in the notice of any general meeting. An independent scrutineer will also be appointed to validate the votes cast at any general meeting of the Company.

AUDIT COMMITTEE'S REPORT

OBJECTIVE

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

COMPOSITION MEETING ATTENDANCE

The present AC members comprise of three (3) members, all of whom are Independent Non-Executive Directors.

During the financial year ended 31 December 2020 ("**FYE 2020**"), the AC held five (5) meetings and the records of the attendance of AC members are as follow:

Directors	Designation	Number of meetings attended	%
*Tiew Chee Ming	Chairman	5/5	100%
Datuk Low Kim Leng	Member	5/5	100%
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	Member	5/5	100%

Note: -
* *Member of the Malaysian Institute of Accountants*

TERMS OF REFERENCE

The scope of duties and responsibilities of the AC stated in the Terms of Reference ("**TOR**") is made available on the Company's website, www.appasia.com. The Board has reviewed and assessed the performance of the AC and is satisfied that the AC has discharged its functions, duties and responsibilities in accordance with its TOR.

SUMMARY ACTIVITIES

The activities of the AC during the FYE 2020, include the following:

a) Reviewed the unaudited quarterly results of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for approval and release the results to Bursa Malaysia Securities Berhad ("**Bursa Securities**");

b) Reviewed with External Auditors on their Audit Planning Memorandum for the FYE2020;

c) Reviewed the Audited Financial Statements of the Group for the FYE2020 before recommending to the Board for approval and release of the results to Bursa Securities;

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

e) Evaluated the performance of the External Auditors for the FYE2020 covering areas such as caliber, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the External Auditors;

f) Reviewed and approved the non-audit services provided/to be provided by the External Auditors and its affiliates to ensure the provision of the non-audit services does not impair their independence or objectivity as External Auditors of the Group and the Company;

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

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

i) Reviewed and approved on the Internal Audit Planning Memorandum for the FYE2020 to ensure adequate scope and coverage of the activities of the Group and the Company which was prepared based on risk-based approach;

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

k) Reviewed the proposed fees for the External Auditors and Internal Auditors in respect of their audit of the Company and the Group;

l) Reviewed related party transactions and conflict of interest situation that may arise within the Group and/or the Company, to ensure that transactions entered into were on arm's length basis and on normal commercial terms;

AUDIT COMMITTEE'S REPORT (CONT'D)

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

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

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

INTERNAL AUDIT FUNCTIONS

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

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

The AC approves the Internal Audit Planning Memorandum during the first AC meeting each year. Any subsequent changes to the Internal Audit plan are approved by the AC. The scope of internal audit covers the audits of all units and operations, including subsidiaries as stated in the letter of engagement.

During the FYE2020, the following activities were carried out by the Internal Auditors in discharge of its responsibilities:

(i) The internal audit function conducted based on an annual internal audit plan which was tabled before and approved by the AC;

(ii) Internal Audit Plan covers the key functional areas and business activities of the major subsidiaries of the Group as well as issues relating to control deficiencies and areas for improvements including the relevant recommendations to address the issues;

(iii) Emphasis on best practices and management assurance that encompass all business risks, particularly on the effectiveness and efficiency of operations, reliability of reporting, compliance with applicable law and regulations and safeguard of assets;

(iv) Performed follow-up on status of management agreed action plan on recommendation raised in previous cycles of internal audits including specific timelines for those outstanding matters to be resolved; and

(v) Reports issued by the internal audit function were tabled at AC meetings in which management was present at such meeting to provide pertinent clarification or additional information to address questions raised by AC members pertaining to matters raised.

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

For further details on the risk management, internal controls and internal audit functions, please refer to the Statement on Risk Management and Internal Control on page 39 to page 40 in this Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is pleased to provide the following Statement on Risk Management and Internal Control pursuant to paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

RESPONSIBILITIES

The Board recognises the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its responsibility for maintaining a sound risk management framework and internal control system, and ensuring its adequacy and effectiveness.

Due to inherent limitations in any risk management and internal control system, such system put into effect by management are designed to manage rather than eliminate all the risks that may impede the achievement of the Group's business objectives, and as such, it can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Board through its Audit Committee ("**AC**") has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements. The process is reviewed by the Board and the AC on a periodic basis.

Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced by the Group, and in the design and operation of suitable internal controls to mitigate these risks identified.

The Board is of the view that the risk management and internal control system in place for the period under review and up to the date of issuance of the annual report is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators, employees and the Group's assets.

RISK MANAGEMENT FRAMEWORK

Risk management is firmly embedded in the Group's management system as the Board firmly believes that risk management is critical for the Group's sustainability and the enhancement of shareholder value. Key management staff and Heads of Department are delegated with the responsibility to manage identified risks within defined parameters and standards.

Periodic Management Meetings which are attended by the Department Heads and key management staff are held to:

- communicate the vision, roles and direction of the Group and priorities to all the employees and key stakeholders;
- identify, assess and evaluate the key risks of the Group that affect its goals and objectives for the year under review; and
- propose the appropriate mitigating controls and the significant risks that affect the Group's strategic and business plans, if any, to the Board at their scheduled meetings.

The key management staff meets regularly to review the risks faced by the Group and ensure that the existing mitigation actions are adequate. Risks identified are prioritised in terms of likelihood of occurrence and its impact on the achievement of the Group's business objectives.

INTERNAL CONTROL SYSTEM

The key elements of the internal control system that provide effective governance and oversight of internal control are described as follow:

(i) A well-defined organisational structure with clear lines of accountability and responsibilities provide a sound framework within the organisation in facilitating check and balance for proper decision making at the appropriate authority levels of management including matters that require the Board's approval.

(ii) A documented delegation of authority that sets out decisions that need to be taken and the appropriate levels of management involved including matters that require the Board's approval.

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

(iii) The Board and AC meet at least once on a quarterly basis to review and deliberate on the unaudited quarterly financial reports, annual financial statements, internal audit reports and etc. Discussions with management were held to deliberate on the actions that are required to be taken to address internal control issues identified.

(iv) Internal policies and procedures had been established for key business units within the Group.

INTERNAL AUDIT FUNCTION

The Group had appointed an independent professional firm, Messrs. S F Chang Corporate Services Sdn. Bhd. ("**SFC**") to assist the Board and AC in performing regular and systematic review and provide independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control system. SFC is free from any relationship or conflict of interest, which may impair their objectivity and independence of the internal audit function.

The total costs incurred in respect of the outsourced of internal audit functions for the financial year ended 31 December 2020 ("**FYE2020**") was RM22,500.

During the FYE2020, internal audit visits were carried out and the findings of the internal audit, including the recommended corrective actions, were presented directly to the AC.

In addition, follow up review will be conducted to ensure that corrective actions have been implemented on a timely manner. Based on the internal audit review conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors had reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

CONCLUSION

For the financial year under review and up to the date of approval of this statement, the Board is of the opinion that the risk management and internal control system of the Group currently in place is adequate and effective to safeguard the Group's interests and assets.

In addition, the Board has received reasonable assurance from the Executive Directors that the Group's risk management and internal control system are adequate and operate effectively, in all material respects.

The Board will continue to assess and monitor the adequacy and effectiveness of the risk management and internal control system of the Group and to strengthen it, as and when necessary.

This statement is made in accordance with a meeting minutes passed by the Board dated 5 April 2020.

ADDITIONAL COMPLIANCE INFORMATION

SHARE ISSUANCE SCHEME ("SIS")

The SIS of the Company is governed by the SIS By-Laws and was approved by shareholders on 15 November 2014. The SIS option granted may be exercised any time upon the satisfaction of vesting conditions of each offer. The SIS is in force for a period of five (5) years effective from 24 March 2015 which is expiring on 12 March 2020, has been extended for another five (5) years to 12 March 2025 in accordance with the terms of the SIS By-Laws.

Movement of the number of share options and the weighted average exercise prices are as follows: -

		Number of options over Ordinary Shares			
Date of Offer	**Exercise Price (RM)**	**At 1.1.2020 ('000)**	**Exercised ('000)**	**Lapsed ('000)**	**At 31.12.2020 ('000)**
24 March 2015	0.183	10,920	(1,120)	-	9,800

Please refer to page 104 to page 105 of this Annual Report for the further details on the Share Issuance Scheme.

MATERIAL CONTRACTS

There were no material contracts entered into by the Group during financial year ended 31 December 2020 ("**FYE2020**") involving the interests of the Directors and major shareholders.

CONTRACT RELATED TO LOANS

There were no material contracts relating to loans entered into by the Group during FYE2020 involving Directors and major shareholders.

RECURRENT RELATED PARTY TRANSACTIONS

At the 16th AGM of the Company held on 27 July 2020, the Company obtained a mandate from its shareholders for recurrent related party transactions ("**RRPT**") of a revenue or trading in nature with related parties.

The details of RRPTs conducted during the FYE2020 pursuant to the shareholders' mandate are set out below:

AppAsia and/or its subsidiaries	**Transacting Parties**	**Nature of Transactions**	**Aggregate value of transactions from 1.1.2020 to 31.12.2020 (RM)**
AppAsia Group	Richmond Virginia Tobacco Sdn. Bhd.	Renting of office premises	208,350

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

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

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

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

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

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2020, appropriate accounting policies were used and applied consistently, and adopted to include new and revised Malaysian Financial Reporting Standards where applicable. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

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

DIRECTORS' REPORT

The Directors have pleasure in submitting 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 consist of research and development, provision of management services and investment holding.

The principal activities of its subsidiary companies are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
Net profit for the financial year, attributable to owners of the parent	608,694	76,251
Attributable to:		
Owners of the Parent	678,864	76,251
Non-controlling interest	(70,170)	-
	608,694	76,251

Reserves and Provisions

All material transfers to or from reserves and provisions during the financial year are as disclosed in Notes 16 to the financial statements.

Dividend

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

Issue of Shares and Debentures

During the financial year, the Company increased its issued and paid up share capital from RM26,463,256 to RM28,926,952 by way of issuance of 17,872,000 new ordinary shares as follows:

(a) 16,752,000 new ordinary shares pursuant to the conversion of Warrants 2014/2024 at the exercise price of RM0.13 per ordinary shares; and

(b) 1,120,000 new ordinary shares at a weighted average exercise price of RM0.2553 per ordinary share for total consideration of RM285,936 from the exercise of employees' share options.

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

There was no issuance of debentures during the financial year.

DIRECTORS' REPORT (CONT'D)

Treasury Shares

During the financial year, the Company repurchased a total of 1,869,100 of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.36 per share. The total consideration paid for the repurchase was RM674,298. The repurchased transactions were financed by internal generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127(4) of the Companies Act 2016.

As at 31 December 2020, the total shares held as treasury shares amounted to 5,370,400 ordinary shares at a total cost of RM991,418. Further relevant details are disclosed in Note 15 to the financial statements.

Warrant Reserve

The Warrants were constituted under the Deed Poll dated 19 November 2014 as disclosed in the Note 16(a) to the financial statements.

As at 31 December 2020, the total numbers of Warrants that remain unexercised were 118,938,400.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the SIS.

At an extraordinary general meeting held on 15 November 2014, the Company's shareholders approved the establishment of SIS of not more than 30% of the issued and paid-up share capital of the Company at the point of time throughout the duration of the scheme to eligible Directors and employees of the Group. The salient features and other terms of the SIS are disclosed in the Note 28 to the financial statements.

As at 31 December 2020, the options offered to take up unissued ordinary shares and the exercise price are as follows:

		Number of options over ordinary shares			
Date of offer	**Exercise price**	**At 1.1.2020**	**Exercised**	**Lapsed**	**At 31.12.2020**
24 March 2015	0.183	10,920,000	(1,120,000)	-	9,800,000

Directors

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

Datuk Wira Rahadian Mahmud Bin Mohammad Khalil
Toh Hong Chye*
Wong Ngai Peow*
Datuk Low Kim Leng*
Yong Mai Fang*
Tiew Chee Ming*

** Director of the Company and its subsidiary companies*

DIRECTORS' REPORT (CONT'D)

Directors (Cont'd)

The Directors who held in office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Kua Kok Keong (resigned on 9 March 2021)
Yong Kin Sheng (appointed on 10 August 2020)

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

Directors' Interests in Shares

The interests and deemed interests in the ordinary shares, warrants and options over ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were also Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2020	Acquired	Sold	At 31.12.2020
Interests in the Company				
Direct interests				
Toh Hong Chye	46,901,300	-	-	46,901,300
Wong Ngai Peow	2,903,000	501,500	-	3,404,500
Datuk Low Kim Leng	1,000,000	600,000	(1,600,000)	-
Yong Mai Fang	7,100,000	-	-	7,100,000
Indirect interests				
Toh Hong Chye #	42,000,000	-	-	42,000,000
Yong Mai Fang #	42,000,000	-	-	42,000,000

	Number of Warrants			
	At 1.1.2020	Acquired	Sold	At 31.12.2020
Interests in the Company				
Direct interests				
Toh Hong Chye	4,250,000	-	-	4,250,000
Wong Ngai Peow	1,500	-	(1,500)	-

	Number of options over ordinary shares			
	At 1.1.2020	Granted/ Vested	Exercised	At 31.12.2020
Interests in the Company				
Direct interests				
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil	1,500,000	-	-	1,500,000
Toh Hong Chye	8,300,000	-	-	8,300,000
Wong Ngai Peow	500,000	-	(500,000)	-
Datuk Low Kim Leng	600,000	-	(600,000)	-

Deemed interest pursuant to Section 8 of the Companies Act 2016 ("the Act") by virtue of his/her substantial shareholdings in Richmond Virginia Tobacco Sdn. Bhd.

DIRECTORS' REPORT (CONT'D)

Directors' Interests in Shares (Cont'd)

By virtue of their interest in the shares of the Company, Toh Hong Chye hold more than 20% shares in the Company are also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act 2016.

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

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors and shown in Note 29(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 29(b) to the financial statements.

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

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officer of the Company were RM2,000,000 and RM15,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

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

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

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

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

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

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

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

    (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT (CONT'D)

Other Statutory Information (Cont'd)

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

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

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

(d) In the opinion of the Directors:

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

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

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 8 to the financial statements.

Significant Event

The details of the significant event are disclosed in Note 33 to the financial statements.

Auditors

The Auditors, Messrs. UHY, will retire at the forthcoming Annual General Meeting and does not wish to seek for re-appointment.

The details of auditors' remuneration are set out in Note 22 to the financial statements.

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

TOH HONG CHYE

WONG NGAI PEOW

KUALA LUMPUR

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 52 to 118 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 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 dated

TOH HONG CHYE	**WONG NGAI PEOW**

KUALA LUMPUR

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Toh Hong Chye, being the Director primarily responsible for the financial management of AppAsia Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 52 to 118 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the state)
of Federal Territory on 5 April 2021)

TOH HONG CHYE

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APPASIA BERHAD

[REGISTRATION NO.: 200401005180 (643683-U)]
(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AppAsia Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 118.

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By- Laws") and the International Ethics Standards Board for Accountants' *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.

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.

Key audit matters	**How our audit addressed the key audit matters**
<u>Trade receivables</u> Refer to Note 2(d) (Significant Accounting Judgements, Estimates and Assumptions) and Note 9 (Trade receivables) to the financial statements. We focused on this area because the management made judgements over both the events or changes in circumstances indicating that trade receivables were impaired and the estimation of the size of any such impairment. The trade receivables were monitored individually by management and therefore the impairment was assessed based on knowledge of each individual receivable.	Our audit procedures included, amongst others: • Critically assessed recoverability of receivables that were past due but not impaired with reference to their historical records and repayment trends; • Reviewed receipts of collections subsequent to the financial year end, customer correspondence and considering explanation on recoverability with significantly past due balances; and • Assessed the reasonableness of impairment charges for identified credit exposures.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APPASIA BERHAD (CONT'D)

[REGISTRATION NO.: 200401005180 (643683-U)]
(INCORPORATED IN MALAYSIA)

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APPASIA BERHAD (CONT'D)

[REGISTRATION NO.: 200401005180 (643683-U)]
(INCORPORATED IN MALAYSIA)

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: (Cont'd)

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

YEOH AIK CHUAN
Approved Number: 02239/07/2022 J
Chartered Accountant

KUALA LUMPUR

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Non-Current Assets					
Property, plant and equipment	4	506,644	515,390	254,929	307,136
Investment properties	5	2,252,167	2,302,167	2,252,167	2,302,167
Right-of-use assets	6	181,223	108,805	76,164	108,805
Intangible assets	7	2,830,748	2,839,082	-	-
Investment in subsidiary companies	8	-	-	16,284,370	14,683,670
Trade receivables	9	784,143	-	-	-
		6,554,925	5,765,444	18,867,630	17,401,778
Current Assets					
Inventories	10	64,532	155,310	-	-
Trade receivables	9	11,093,412	13,774,652	-	-
Other receivables	11	2,194,334	828,218	107,437	104,623
Amount due from subsidiary companies	12	-	-	4,780,071	13,948,231
Tax recoverable		295,201	96,045	3,943	-
Cash and bank balances	13	14,408,900	10,826,391	10,106,223	1,893,390
		28,056,379	25,680,616	14,997,674	15,946,244
Total Assets		34,611,304	31,446,060	33,865,304	33,348,022
Equity					
Share capital	14	28,926,952	26,463,256	28,926,952	26,463,256
Treasury shares	15	(991,418)	(317,120)	(991,418)	(317,120)
Reserves	16	988,811	390,923	5,836,846	5,841,571
Non-Controlling interests		(69,870)	-	-	-
Total Equity		28,854,475	26,537,059	33,772,380	31,987,707
Non-Current Liabilities					
Lease liabilities	17	67,492	11,873	-	11,873
Current Liabilities					
Trade payables	18	626,048	211,526	-	-
Other payables	19	5,004,197	4,608,877	81,051	62,401
Amount due to subsidiary companies	12	-	-	-	1,229,312
Lease liabilities	17	50,162	34,529	11,873	34,529
Tax payable		8,930	42,196	-	22,200
		5,689,337	4,897,128	92,924	1,348,442
Total Liabilities		5,756,829	4,909,001	92,924	1,360,315
Total Equity and Liabilities		34,611,304	31,446,060	33,865,304	33,348,022

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	20	74,336,954	91,400,957	1,605,157	1,738,112
Cost of sales		(68,767,556)	(87,260,130)	-	-
Gross profit		5,569,398	4,140,827	1,605,157	1,738,112
Other income		146,353	230,987	164,206	51,131
Administrative expenses		(5,237,144)	(4,318,012)	(1,701,059)	(2,401,673)
Net loss on impairment of financial instruments		(3,194)	(8,313)	-	(187,734)
Profit/(Loss) from operation		475,413	45,489	68,304	(800,164)
Finance cost	21	(3,008)	(4,293)	(1,418)	(4,293)
Profit/(Loss) before tax	22	472,405	41,196	66,886	(804,457)
Taxation	23	136,289	(302,978)	9,365	(45,277)
Net profit/(loss) for the financial year, representing total comprehensive income/(loss) for the financial year		608,694	(261,782)	76,251	(849,734)
Profit/(Loss) for the financial year, representing total comprehensive income/(loss) attributable to:					
Owners of the parent		678,864	(261,782)	76,251	(849,734)
Non-controlling interest		(70,170)	-	-	-
		608,694	(261,782)	76,251	(849,734)
Earning/(Loss) per share					
Basic earning/(loss) per share (sen)	24(a)	0.20	(0.08)		
Diluted earning/(loss) per share (sen)	24(b)	0.15	(0.08)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Attributable to the Owners of the Parent								
		Non-Distributable								
Group	Note	Share Capital RM	Treasury Shares RM	Warrant Reserve RM	Other Reserve RM	Share Issuance Scheme Option Reserve RM	(Accumulated Losses)/ Retained earnings RM	Total RM	Non-Controlling Interest RM	Total Equity RM
At 1 January 2020		26,463,256	(317,120)	20,489,250	(20,489,250)	789,516	(398,593)	26,537,059	-	26,537,059
Net profit/(loss) for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	678,864	678,864	(69,870)	608,994
Transactions with owners:										
Exercise of SIS options	14	285,936	-	-	-	(80,976)	-	204,960	-	204,960
Exercise of Warrants	14	2,177,760	-	(2,529,552)	2,529,552	-	-	2,177,760	-	2,177,760
Shares repurchased	15	-	(674,298)	-	-	-	-	(674,298)	-	(674,298)
Total transactions with owners		2,463,696	(674,298)	(2,529,552)	2,529,552	(80,976)	-	1,708,422	-	1,708,422
At 31 December 2020		28,926,952	(991,418)	17,959,698	(17,959,698)	708,540	280,271	28,924,345	(69,870)	28,854,475

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Attributable to the Owners of the Parent						
		Non-Distributable						
Group	Note	Share Capital RM	Treasury Shares RM	Warrant Reserve RM	Other Reserve RM	Share Issuance Scheme Option Reserve RM	Accumulated Losses RM	Total Equity RM
At 1 January 2019, as previously reported		50,463,256	-	20,489,250	(20,489,250)	789,516	(24,136,811)	27,115,961
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	-	(261,782)	(261,782)
Transactions with owners:								
Capital reduction	14	(24,000,000)	-	-	-	-	24,000,000	-
Shares repurchased	15	-	(317,120)	-	-	-	-	(317,120)
Total transactions with owners		(24,000,000)	(317,120)	-	-	-	24,000,000	(317,120)
At 31 December 2019		26,463,256	(317,120)	20,489,250	(20,489,250)	789,516	(398,593)	26,537,059

STATEMENTS OF CHANGES IN EQUITY (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Attributable to the Owners of the Parent						
		Non-Distributable						
Company	Note	Share Capital RM	Treasury Shares RM	Warrant Reserve RM	Other Reserve RM	Share Issuance Scheme Option Reserve RM	Retained Earnings RM	Total Equity RM
At 1 January 2020		26,463,256	(317,120)	20,489,250	(20,489,250)	789,516	5,052,055	31,987,707
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	76,251	76,251
Transactions with owners:								
Exercise of SIS options	14	285,936	-	-	-	(80,976)	-	204,960
Exercise of Warrants	14	2,177,760	-	(2,529,552)	2,529,552	-	-	2,177,760
Shares repurchased	15	-	(674,298)	-	-	-	-	(674,298)
Total transactions with owners		2,463,696	(674,298)	(2,529,552)	2,529,552	(80,976)	-	1,708,422
At 31 December 2020		28,926,952	(991,418)	17,959,698	(17,959,698)	708,540	5,128,306	33,772,380

STATEMENTS OF CHANGES IN EQUITY (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Attributable to the Owners of the Parent						
		Non-Distributable						
Company	Note	Share Capital RM	Treasury Shares RM	Warrant Reserve RM	Other Reserve RM	Share Issuance Scheme Option Reserve RM	(Accumulated Losses)/ Retained Earnings RM	Total Equity RM
At 1 January 2019		50,463,256	-	20,489,250	(20,489,250)	789,516	(18,098,211)	33,154,561
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	-	(849,734)	(849,734)
Transactions with owners:								
Capital reduction	14	(24,000,000)	-	-	-	-	24,000,000	-
Shares repurchased	15	-	(317,120)	-	-	-	-	(317,120)
Total transactions with owners		(24,000,000)	(317,120)	-	-	-	24,000,000	(317,120)
At 31 December 2019		26,463,256	(317,120)	20,489,250	(20,489,250)	789,516	5,052,055	31,987,707

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM	Group Restated 2019 RM	Company 2020 RM	Company Restated 2019 RM
Cash Flows From Operating Activities					
Profit/(Loss) before tax		472,405	41,196	66,886	(804,457)
Adjustments for:					
Amortisation of intangible assets					
- intangible assets		982,856	633,720	-	-
- right-of-use assets		45,773	81,933	32,641	81,933
Bad debts written off		-	-	-	184,033
Depreciation of					
- investment properties		50,000	50,000	50,000	50,000
- property, plant and equipment		237,485	121,084	115,765	76,480
(Reverse of impairment)/ Impairment losses on:					
- amount due from subsidiary companies		-	-	(125,018)	187,734
- trade receivables		1,993	8,313	-	-
- other receivables		1,201	-	-	-
Interest expenses		3,008	4,293	1,418	4,293
Inventories written down		66,162	-	-	-
Property, plant and equipment written off		4	2,463	3	805
(Gain)/Loss on disposal of a subsidiary company		-	(20,000)	-	144,407
Gain on disposal of property, plant and equipment		(2,392)	(2,549)	(1,193)	(718)
Gain on disposal of right-of-use asset		-	(50,377)	-	(50,377)
Unrealised (gain)/loss on foreign exchange		(347)	145	-	-
Interest income		(61,768)	(6,576)	-	-
Operating profit/(loss) before working capital changes		1,796,380	863,645	140,502	(125,867)
Changes in working capital:					
Inventories		24,616	(3,301)	-	-
Receivables		527,787	4,066,099	(2,814)	562,908
Payables		809,842	1,272,713	18,650	(66,037)
Subsidiary companies		-	-	-	799,800
		1,362,245	5,335,511	15,836	1,296,671
Cash generated from operations		3,158,625	6,199,156	156,338	1,170,804
Interest paid		(3,008)	(4,293)	(1,418)	(4,293)
Interest received		61,768	6,576	-	-
Tax paid		(96,133)	(352,865)	(16,778)	(23,077)
Tax refund		-	453,259	-	-
Net cash from operating activities		3,121,252	6,301,833	138,142	1,143,434

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM	Group Restated 2019 RM	Company 2020 RM	Company Restated 2019 RM
Cash Flows From Investing Activities					
Acquisition of investment in a subsidiary company		-	-	(1,600,700)	(500,000)
Additions to development expenditures		(974,522)	(1,266,557)	-	-
Net cash outflow from acquisition of a subsidiary company	8(b)	-	(498,390)	-	-
Net cash inflows arising from incorporation of subsidiary company with non-controlling interest		300	-	-	-
Repayment from subsidiary companies		-	-	9,293,178	23,915
Purchase of property, plant and equipment	4	(228,751)	(499,794)	(63,568)	(266,950)
Proceeds from disposal of subsidiary company		-	20,000	-	20,000
Proceeds from disposal of property, plant and equipment		2,400	19,710	1,200	1,000
Proceeds from disposal of right-of-use asset		-	140,000	-	140,000
Net cash (used in)/from investing activities		(1,200,573)	(2,085,031)	7,630,110	(582,035)
Cash Flows From Financing Activities					
Repayment to subsidiary companies		-	-	(1,229,312)	(3,156,247)
Proceeds from exercises of share issuance scheme options		204,960	-	204,960	-
Proceeds from conversion of warrants		2,177,760	-	2,177,760	-
Payment of lease liabilities		(46,939)	(82,393)	(34,529)	(82,393)
Purchase of treasury shares		(674,298)	(317,120)	(674,298)	(317,120)
Net cash from/(used in) financing activities		1,661,483	(399,513)	444,581	(3,555,760)
Net increase/(decrease) in cash and cash equivalents		3,582,162	3,817,289	8,212,833	(2,994,361)
Effect of exchange translation differences on cash and cash equivalents		347	(145)	-	-
Cash and cash equivalents at the beginning of the financial year		10,826,391	7,009,247	1,893,390	4,887,751
Cash and cash equivalents at the end of the financial year		14,408,900	10,826,391	10,106,223	1,893,390
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		14,408,900	10,826,391	10,106,223	1,893,390
		14,408,900	10,826,391	10,106,223	1,893,390

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

1. Corporate Information

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

The principal place of business of the Company is at 1-40-1, Menara Bangkok Bank, Berjaya Central Park, No. 105, Jalan Ampang, 50450 Kuala Lumpur.

The registered office of the Company was located at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. With effect from 15 February 2021, the Company's registered office has been relocated to E-10-4, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan Malaysia.

The principal activities of the Company consist of research and development, provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 8. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. Basis of Preparation

(a) Statement of compliance

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

Adoption of new and amended standards

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

Amendments to References to the Conceptual Framework in MFRS Standard

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Materials

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (CONT'D)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standard issued but not yet effective

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

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Covid-19 – Related Rent Concessions	1 June 2020
MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRSs	Annual Improvements to MFRS Standard 2018-2020	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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

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

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis other than as disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

2. Basis of Preparation (Cont'd)

(c) Functional and presentation currency

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

(d) Significant accounting judgements, estimates and assumptions

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

Judgement

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

Key sources of estimation uncertainty

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

Useful lives/amortisation of property, plant and equipment (Note 4), investment properties (Note 5) and right-of-use assets (Note 6)

The Group regularly reviews the estimated useful lives of property, plant and equipment, investment properties and right-of-use assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amount of the property, plant and equipment, investment properties and right-of-use assets are disclosed in Notes 4, 5 and 6 respectively.

Development expenditures

The Group capitalises development expenditures for a project in accordance with the accounting policy. Initial capitalisation of development expenditures is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generations of the project, discount rates to be applied and the expected period of benefits. The carrying amount at the reporting date for development expenditures is disclosed in Note 7.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (CONT'D)

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Recoverability of development expenditures

During the financial year, the Directors considered the recoverability of the Group's development expenditures. The project continues to progress in a satisfactory manner, and customer reaction has reconfirmed the Directors' previous estimates of anticipated revenues from the project. However, increased competitor activity has caused the Directors to reconsider their assumptions regarding future market share and anticipated margins of this product. Detailed sensitivity analysis has been carried out and the Directors are confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods, if market activity indicates that such adjustments are appropriate. The carrying amount at the reporting date for development expenditures is disclosed in Note 7.

Amortisation of intangible assets

Changes in the expected level of usage and technological development could impact the economic useful lives, therefore future amortisation charges could be revised. The carrying amount at the reporting date for intangible assets is disclosed in Note 7.

Inventories valuation

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

Determination of transaction prices

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

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

Provision for expected credit loss of financial assets at amortised cost

The Group reviews the recoverability of its receivables at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The customer's credit worthiness is evaluated by reviewing, amongst others, the Group's historical collection experience.

The carrying amounts at the reporting date for trade receivables are disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Discount rate used in leases

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

Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Notes 16(c) and 28 respectively.

Income taxes

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2020, the Group has tax recoverable and payable of RM295,201 (2019: RM96,045) and RM8,930 (2019: RM42,196) respectively. The Company has tax recoverable of RM3,943 (2019: tax payable RM22,200).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

3. Significant Accounting Policies

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

(a) Basis of consolidation

(i) Subsidiary companies

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

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

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

(iii) Disposal of subsidiary companies

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

(iv) Goodwill on consolidation

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

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

(b) Foreign currency translation

(i) Foreign currency transactions and balances

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

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

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(b) Foreign currency translation (Cont'd)

(i) Foreign currency transactions and balances (Cont'd)

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

(ii) Foreign operations

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

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

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

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i).

(i) Recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

3. Significant Accounting Policies (Cont'd)

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

(i) Recognition and measurement (Cont'd)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Furniture and fittings	20%
Office equipment	20%
Camera equipment	20%
Computers	50%
Motor vehicles	20%
Renovation	50%

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

(d) Leases

(i) As lessee

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

The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(d) Leases (Cont'd)

(i) As lessee (Cont'd)

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

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

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

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

(ii) As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

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

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

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of MFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(e) Investment properties

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

The carrying amount includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Freehold land and buildings	2%

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

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

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

(f) Intangible assets

(i) Internally-generated intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete; and
- the ability to measure reliably the expenditure during development.

The amount initially recognised for internally–generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(f) Intangible assets (Cont'd)

(ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) Derecognition of intangible assets

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

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

(g) Financial assets

Financial assets 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.

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

The Group and the Company determine the classification of financial assets at initial recognition, and the categories include trade and other receivables, amount due from subsidiary companies, cash and bank balances.

<u>Financial assets measured at amortised cost</u>

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)

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

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

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

(h) Financial liabilities

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

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

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

(i) Offsetting of financial instruments

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

(j) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value.

Cost of inventories comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in first-out 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.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(k) Cash and cash equivalents

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

(l) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

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

(ii) Financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(l) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

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

(m) Share capital

(i) Ordinary shares

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

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

(ii) Treasury shares

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

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

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

(n) Employee benefits

(i) Short term employee benefits

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(n) Employee benefits (Cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Share-based payment transactions

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings or accumulated losses.

(o) Revenue recognition

(i) Revenue from contracts with customers

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

The Group recognises revenue from the following major sources:

(a) Sale of goods

The Group sells a range of merchandise in the wholesale market. Revenue from sale of goods is recognised when control of the products has transferred, being the products are delivered to the customer.

Following delivery of the goods to the wholesaler's specific location, the wholesaler has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(o) Revenue recognition (Cont'd)

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

(a) Sale of goods (Cont'd)

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes. Under the Group's standard contract terms, customers have a right of return within 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those product expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return, so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories recognised in profit or loss. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due. No element of financing is deemed present as the revenue recognised with a credit term of 30 to 90 days, which is consistent with market practice.

(b) Rendering of services

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

(c) Financing income

Financing income is accounted for on an accrual basis by reference to rest periods as stipulated in the loan agreements.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Interest income

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

(p) Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(p) Borrowing costs (Cont'd)

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

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

(q) Income taxes

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

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

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Deferred tax assets and liabilities are not discounted.

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

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

(r) Segment reporting

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

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(s) Contingencies

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

(t) Fair value measurement

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 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 uses observable market data as far as possible.

(u) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and transferred to profit or loss on a systematic basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Where the Group receives non-monetary government grants, the asset and the grant are recorded at nominal amount and transferred to profit or loss on a systematic basis over the life of the depreciable asset by way of a reduced depreciation charge.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (CONT'D)

4. Property, Plant and Equipment

	Furniture and fittings RM	Office equipment RM	Computers RM	Camera equipment RM	Motor vehicles RM	Renovation RM	Total RM
Group							
2020							
Cost							
At 1 January 2020	170,309	116,750	446,776	-	252,000	805,041	1,790,876
Additions	-	11,018	97,253	73,380	-	47,100	228,751
Disposals	-	-	(25,399)	-	-	-	(25,399)
Written off	-	(16,670)	(39,091)	-	-	-	(55,761)
At 31 December 2020	170,309	111,098	479,539	73,380	252,000	852,141	1,938,467
Accumulated depreciation							
At 1 January 2020	106,587	91,097	435,380	-	4,201	638,221	1,275,486
Charge for the financial year	31,094	19,832	24,192	4,892	50,400	107,075	237,485
Disposals	-	-	(25,391)	-	-	-	(25,391)
Written off	-	(16,670)	(39,087)	-	-	-	(55,757)
At 31 December 2020	137,681	94,259	395,094	4,892	54,601	745,296	1,431,823
Carrying amount							
At 31 December 2020	32,628	16,839	84,445	68,488	197,399	106,845	506,644

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

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

	Furniture and fittings RM	Office equipment RM	Computers RM	Motor vehicles RM	Renovation RM	Total RM
Group						
2019						
Cost						
At 1 January 2019	187,867	183,739	510,919	432,075	756,751	2,071,351
Effect of adopting MFRS 16	-	-	-	(432,075)	-	(432,075)
At 1 January 2019, as restated	187,867	183,739	510,919	-	756,751	1,639,276
Additions	43,480	8,141	7,799	252,000	188,374	499,794
Disposals	(59,288)	(58,097)	(35,066)	-	(5,500)	(157,951)
Written off	(1,750)	(17,033)	(36,876)	-	(134,584)	(190,243)
At 31 December 2019	170,309	116,750	446,776	252,000	805,041	1,790,876
Accumulated depreciation						
At 1 January 2019	121,860	135,346	489,391	151,714	736,375	1,634,686
Effect of adopting MFRS 16	-	-	-	(151,714)	-	(151,714)
At 1 January 2019, as restated	121,860	135,346	489,391	-	736,375	1,482,972
Charge for the financial year	33,059	24,808	17,636	4,201	41,380	121,084
Disposals	(46,728)	(54,337)	(34,775)	-	(4,950)	(140,790)
Written off	(1,604)	(14,720)	(36,872)	-	(134,584)	(187,780)
At 31 December 2019	106,587	91,097	435,380	4,201	638,221	1,275,486
Carrying amount						
At 31 December 2019	63,722	25,653	11,396	247,799	166,820	515,390

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

	Funiture and fittings RM	Office equipment RM	Computers RM	Motor vehicles RM	Renovation RM	Total RM
Company						
2020						
At 1 January 2020	126,829	91,089	251,867	252,000	631,617	1,353,402
Additions	-	4,968	58,600	-	-	63,568
Disposals	-	-	(20,744)	-	-	(20,744)
Written off	-	-	(20,093)	-	-	(20,093)
At 31 December 2020	126,829	96,057	269,630	252,000	631,617	1,376,133
Accumulated depreciation						
At 1 January 2020	104,412	73,169	248,589	4,201	615,895	1,046,266
Charge for the financial year	22,397	17,937	10,555	50,400	14,476	115,765
Disposals	-	-	(20,737)	-	-	(20,737)
Written off	-	-	(20,090)	-	-	(20,090)
At 31 December 2020	126,809	91,106	218,317	54,601	630,371	1,121,204
Carrying amount						
At 31 December 2020	20	4,951	51,313	197,399	1,246	254,929

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

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

	Funiture and fittings RM	Office equipment RM	Computers RM	Motor vehicles RM	Renovation RM	Total RM
Company						
2019						
At 1 January 2019	126,829	94,322	280,386	432,075	635,597	1,569,209
Effect of adopting MFRS 16	-	-	-	(432,075)	-	(432,075)
At 1 January 2019, as restated	126,829	94,322	280,386	-	635,597	1,137,134
Additions	-	-	-	252,000	14,950	266,950
Disposals	-	-	(3,388)	-	-	(3,388)
Written off	-	(3,233)	(25,131)	-	(18,930)	(47,294)
At 31 December 2019	126,829	91,089	251,867	252,000	631,617	1,353,402
Accumulated depreciation						
At 1 January 2019	79,046	58,019	265,720	151,714	616,596	1,171,095
Effect of adopting MFRS 16	-	-	-	(151,714)	-	(151,714)
At 1 January 2019, as restated	79,046	58,019	265,720	-	616,596	1,019,381
Charge for the financial year	25,366	17,580	11,104	4,201	18,229	76,480
Disposals	-	-	(3,106)	-	-	(3,106)
Written off	-	(2,430)	(25,129)	-	(18,930)	(46,489)
At 31 December 2019	104,412	73,169	248,589	4,201	615,895	1,046,266
Carrying amount						
At 31 December 2019	22,417	17,920	3,278	247,799	15,722	307,136

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

5. Investment Properties

	Group and Company 2020 RM	2019 RM
Freehold land and buildings:		
Cost		
At 1 January/31 December	2,500,000	2,500,000
Accumulated depreciation		
At 1 January	197,833	147,833
Charge for the financial year	50,000	50,000
At 31 December	247,833	197,833
Carrying amount		
At 31 December	2,252,167	2,302,167
Fair value of investment properties		
At 31 December	2,300,000	2,450,000

(a) Fair value basis of investment properties

Fair value of investment properties was determined based on the valuations performed by an accredited independent firm of professional valuers, ST Hui Property Consultants Sdn Bhd based on the investment method Sales comparison approach. The fair values are within Level 2 of the fair value hierarchy. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Transfer from Level 3 to Level 2 as company valuation techniques have been change from using significant unobservable inputs into using sale comparison approach based on recent sales of comparable properties in the area.

(b) Income and expenses recognised in profit or loss

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

	Group and Company 2020 RM	2019 RM
Rental income	36,500	25,650
Discount allowed	(2,640)	-
Direct operating expenses	(5,960)	(5,960)

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (CONT'D)

6. Right-of-Use Assets

	Motor vehicles RM	Office building RM	Total RM
Group			
2020			
Cost			
At 1 January 2020	163,207	-	163,207
Addition	-	118,191	118,191
At 31 December 2020	163,207	118,191	281,398
Accumulated amortisation			
At 1 January	54,402	-	54,402
Charge for the financial year	32,641	13,132	45,773
At 31 December 2020	87,043	13,132	100,175
Carrying amount			
At 31 December 2020	76,164	105,059	181,223
2019			
Cost			
At 1 January 2019	-	-	-
Effect of adopting MFRS 16	432,075	-	432,075
At 1 January 2019, as restated	432,075	-	432,075
Disposals	(268,868)	-	(268,868)
At 31 December 2019	163,207	-	163,207
Accumulated amortisation			
At 1 January 2019	-	-	-
Effect of adopting MFRS 16	151,714	-	151,714
At 1 January 2019, as restated	151,714	-	151,714
Charge for the financial year	81,933	-	81,933
Disposals	(179,245)	-	(179,245)
At 31 December 2019	54,402	-	54,402
Carrying amount			
At 31 December 2019	108,805	-	108,805

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (CONT'D)

6. Right-of-Use Assets (Cont'd)

	Motor vehicles RM
Company	
2020	
Cost	
At 1 January/At 31 December 2020	163,207
Accumulated amortisation	
At 1 January 2020	54,402
Charge for the financial year	32,641
At 31 December 2020	87,043
Carrying amount	
At 31 December 2020	76,164
2019	
Cost	
At 1 January 2019	-
Effect of adopting MFRS 16	432,075
At 1 January 2019, as restated	432,075
Disposals	(268,868)
At 31 December 2019	163,207
Accumulated amortisation	
At 1 January 2019	-
Effect of adopting MFRS 16	151,714
At 1 January 2019, as restated	151,714
Charge for the financial year	81,933
Disposals	(179,245)
At 31 December 2019	54,402
Carrying amount	
At 31 December 2019	108,805

Included in the above, motor vehicle, with a carrying amount of RM76,164 of the Group and the Company are pledged as securities for the related lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

7. Intangible Assets

	Development expenditures RM	Licence RM	Total RM
Group			
2020			
At cost			
At 1 January 2020	3,426,621	522,110	3,948,731
Additions	974,522	-	974,522
At 31 December 2020	4,401,143	522,110	4,923,253
Less: Accumulated amortisation			
At 1 January 2020	935,612	174,037	1,109,649
Amortisation during the financial year	721,801	261,055	982,856
At 31 December 2020	1,657,413	435,092	2,092,505
Carrying amount			
At 31 December 2020	2,743,730	87,018	2,830,748
2019			
At cost			
At 1 January 2019	2,160,064	-	2,160,064
Additions	1,266,557	-	1,266,557
Acquisition through business combination	-	522,110	522,110
At 31 December 2019	3,426,621	522,110	3,948,731
Less: Accumulated amortisation			
At 1 January 2019	475,929	-	475,929
Amortisation during the financial year	459,683	174,037	633,720
At 31 December 2019	935,612	174,037	1,109,649
Carrying amount			
At 31 December 2019	2,491,009	348,073	2,839,082

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

7. Intangible Assets (Cont'd)

(a) Description of the intangible assets

Licence

Licence relates to the money lending licence of which the fair value was valued using income approach method by an independent valuation specialist that engaged by the Group for purchase price allocation exercise on the acquisition of AppAsia Capital Sdn. Bhd. (f.k.a TBH Borneo Sdn. Bhd.) The useful lives of the license are estimated to be 2 years.

Development expenditures

Development expenditures represent the costs incurred in relation to innovation of E-confirmation system and enhancement of their existing mobile applications, digital contents, e-commerce and the information technology security solution. The useful lives of the development expenditures are estimated to be 5 years.

(b) Impairment testing for intangible assets

The intangible assets including development expenditures and licence of the Group were tested for impairment using the value-in-use ("VIU") method.

The recoverable amount of CGU in respect of the intangible assets were determined based on VIU calculation. Cash flow projections used in these calculations were based on five-year financial budgets approved by management. Pre-tax discount rates of 11% (2019: 8%) have been applied to cash flow projections.

8. Investment in Subsidiary Companies

	Company	
	2020	**2019**
	RM	**RM**
In Malaysia		
Unquoted shares, at cost	18,507,200	16,906,500
Less: Accumulated impairment losses	(2,222,830)	(2,222,830)
	16,284,370	14,683,670

Movement in the allowance for impairment losses are as follows:

	Company	
	2020	**2019**
	RM	**RM**
At 1 January	2,222,830	4,058,425
Amount written off	-	(1,835,595)
At 31 December	2,222,830	2,222,830

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

8. Investment in Subsidiary Companies (Cont'd)

The Company conducted a review of the recoverable amounts of its investment in subsidiary companies. The recoverable amount of investment was estimated based on value in use method. In determining value- in use method, the cashflows were discounted at rate of 11% on a pre-tax basis. The fair values are within level 3 of the fair value hierarchy.

Details of subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest 2020	2019	Principal activities
		%	%	
Extol Corporation Sdn. Bhd.	Malaysia	100	100	Sales, research and development of IT security technology, system maintenance, professional IT security services, training and other IT products and solutions.
AppAsia Marketing Sdn. Bhd. (Formerly known as Extol Marketing Sdn. Bhd.)	Malaysia	100	100	To carry on business in relation to E-commerce and video production and act as training provider and advertising agents.
AppAsia Cloud Sdn. Bhd.	Malaysia	100	100	To offer all kinds of services related to information technology infrastructure, application systems and computer software including system support and maintenance, system integration, project coordination, management, implementation, consultation, training, seminars, exhibition, agency and representation, consultants, advisors and to organise, conduct courses, seminars, trainings for any person, firm, corporation, business and industry
AppAsia Tech Sdn. Bhd.	Malaysia	100	100	To carry on the business as Information Technology Systems and applications development related business and video production and act as training provider and advertising agents.
AppAsia Mall Sdn. Bhd.	Malaysia	100	100	To carry on business in relation to e-commerce and to deal on all type of e-commerce in all business goods, services, merchandise, vide business to business (b2b), business to customer (b2c) and providing services in portals, internet marketing and electronic publishing.
AppAsia International Sdn. Bhd.	Malaysia	100	100	Investment holding, online trading, e-commerce, mobile application solutions, consultants, advisors and to organise, conduct courses, seminars, trainings for any person, firm, corporation, business and industry.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

8. Investment in Subsidiary Companies (Cont'd)

Details of subsidiary companies are as follows: (Cont'd)

Name of company	Place of business/ Country of incorporation	Effective interest 2020	2019	Principal activities
		%	%	
AppAsia Capital Sdn. Bhd. (Formerly known as TBH Borneo Sdn. Bhd.)	Malaysia	100	100	Money lending business
AppAsia Stream Sdn. Bhd.	Malaysia	70	-	To carry on the business of photography, video streaming, videography production and advertisement

(a) Incorporation of a subsidiary company

On August 2020, the Company had incorporated a subsidiary company with the name of AppAsia Stream Sdn. Bhd. with the issued and paid up share capital RM1,000 comprising of 1,000 ordinary shares. Consequently, AppAsia Stream Sdn. Bhd. become a 70% owned subsidiary of the Company.

(b) Acquisition of a subsidiary company

On 27 November 2018, the Company entered into a Shares Sale Agreement ("SSA") with third parties for proposed acquisition of 2,000,000 ordinary shares which represents 100% of the issued and paid up capital of AppAsia Capital Sdn. Bhd. (f.k.a TBH Borneo Sdn. Bhd.) ("ACSB") for a total cash consideration of RM500,000. The proposed acquisition was completed on 23 April 2019.

Fair value of consideration transferred:

	2019 RM
Cash consideration	500,000

The fair values of the identifiable assets and liabilities of ACSB as at the date of acquisition were:

	2019 RM
Intangible asset	522,110
Cash and bank balances	1,610
Other payables	(23,720)
Fair value of identifiable assets	500,000

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (CONT'D)

8. Investment in Subsidiary Companies (Cont'd)

(b) Acquisition of a subsidiary company (Cont'd)

Net cash outflow arising from acquisition of ACSB.:

	2019 RM
Purchase consideration settled in cash	500,000
Less: Cash and cash equivalents acquired	(1,610)
Net cash outflow on acquisition	498,390

(c) Disposal of a subsidiary company

On 2 December 2019, the Company entered into a Share Sale Agreement ("SSA") with a third party to dispose of its entire equity interest in AppAsia Studio Sdn. Bhd. ("ASSB") comprising of 2,000,000 ordinary shares for a total cash consideration of RM20,000. Upon the disposals, ASSB ceased to be a wholly-owned subsidiary to the Company. As a result, the Group and the Company recognised a gain of RM20,000 and a loss of RM144,407 of disposal of subsidiary company respectively in statements of profit or loss and other comprehensive income.

The effect of the disposal of ASSB on the financial position of the Group as at the date of disposal was as follows:

	2019 RM
Proceeds from disposal	20,000
Net assets disposed	-
Gain on disposal	20,000

9. Trade Receivables

	Group 2020 RM	Group 2019 RM
Trade receivables		
Non-current	784,143	-
Current	11,104,555	13,783,802
Less: Accumulated impairment losses	(11,143)	(9,150)
	11,877,555	13,774,652

Trade receivables are generally on 30 to 90 days (2019: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Other credit terms are approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

9. Trade Receivables (Cont'd)

Movements in the allowance for impairment losses are as follows:

	Group	
	2020 RM	2019 RM
At 1 January	9,150	1,607
Impairment losses recognised	1,993	8,313
Amount written off	-	(770)
At 31 December	11,143	9,150

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

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

Group	Gross amount RM	Loss allowance RM	Net amount RM
2020			
Neither past due nor impaired	6,803,655	(7,708)	6,795,947
Past due not impaired:			
Less than 30 days	4,962,043	(184)	4,961,859
31 to 60 days	74,966	(155)	74,811
61 to 90 days	44,388	(505)	43,883
More than 90 days	3,646	(2,591)	1,055
	5,085,043	(3,435)	5,081,608
	11,888,698	(11,143)	11,877,555
2019			
Neither past due nor impaired	12,285,013	(3,300)	12,281,713
Past due not impaired:			
Less than 30 days	1,387,864	(150)	1,387,714
31 to 60 days	60,051	(255)	59,796
61 to 90 days	40,470	(1,168)	39,302
More than 90 days	10,404	(4,277)	6,127
	1,498,789	(5,850)	1,492,939
	13,783,802	(9,150)	13,774,652

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

9. Trade Receivables (Cont'd)

As at 31 December 2020, trade receivables of RM5,081,608 (2019: RM1,492,939) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The currency exposure profiles of trade receivables are as follows:

	Group	
	2020	**2019**
	RM	**RM**
United States Dollar	1,386	4,181

10. Inventories

	Group	
	2020	**2019**
	RM	**RM**
At cost		
Trading merchandise	-	155,310
At net realisable value		
Trading merchandise	64,532	-
	64,532	155,310
Recognised in profit or loss:		
Inventories written down	66,162	-
Inventories recognised as cost of sales	1,049,377	36,700

11. Other Receivables

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Other receivables	1,700,330	463,141	269	1,040
Less: Accumulated impairment losses	(1,201)	-	-	-
	1,699,129	463,141	269	1,040
Deposits	117,645	56,186	31,360	31,250
Prepayments	377,560	217,782	75,808	70,508
GST recoverable	-	91,109	-	1,825
	2,194,334	828,218	107,437	104,623

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

	Company	
	2020	**2019**
	RM	**RM**
At 1 January	-	-
Impairment losses recognised	1,201	-
At 31 December	1,201	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

12. Amount Due from/(to) Subsidiary Companies

	Company	
	2020 RM	2019 RM
Amount due from subsidiary companies		
Trade related	-	333,000
Non-trade related	4,842,787	13,802,965
	4,842,787	14,135,965
Less: Accumulated impairment losses	(62,716)	(187,734)
	4,780,071	13,948,231
Amount due to subsidiary companies		
Non-trade related	-	(1,229,312)

Trade balance is given credit term of 30 to 90 days (2019: 30 to 90 days).

Non-trade balances are unsecured, non-interest bearing and repayable on demand.

Movements in the allowance for impairment losses are as follows:

	Company	
	2020 RM	2019 RM
At 1 January	187,734	29,412
Impairment losses recognised	-	187,734
Impairment losses reversal	(125,018)	-
Amount written off	-	(29,412)
At 31 December	62,716	187,734

13. Cash and Bank Balances

The currency exposure profiles of cash and bank balances are as follows:

	Group	
	2020 RM	2019 RM
United States Dollar	3,592	5,623

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

14. Share Capital

	Group and Company			
	Number of Shares		Amount	
	2020 Units	2019 Units	2020 RM	2019 RM
Issued and fully paid				
At 1 January	345,249,800	345,249,800	26,463,256	50,463,256
Capital reduction	-	-	-	(24,000,000)
Exercise of Warrants	16,752,000	-	2,177,760	-
Exercise of SIS options	1,120,000	-	285,936	-
At 31 December	363,121,800	345,249,800	28,926,952	26,463,256

In previous financial year, the Company has undertaken a reduction of RM24,000,000 of the issued share capital ("Capital Reduction Exercise") pursuant to Section 116 of the Companies Act 2016. The corresponding credit arising from such cancellation was being utilised to eliminate the accumulated losses amounting to RM24,000,000 of the Company. The Capital Reduction Exercise was completed on 11 March 2019.

During the financial year, the Company increased its issued and paid up share capital from RM26,463,256 to RM28,926,952 by way of issuance of 17,872,000 new ordinary shares as follows:

(a) 16,752,000 new ordinary shares pursuant to the conversion of Warrants 2014/2024 at the exercise price of RM0.13 per ordinary shares; and

(b) 1,120,000 new ordinary shares at a weighted average exercise price of RM0.2553 per ordinary share for total consideration of RM285,936 from the exercise of employees' share options.

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

15. Treasury Shares

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 27 July 2020, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

	Group and Company			
	Number of Shares		Amount	
	2020 Units	2019 Units	2020 RM	2019 RM
At 1 January	3,501,300	-	317,120	-
Purchase of own shares	1,869,100	3,501,300	674,298	317,120
At 31 December	5,370,400	3,501,300	991,418	317,120

During the financial year, the Company repurchased a total of 1,869,100 (2019: 3,501,300) of its issued ordinary shares from the open market at an average price of RM0.36 (2019: RM0.09) per share. The total consideration paid for the repurchase was RM674,298 (2019: RM317,120). The repurchased transactions were financed by internally-generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127(4) of the Companies Act 2016.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (CONT'D)

16. Reserves

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Warrant reserve	(a)	17,959,698	20,489,250	17,959,698	20,489,250
Other reserve	(b)	(17,959,698)	(20,489,250)	(17,959,698)	(20,489,250)
Share Issuance Scheme Option reserve	(c)	708,540	789,516	708,540	789,516
Retained earnings/ (Accumulated losses)		280,271	(398,593)	5,128,306	5,052,055
		988,811	390,923	5,836,846	5,841,571

(a) Warrant reserve

Warrants reserve represents reserve allocated to free detachable warrants issued with rights issue.

During the financial year ended 31 December 2015, the Company issued renounceable rights issue of up to 138,956,400 new ordinary shares of RM0.10 each together with up to 138,956,400 free detachable warrants ("Warrants") on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing ordinary share held.

The Company executed a Deed Poll constituting the Warrants and the exercise price of the Warrants have been fixed at RM0.13 each. The Warrants may be exercised at any time within 10 years commencing on and including the date of issuance and expiring on 23 December 2024. Any Warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

The new ordinary shares allotted and issued upon exercise of the Warrants shall rank pari passu in all respects with the then existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from exercise of the Warrants.

As at the financial year end, the total number of Warrants that remain unexercised were 118,938,400 (2019: 135,690,400).

(b) Other reserve

This represents fair value allocated to the detachable warrants issued in conjunction with rights issue refer to Note 16(a).

(c) Share Issuance Scheme Option reserve

	Group and Company	
	2020	2019
	RM	RM
Non-distributable		
At 1 January	789,516	789,516
Exercise of SIS options	(80,976)	-
At 31 December	708,540	789,516

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

16. Reserves (Cont'd)

(c) Share Issuance Scheme Option reserve (Cont'd)

Share Issuance Scheme Option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options. Share Issuance Scheme Option is disclosed in Note 28.

17. Lease Liabilities

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
At 1 January	46,402	-	46,402	-
Effect of adopting MFRS 16	-	128,795	-	128,795
At 1 January, as restated	46,402	128,795	46,402	128,795
Additional	118,191	-	-	-
Payments	(46,939)	(82,393)	(34,529)	(82,393)
At 31 December	117,654	46,402	11,873	46,402
Presented as:				
Non-current	67,492	11,873	-	11,873
Current	50,162	34,529	11,873	34,529

The maturity analysis of lease liabilities of the Group and of the Company at the end of the reporting period:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Within 1 year	53,996	36,084	11,996	36,084
Later than 1 year and not later than 2 years	42,000	11,996	-	11,996
Later than 2 years and not later than 5 years	28,000	-	-	-
	123,996	48,080	11,996	48,080
Less: Future finance charges	(6,342)	(1,678)	(123)	(1,678)
Present value of lease liabilities	117,654	46,402	11,873	46,402

The Group leases various office buildings and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

18. Trade Payables

Credit terms of trade payables of the Group is 30 days (2019: 30 days) depending on the terms of the contracts.

19. Other Payables

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Other payables	3,524,782	3,779,997	8,370	12,052
Accruals	418,575	361,891	65,081	50,349
Deposit received	545,817	-	7,600	-
Deferred revenue	336,275	436,706	-	-
Service tax payable	178,748	30,283	-	-
	5,004,197	4,608,877	81,051	62,401

Deferred revenue represents the amount received in advance from customers for which services have yet to be performed.

20. Revenue

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Revenue from contracts with customers:				
Rendering of services	6,395,773	5,121,938	-	-
Sales of goods	67,068,193	85,734,993	-	-
Financing income	827,831	327,747	-	-
Management fees	-	21,667	1,560,000	1,543,500
	74,291,797	91,206,345	1,560,000	1,543,500
Revenue from other sources:				
Interest income	11,297	168,962	11,297	168,962
Rental income	33,860	25,650	33,860	25,650
	45,157	194,612	45,157	194,612
	74,336,954	91,400,957	1,605,157	1,738,112

The timing of revenue recognition is at a point in time.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

20. Revenue (Cont'd)

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

	Investment Holding RM	Digital Solutions RM	E-Commerce Business RM	Others RM	Consolidated Total RM
2020					
Major goods and services:					
Rendering of services	-	3,866,914	1,303,335	1,225,524	6,395,773
Sales of goods	-	-	67,068,193	-	67,068,193
Financing income	-	-	-	827,831	827,831
Total revenue from contracts with customers	-	3,866,914	68,371,528	2,053,355	74,291,797
Geographical market:					
Malaysia	-	3,866,503	68,371,528	2,053,355	74,291,386
United States	-	247	-	-	247
Others	-	164	-	-	164
Total revenue from contracts with customers	-	3,866,914	68,371,528	2,053,355	74,291,797
Timing of revenue recognition:					
At a point in time	-	3,866,914	68,371,528	2,053,355	74,291,797
2019					
Major goods and services:					
Rendering of services	-	2,988,435	494,201	1,639,302	5,121,938
Sales of goods	-	-	85,734,993	-	85,734,993
Management fees	21,667	-	-	-	21,667
Financing income	-	-	-	327,747	327,747
Total revenue from contracts with customers	21,667	2,988,435	86,229,194	1,967,049	91,206,345
Geographical market:					
Malaysia	21,667	2,976,194	86,229,194	1,967,049	91,194,104
United States	-	1,235	-	-	1,235
Others	-	11,006	-	-	11,006
Total revenue from contracts with customers	21,667	2,988,435	86,229,194	1,967,049	91,206,345
Timing of revenue recognition:					
At a point in time	21,667	2,988,435	86,229,194	1,967,049	91,206,345

21. Finance Cost

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expense on:				
Lease liabilities	3,008	4,293	1,418	4,293

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

22. Profit/(Loss) Before Tax

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

	Group		Company	
		Restated		Restated
	2020	2019	2020	2019
	RM	RM	RM	RM
Amortisation of				
- Intangible assets	982,856	633,720	-	-
- right-of-use assets	45,773	81,933	32,641	81,933
Auditors' remuneration:				
- Statutory				
- current year	73,000	71,909	22,000	22,000
- under provision in prior year	-	10,050	-	-
- Others				
- current year	3,000	3,000	3,000	3,000
Bad debts written off	-	-	-	184,033
Depreciation of				
- investment properties	50,000	50,000	50,000	50,000
- property, plant and equipment	237,485	121,084	115,765	76,480
Expenses relating to short-term leases:				
- rental of equipment	3,350	3,077	-	2,327
- rental of premises	219,150	245,198	124,800	124,800
(Gain)/Loss on disposal of				
a subsidiary company	-	(20,000)	-	144,407
Gain on disposal of				
- property, plant and equipment	(2,392)	(2,549)	(1,193)	(718)
- right-of-use asset	-	(50,377)	-	(50,377)
(Gain)/Loss in foreign exchange:				
- realised	(68)	(2,756)	-	(36)
- unrealised	(347)	145	-	-
Government Incentives	(45,000)	-	(27,000)	-
Inventories				
- written down	66,162	-	-	-
Interest Income	(61,768)	(6,576)	-	-
Late payment interest income	(12,615)	(127,169)	-	-
Non-Executive Directors remuneration				
- fees	78,000	78,000	78,000	78,000
- other emoluments	42,000	39,500	42,000	39,500
Other Income	(24,163)	(10,528)	(10,995)	-
Property, plant and equipment				
- written off	4	2,463	3	805
(Reversal of)/Impairment losses on:				
- amount due from subsidiary companies	-	-	(125,018)	187,734
- other receivables	1,201	-	-	-
- trade receivables	1,993	8,313	-	-

During the financial year, government grants of RM45,000 and RM27,000 to the Group and the Company were received as part of a Government initiative to provide immediate financial support as a result of Wage Subsidy Program. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

23. Taxation

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Tax expenses recognised in profit or loss				
Current tax provision	82,609	266,700	8,057	22,200
(Over)/Under provision in prior years	(218,898)	36,278	(17,422)	23,077
Tax (credit)/expenses for the financial year	(136,289)	302,978	(9,365)	45,277

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profits for the financial year.

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit/(Loss) before tax	472,405	41,196	66,886	(804,457)
At Malaysian statutory tax rate of 24% (2019: 24%)	113,377	9,887	16,053	(193,070)
Income not subject to tax	(94,475)	(20,843)	(286)	(12,263)
Income exempted under pioneer status incentive	(11,099)	-	-	-
Allowable expenditure eligible for tax deduction	-	(148,851)	-	-
Expenses not deductible for tax purposes	300,191	352,361	80,052	213,714
Deferred tax assets not recognised	62,746	126,843	7,741	13,819
Utilisation of previously unrecognised deferred tax assets	(288,131)	(52,697)	(95,503)	-
(Over)/Under provision of taxation in prior years	(218,898)	36,278	(17,422)	23,077
Tax (credit)/expense for the financial year	(136,289)	302,978	(9,365)	45,277

The Group and the Company have the following estimated unutilised capital allowances and unutilised tax losses available for carry forward to set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unutilised capital allowances	395,268	778,911	206,298	604,228
Unutilised tax losses	11,650,027	12,356,736	7,394,770	7,394,770
	12,045,295	13,135,647	7,601,068	7,998,998
Income tax savings arising from utilisation of prior year losses previously not recognised	288,131	52,697	95,503	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

24. Earnings/(Loss) Per Share

(a) Basic earning/(loss) per share

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

	Group 2020 RM	2019 RM
Profit/(Loss) attributable to owners of the parent	678,864	(261,782)
Weighted average number of ordinary shares in issue		
Issued ordinary shares at 1 January	341,748,500	345,249,800
Effect of ordinary shares issued during the financial year	6,360,273	-
Effect of treasury shares held	-	(945,229)
Weighted average number of ordinary shares at 31 December	348,108,773	344,304,571
Basic earning/(loss) per share (in sen)	0.20	(0.08)

(b) Diluted earning/(loss) per share

Diluted earning/(loss) per share are calculated based on the adjusted consolidated loss for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group 2020 RM	2019 RM
Profit/(Loss) attributable to owners of the parent	678,864	(261,782)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	348,108,773	344,304,571
Effect of share options on issue	5,798,097	-
Effect of conversion of Warrants	88,020,714	-
Weighted average number of ordinary shares at 31 December (diluted)	441,927,584	344,304,571
Diluted earning/(loss) per share (in sen)	0.15	(0.08)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

25. Deferred Tax

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax liabilities	104,916	82,834	3,200	5,354
Deferred tax assets	(104,916)	(82,834)	(3,200)	(5,354)
	-	-	-	-

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax liabilities:				
Accelerated capital allowances				
At 1 January	82,834	5,162	5,354	5,162
Recognised in profit or loss	22,082	77,672	(2,154)	192
At 31 December	104,916	82,834	3,200	5,354
Deferred tax assets:				
Unutilised capital allowances				
At 1 January	(82,834)	(5,162)	(5,354)	(5,162)
Recognised in profit or loss	(22,082)	(77,672)	2,154	(192)
At 31 December	(104,916)	(82,834)	(3,200)	(5,354)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unutilised capital allowances	294,285	821,147	206,298	604,228
Unutilised tax losses	11,868,406	12,304,035	7,394,770	7,385,593
Other temporary differences	49,073	25,687	23,079	-
	12,211,764	13,150,869	7,624,147	7,989,821

With effect from year of assessment 2019, unutilised tax losses are allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. The other temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

26. Staff Costs

	Group		Company	
		Restated		Restated
	2020	2019	2020	2019
	RM	RM	RM	RM
Fee	120,000	177,500	120,000	117,500
Salaries and allowances	3,550,666	3,085,285	685,029	998,195
Defined contribution plans	452,235	397,003	106,299	160,590
Employee insurance system	2,483	2,256	634	720
Social security costs	25,100	22,785	5,546	6,295
Other benefits	26,687	57,889	19,742	38,092
Benefits-in-kind	40,600	40,600	33,400	33,400
	4,217,771	3,783,318	970,650	1,354,792
Less: charged out as outsource and/or secondment	-	(317,360)	-	-
Less: staff costs capitalised into development expenditure	(663,343)	(685,833)	-	-
	3,554,428	2,780,125	970,650	1,354,792

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

	Group		Company	
		Restated		Restated
	2020	2019	2020	2019
	RM	RM	RM	RM
Executive Directors				
Salaries and allowances	1,260,000	1,211,500	340,000	604,000
Defined contribution plans	210,000	204,460	64,600	114,760
Employee insurance system	520	332	142	142
Social security costs	4,557	2,900	1,243	1,243
Benefits-in-kind	40,600	40,600	33,400	33,400
	1,515,677	1,459,792	439,385	753,545
Less: staff costs capitalised into development expenditure	(111,087)	(165,009)	-	-
	1,404,590	1,294,783	439,385	753,545

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

27. Reconciliation of Liabilities Arising from Financing Activities

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

	At 1 January RM	Effect of adopting MFRS 16 RM	New finance lease RM	Financing cash flows RM	At 31 December RM
Group					
2020					
Lease liabilities	46,402	-	118,191	(46,939)	117,654
2019					
Finance lease liabilities	128,795	(128,795)	-	-	-
Lease liabilities	-	128,795	-	(82,393)	46,402
	128,795	-	-	(82,393)	46,402
Company					
2020					
Amount due to subsidiary companies	1,229,312	-	-	(1,229,312)	-
Lease liabilities	46,402	-	-	(34,529)	11,873
	1,275,714	-	-	(1,263,841)	11,873
2019					
Amount due to subsidiary companies	4,385,559	-	-	(3,156,247)	1,229,312
Finance lease liabilities	128,795	(128,795)	-	-	-
Lease liabilities	-	128,795	-	(82,393)	46,402
	4,514,354	-	-	(3,238,640)	1,275,714

28. Share Issuance Scheme ("SIS")

At an extraordinary general meeting held on 15 November 2014, the Company's shareholders approved the establishment of SIS for eligible Directors and employees of the Group.

The salient features of the SIS Options are as follows:

(a) any employee of the Group shall be eligible if as at the date of offer, the employee:

  (i) has attained at least eighteen (18) years of age;
  (ii) is an employee in a company within the Group, which is not dormant belonging to such categories of employment as determined by the Option Committee; and
  (iii) who falls under such categories and criteria that the Option Committee may decide at its absolute discretion from time to time.

(b) any Director of the Group shall be eligible if as at the date of offer, the Director:

  (i) is at least eighteen (18) years of age; and
  (ii) has been appointed as a Director of a company within the Group, which is not dormant.

(c) The maximum number of new shares to be issued pursuant to the exercise of the SIS Options which may be granted under the SIS Shares shall not exceed thirty percent (30%) of the total issued and paid-up share capital (excluding treasury shares, if any) of the Company at any point of time throughout the duration of the SIS.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (CONT'D)

28. Share Issuance Scheme ("SIS") (Cont'd)

(d) The options granted may be exercised any time upon the satisfaction of vesting conditions of each offer.

(e) The SIS shall be in force for a period of five (5) years and the last day to exercise SIS Options is on 12 March 2020. On 18 February 2020, the Company announced the extension of SIS which is expiring on 12 March 2020 for another five (5) years until 12 March 2025 in accordance with terms of the By-Laws.

(f) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of and not less than 100 shares.

Movement in the number of share options and the weighted average exercise prices are as follows:

Date of offer	Exercise price	Number of options over ordinary shares At 1.1.2020	Exercised	Lapsed	At 31.12.2020
24 March 2015	0.183	10,920,000	(1,120,000)	-	9,800,000

Date of offer	Exercise price	At 1.1.2019	Exercised	Lapsed	At 31.12.2019
24 March 2015	0.183	10,920,000	-	-	10,920,000

Number of share options exercisable as at 31 December 2020 is 9,800,000 (2019: 10,920,000). During the financial year, 1,120,000 shares option were exercised. The weighted average share price at the date of exercise for the financial year was RM0.410 (2019: RM0.183) per share option.

The fair value of services received in return for share options granted during the financial year is based on the fair value of share options granted, estimated by the management using Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The weighted average fair value of share options measured at grant date and the assumptions are as follows:

	2020 RM	2019 RM
Fair value of share options granted	0.0723	0.0723
Weighted average share price at grant date	0.228	0.228
Weighted average exercise price	0.183	0.183
Expected volatility (%)	162.64	162.64
Expected life (years)	5 years	5 years
Risk free rate (%)	3.736	3.736
Expected dividend yield (%)	Nil	Nil

The expected life of the share options is based on historical data, has been adjusted according to management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting the market conditions attached to the option), and behavioural considerations. The expected volatility is based on the historical share price volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

29. Related Party Disclosures

(a) Identifying related parties

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

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

(b) Significant related party transactions

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

	2020 RM	2019 RM
Group		
Transactions with companies in which certain Directors have substantial financial interests		
Rental of premises paid/payable	208,350	230,798
Company		
Transactions with subsidiary companies		
Management fee	(1,560,000)	(1,521,833)
Transactions with companies in which a Director of the Company has substantial financial interests		
Rental of premises paid/payable	124,800	124,800

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management personnel are as follows:

	Group		Company	
	2020 RM	Restated 2019 RM	2020 RM	Restated 2019 RM
Salaries, fees and other emoluments	1,856,653	1,521,866	459,000	712,500
Defined contributions plan	291,416	245,920	78,880	127,780
Employee insurance system	939	593	237	237
Social security costs	8,216	5,179	2,072	2,072
Benefits-in-kind	40,600	40,600	33,400	33,400
	2,197,824	1,814,158	573,589	875,989
Less: outsource and/or secondment	-	(82,505)	-	-
Less: staff costs capitalised into development expenditure	(373,558)	(288,411)	-	-
	1,824,266	1,443,242	573,589	875,989

30. Segment Information

In line with the Group's Strategy to penetrate into different IT consumer market, the management has currently segregated the Group into the following core business units based on different products, services and market segments as follows:

Investment Holding	Investment holding and provision of management services.
Digital Solutions	Provision of digital platform related solutions and services.
E-Commerce Business	Provision of online marketplace for e-commerce activities.
Others	Provision of other complementary activities.

The Group management strategically dedicates the operation of each business units to the respective subsidiaries and monitors the operation separately for effective resource allocation and performance assessment. Each business unit's performance is evaluated based on the long-term business value and profitability.

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

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

Information about segment assets and liabilities are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

30. Segment Information (Cont'd)

	Investment Holding RM	Digital Solutions RM	E-Commerce Business RM	Others RM	Eliminations RM	Per consolidated financial statements RM
2020						
Revenue						
External customers	45,157	3,866,914	68,371,528	2,053,355	-	74,336,954
Inter segment	1,560,000	540,000	13,185	-	(2,113,185)	-
Total revenue	1,605,157	4,406,914	68,384,713	2,053,355	(2,113,185)	74,336,954
Segment results						
Interest income	-	26,492	21,588	13,688	-	61,768
Finance costs	(1,418)	(1,590)	-	-	-	(3,008)
Depreciation and amortisation	(198,406)	(679,058)	(177,595)	-	(261,055)	(1,316,114)
Other non-cash item	126,208	(448)	(67,362)	-	(125,019)	(66,621)
Segments profit/(loss) before tax	66,886	128,006	202,588	460,999	(386,074)	472,405
Assets						
Addition to property, plant and equipment	63,568	165,183	-	-	-	228,751

30. Segment Information (Cont'd)

	Investment Holding RM	Digital Solutions RM	E-Commerce Business RM	Others RM	Eliminations RM	Per consolidated financial statements RM
2019						
Revenue						
External customers	216,279	2,988,435	86,229,194	1,967,049	-	91,400,957
Inter segment	1,521,833	27,771	14,460	68,605	(1,632,669)	-
Total revenue	1,738,112	3,016,206	86,243,654	2,035,654	(1,632,669)	91,400,957
Segment results						
Interest income	-	433	4,562	1,581	-	6,576
Finance costs	(4,293)	-	-	-	-	(4,293)
Depreciation and amortisation	(208,413)	(298,819)	(176,526)	(28,942)	(174,037)	(886,737)
Other non-cash item	(278,150)	6,928	-	(15,213)	348,440	62,005
Segments (loss)/profit before tax	(804,457)	1,287,084	(126,264)	(463,859)	148,692	41,196
Assets						
Addition to property, plant and equipment	266,950	4,700	-	228,144	-	499,794

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

30. Segment Information (Cont'd)

(a) Eliminations

Inter-segment revenues are eliminated on consolidation.

(b) Other non-cash income/(expense) consist of the following items as presented in the respective notes to financial statements:

	Group	
	2020 RM	2019 RM
Gain on disposal of		
- property, plant and equipment	2,392	2,549
- right of use asset	-	50,377
Gain on disposal of a subsidiary company	-	20,000
Impairment losses on	-	-
- trade receivables	(1,993)	(8,313)
- other receivables	(1,201)	-
Inventories written down	(66,162)	-
Property, plant and equipment written off	(4)	(2,463)
Unrealised gain/(loss) on foreign exchange	347	(145)
	(66,621)	62,005

(c) Geographic information

Revenue information based on the geographical location of customers is as follows:

	Group	
	2020 RM	2019 RM
Malaysia	74,336,543	91,388,716
United States	247	1,235
Others	164	11,006
	74,336,954	91,400,957

30. Segment Information (Cont'd)

(d) Major customers

Major customers' information are revenues from transactions with a single external customer amount to ten percent or more of the Group revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer, and entities known to the reporting entity to be under the control of that government shall be considered a single customer.

The following are major customers with revenue equal or more than 10% of the Group's total revenue arising from:

	Revenue	
	2020	**2019**
	RM	**RM**
Group		
- Customer A	11,966,977	-
- Customer B	13,984,709	42,475,983
	25,951,686	42,475,983

31. Financial Instruments

(a) Classification of financial instruments

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

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

	At amortised cost RM
Group	
2020	
Financial assets	
Trade receivables	11,877,555
Other receivables	1,816,774
Cash and bank balances	14,408,900
	28,103,229
Financial liabilities	
Trade payables	626,048
Other payables	4,489,174
Lease liabilities	117,654
	5,232,876

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

31. Financial Instruments (Cont'd)

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

	At amortised cost RM
Group	
2019	
Financial assets	
Trade receivables	13,774,652
Other receivables	519,327
Cash and bank balances	10,826,391
	25,120,370
Financial liabilities	
Trade payables	211,526
Other payables	4,141,888
Lease liabilities	46,402
	4,399,816
Company	
2020	
Financial assets	
Other receivables	31,629
Amount due from subsidiary companies	4,780,071
Cash and bank balances	10,106,223
	14,917,923
Financial liabilities	
Other payables	81,051
Lease liabilities	11,873
	92,924
2019	
Financial assets	
Other receivables	32,290
Amount due from subsidiary companies	13,948,231
Cash and bank balances	1,893,390
	15,873,911
Financial liabilities	
Other payables	62,401
Amount due to subsidiary companies	1,229,312
Lease liabilities	46,402
	1,338,115

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

31. Financial Instruments (Cont'd)

(b) Net loss arising from financial instruments

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Net loss on impairment of financial instruments:				
- Financial assets at amortised cost	3,194	8,313	-	187,734

(c) Financial risk management objectives and policies

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

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

(i) Credit risk

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

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

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

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

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

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

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

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for loans to its subsidiary companies where risks of default have been assessed to be low.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (CONT'D)

31. Financial Instruments (Cont'd)

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

(ii) Liquidity risk

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

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

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
2020					
Non-derivative financial liabilities					
Trade payables	626,048	-	-	626,048	626,048
Other payables	4,489,174	-	-	4,489,174	4,489,174
Lease liabilities	53,996	42,000	28,000	123,996	117,654
	5,169,218	42,000	28,000	5,239,218	5,232,876
2019					
Non-derivative financial liabilities					
Trade payables	211,526	-	-	211,526	211,526
Other payables	4,141,888	-	-	4,141,888	4,141,888
Lease liabilities	36,084	11,996	-	48,080	46,402
	4,389,498	11,996	-	4,401,494	4,399,816

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

31. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
2020					
Non-derivative financial liabilities					
Other payables	81,051	-	-	81,051	81,051
Lease liabilities	11,996	-	-	11,996	11,873
	93,047	-	-	93,047	92,924
2019					
Non-derivative financial liabilities					
Other payables	62,401	-	-	62,401	62,401
Amount due to subsidiary companies	1,229,312	-	-	1,229,312	1,229,312
Lease liabilities	36,084	11,996	-	48,080	46,402
	1,327,797	11,996	-	1,339,793	1,338,115

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD)

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

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

	USD RM
Group	
2020	
Cash and bank balances	3,592
Trade receivables	1,386
	4,978
2019	
Cash and bank balances	5,623
Trade receivables	4,181
	9,804

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (CONT'D)

31. Financial Instruments (Cont'd)

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

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

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

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

	Change in currency rate RM	2020 Effect on profit before tax RM	Change in currency rate RM	2019 Effect on profit before tax RM
Group				
USD	Strengthened 1%	50	Strengthened 1%	98
	Weakened 1%	(50)	Weakened 1%	(98)

The Group's and the Company's exposure to sensitivity of currency risk is insignificant as the transactional currencies are mostly in the functional currencies of the respective operating entities.

(b) Interest rate risk

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

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

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

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

	Group and Company 2020 RM	2019 RM
Fixed rate instruments		
Financial liabilities	(117,654)	(46,402)

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (CONT'D)

31. Financial Instruments (Cont'd)

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

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

(d) Fair value of financial instruments

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

(i) Policy on transfer between levels

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

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

(ii) Level 1 fair value

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

(iii) Level 2 fair value

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

Non-derivative financial instruments
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (CONT'D)

32. Capital Management

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

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

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Total loans and borrowings	-	-	-	-
Less: Cash and cash equivalents	(14,408,900)	(10,826,391)	(10,106,223)	(1,893,390)
Excess funds	(14,408,900)	(10,826,391)	(10,106,223)	(1,893,390)
Shareholders' equity	28,854,475	26,537,059	33,772,380	31,987,707
Gearing ratio	*	*	*	*

* Gearing ratio not applicable to the Group and the Company as the cash and cash equivalents as at 31 December 2020 and 31 December 2019 is sufficient to cover the entire borrowing obligation.

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

The Group and the Company are not subject to any externally imposed capital requirements.

33. Significant Event

Effect of Outbreak of Coronavirus Pandemic

The Directors of the Company have closely monitored the development of the outbreak of coronavirus pandemic ("COVID-19") infection in Malaysia that may affect the business performance, financial performance and financial position of the Group and of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that affected the Group and the Company business operations.

As at the date of this report, the directors have assessed the overall impact of this situation towards the Group's and the Company's operations, financial performance and cashflows and concluded there is no material adverse effect on the Group's and the Company's financial statements for the financial year ended 31 December 2020. Nevertheless, the Directors of the Company will continue to closely monitor the situations and respond proactively to mitigate the impact on the Group's and the Company's financial performance and financial position.

34. Date of Authorisation for Issue

The financial statements of the Group and the Company for the financial year ended 31 December 2020 were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 5 April 2021.

LIST OF PROPERTIES

No	Title Details/ Postal Address	Description of property / Existing use	Built-up Area / Land Area (Sf)	Approximate Age of Building (Years)	Tenure	Audited Net Book Value as at 31.12.2020 RM	Date of Acquisition
1	No. 101, 101A, 101B & 101C, Persiaran Pegaga, Taman Bayu Perdana, 41200 Klang Selangor Darul Ehsan	Office Lot	1,496	25 years	Freehold	1,172,167	15 December 2015
2	No. 103, 103A, 103B & 103C, Persiaran Pegaga, Taman Bayu Perdana, 41200 Klang Selangor Darul Ehsan	Office Lot	1,496	25 years	Freehold	1,080,000	15 December 2015

ANALYSIS OF SHAREHOLDINGS AS AT 19 APRIL 2021

Total Number of Issued Shares	:	364,573,000 (including 10,410,400 treasury shares)
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

Distribution of Shareholders

Size of Shareholdings	No. of Shareholders	% @	No. of Shares	% @
Less than 100	18	0.617	270	0.000
100 to 1,000	612	20.966	304,550	0.086
1,001 to 10,000	1,452	49.743	7,755,081	2.190
10,001 to 100,000	692	23.707	23,990,099	6.774
100,001 to 17,708,129*	141	4.830	208,211,300	58.790
17,708,130 and above**	4	0.137	113,901,300	32.161
TOTAL	**2,919**	**100.000**	**354,162,600**	**100.000**

Remark:
@ *excluding a total of 10,410,400 ordinary shares bought back by the Company and retained as treasury shares as at 19 April 2021.*
* *Less than 5% of issued shares*
** *5% and above of issued shares*

List of Directors' Shareholdings

No.	Name	No. of Ordinary Shares Direct Interest	%	Indirect Interest	%
1.	Datuk Wira Rahadian Mahmud bin Mohammad Khalil	-	-	-	-
2.	Toh Hong Chye	46,901,300	13.243	42,000,000*	11.859
3.	Yong Mai Fang	7,100,000	2.005	42,000,000*	11.859
4.	Wong Ngai Peow	3,404,500	0.961	-	-
5.	Datuk Low Kim Leng	-	-	-	-
6.	Tiew Chee Ming	-	-	-	-

* *Deemed interested by virtue of Section 8(4)(c) of the Companies Act 2016 via his/her interest in Richmond Virginia Tobacco Sdn. Bhd.*

List of Substantial Shareholders

No.	Name	No. of Ordinary Shares Direct Interest	%	Indirect Interest	%
1.	Richmond Virginia Tobacco Sdn. Bhd.	42,000,000	11.859	-	-
2.	Toh Hong Chye	46,901,300	13.243	42,000,000*	11.859
3.	Pelaburan Mara Berhad	25,000,000	7.059	-	-
4.	Yong Mai Fang	7,100,000	2.005	42,000,000*	11.859

* *Deemed interested by virtue of Section 8(4)(c) of the Companies Act 2016 via his/her interest in Richmond Virginia Tobacco Sdn. Bhd.*

ANALYSIS OF SHAREHOLDINGS AS AT 19 APRIL 2021 (CONT'D)

Thirty (30) Largest Shareholders

No.	Name	No. of Shares	%
1.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. RICHMOND VIRGINIA TOBACCO SDN. BHD.	42,000,000	11.859
2.	RHB NOMINEES (TEMPATAN) SDN. BHD. TOH HONG CHYE	26,901,300	7.596
3.	PELABURAN MARA BERHAD	25,000,000	7.059
4.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TOH HONG CHYE	20,000,000	5.647
5.	LEE SEE YANG	17,510,000	4.944
6.	TAN YEE BOON	17,000,000	4.800
7.	TENGKU PUTERI ZAINAH BINTI TENGKU ESKANDAR	15,500,000	4.377
8.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. LIM SIEW BOEY	10,956,400	3.094
9.	LEMBAGA TABUNG AMANAH WARISAN NEGERI TERENGGANU	10,000,000	2.824
10.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. DAVID LAI & TAN SERVICES SDN. BHD.	10,000,000	2.824
11.	TAN VIN SHYAN	10,000,000	2.824
12.	FONG POH CHEE	9,756,300	2.755
13.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEN SOON AI	9,449,100	2.668
14.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIAW TZE SHUNG @ RICHARD (E-KKU)	9,075,800	2.563
15.	YONG MAI FANG	7,100,000	2.005
16.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN. BHD. PMB INVESTMENT BERHAD FOR MAJLIS AMANAH RAKYAT	6,672,600	1.884
17.	SAME ICON SDN. BHD.	6,250,000	1.765
18.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR VINCENT TAN SENG CHYE	3,420,000	0.966
19.	CHIONG MIAW THUAN	2,850,000	0.805
20.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEONG KIM FONG	2,713,600	0.766
21.	WONG NGAI PEOW	2,500,000	0.706
22.	RHB NOMINEES (TEMPATAN) SDN. BHD. OOI HOCK LAI	2,050,000	0.579
23.	BASKARAN A/L GOVINDA NAIR	2,000,000	0.565
24.	CHIA GEK LIANG	2,000,000	0.565
25.	CHIN PAK LOONG	2,000,000	0.565
26.	MOHAMED AL AMIN BIN ABDUL MAJID	2,000,000	0.565
27.	TAN TIAN YEOW	2,000,000	0.565
28.	CHEW SUN NOI	1,870,000	0.528
29.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR ABDEL AZIZ @ ABDUL AZIZ BIN ABU BAKAR (SMART)	1,800,000	0.508
30.	LEMBAGA TABUNG AMANAH WARISAN NEGERI TERENGGANU	1,800,000	0.508

ANALYSIS OF WARRANTS HOLDINGS AS AT 19 APRIL 2021

INumber of Warrants in issue	: 117,487,200
Exercise price of the warrants	: RM0.13
Expiry date of warrants	: 23 December 2024
Rights of Warrants Holder	: The Warrants holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in our Company until and unless such Warrants holders exercise their Warrants into new ordinary shares of the Company.

Distribution of Warrant Holders

Size of Warrant Holdings	No. of Warrants Holders	% of Warrants Holders	No. of Warrants	%
Less than 100	3	0.708	100	0.000
100 to 1,000	31	7.311	16,100	0.014
1,001 to 10,000	117	27.594	804,000	0.684
10,001 to 100,000	189	44.575	7,713,500	6.565
100,001 to 5,874,359*	82	19.340	46,052,800	39.198
5,874,360 and above **	2	0.472	62,900,700	53.538
Total	**424**	**100.000**	**117,487,200**	**100.000**

* *Less than 5% of issued shares*
** *5% and above of issued shares*

List of Directors' Warrant Holdings

No.	Name	No. of Warrants held Direct Interest	%	Indirect Interest	%
1.	Datuk Wira Rahadian Mahmud bin Mohammad Khalil	-	-	-	-
2.	Toh Hong Chye	4,250,000	3.617	-	-
3.	Wong Ngai Peow	-	-	-	-
4.	Yong Mai fang	-	-	-	-
5.	Datuk Low Kim Leng	-	-	-	-
6.	Tiew Chee Ming	-	-	-	-

Thirty (30) Largest Warrant Holders

No.	Name	No. of Warrants	%
1.	FONG POH CHEE	32,594,700	27.743
2.	LEE SEE YANG	30,306,000	25.795
3.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. TAN CHIN HOONG	4,358,300	3.710
4.	RHB NOMINEES (TEMPATAN) SDN. BHD. TOH HONG CHYE	4,250,000	3.617
5.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. LIM SIEW BOEY	3,244,800	2.762
6.	HLIB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH BENG DE @ GHO BENG DE (CCTS)	3,128,500	2.663

ANALYSIS OF WARRANTS HOLDINGS AS AT 19 APRIL 2021 (CONT'D)

Thirty (30) Largest Warrant Holders (Cont'd)

No.	Name	No. of Warrants	%
7.	HO YI JING	1,894,000	1.612
8.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR VINCENT TAN SENG CHYE	1,710,000	1.455
9.	LIM CHEE SEONG	1,605,000	1.366
10.	TAN SEI NEE	1,579,200	1.344
11.	FONG KOK LEONG	1,285,600	1.094
12.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEN SOON AI	1,000,000	0.851
13.	WONG KHEE BIN	1,000,000	0.851
14.	WONG OOI LENG	1,000,000	0.851
15.	TEE KIAM LOOW	830,000	0.706
16.	THOR POH KEOW	753,100	0.641
17.	WONG CHAU FONG	550,000	0.468
18.	TAN YEE BOON	549,100	0.467
19.	LEE KOON WENG	542,900	0.462
20.	KOON CHING CHAI @ JIMMY	530,000	0.451
21.	GOH BENG DE @ GHO BENG DE	505,000	0.430
22.	LIOW SUE LING	500,000	0.426
23.	ONG HOOI SEE	480,000	0.409
24.	CHEN CHEN FAH	479,500	0.408
25.	TAN KOK SING	470,000	0.400
26.	LIM SIEW BOEY	457,000	0.389
27.	CHUA LYE PING	450,000	0.383
28.	TAN KOK SING	440,000	0.375
29.	CHANG YEW KWONG	400,000	0.340
30.	ONG YOKE MENG	400,000	0.340

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting ("**17th AGM**") of AppAsia Berhad ("**Company**") will be held at Bilik Audio Visual, Floor 1, Pusat Pelancongan Malaysia (MATIC), 109, Jalan Ampang, 50450 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia on Friday, 18 June 2021 at 2.00 p.m. for the following purposes:

AGENDA

Ordinary Business:

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with Reports of the Directors' and the Auditors' thereon.	**Please refer to Explanatory Note 1**
2.	To re-elect Yong Mai Fang as Director in accordance with Clause 105 of the Constitution of the Company.	**Ordinary Resolution 1**
3.	To re-elect Tiew Chee Ming as Director in accordance with Clause 105 of the Constitution of the Company.	**Ordinary Resolution 2**
4.	To approve the payment of Directors' fees and benefits payable to the Non-Executive Directors of the Company and its subsidiaries up to an aggregate amount of RM350,000 per annum until the next Annual General Meeting of the Company.	**Ordinary Resolution 3**
5.	To appoint Messrs TGS TW PLT as Auditors of the Company in place of the retiring auditors, Messrs UHY and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 4**

Special Business:

To consider and, if thought fit, to pass the following resolution:

6. **AUTHORITY UNDER SECTION 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT SHARES OR GRANT RIGHTS** — **Ordinary Resolution 5**

"THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed twenty per centum (20%) of the total issued shares/total number of voting shares of the Company (excluding treasury shares) at the time of issue and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS MANDATE")** — **Ordinary Resolution 6**

"THAT subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("**AppAsia Group**") to enter into all arrangements and/or transactions involving the interest of Directors, major shareholders or persons connected with the Directors and/or major shareholders of AppAsia Group as specified in the Circular to Shareholders dated 18 May 2021 provided that such transactions are:

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(a) undertaken in the ordinary course of business at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public;
(b) necessary for the day-to-day operations; and
(c) not to the detriment of the minority shareholders of the Company.

THAT such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company at which it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed; or
(b) the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by the shareholders in a general meeting.

whichever is earlier;

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders Mandate."

8. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")** **Ordinary Resolution 7**

"THAT subject to the Companies Act, 2016, the provisions of the Constitution of the Company, the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

(a) the aggregate number of shares purchased or held as treasury shares does not exceed ten per centum (10%) of the total number of issued and paid-up shares of the Company as quoted on Bursa Securities as at the point of purchase;
(b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares be backed by an equivalent amount of retained profits; and
(c) the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or resell the shares, or transfer the shares or distribute the shares as dividends.

NOTICE OF
ANNUAL GENERAL MEETING (CONT'D)

THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:

(a) the conclusion of the next Annual General Meeting at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
(b) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; or
(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting; whichever occurs first.

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as Treasury Shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Listing Requirements and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company."

9. To transact any other business that may be transacted at an annual general meeting of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

BY ORDER OF THE BOARD

CHIN WAI YI (MAICSA 7069783) (SSM PC No. 202008004409)
Company Secretary

Kuala Lumpur
Date: 18 May 2021

NOTES:

1. Pursuant to Paragraph 8.31A of the ACE Market Listing Requirements, voting at the 17th AGM will be conducted by poll rather than a show of hands. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy(ies) to attend and vote in his/her stead. If the proxy is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies and there shall be no restriction as to qualification of the proxy.

3. A Member shall be entitled to appoint more than one (1) proxy to attend and vote at the meeting and the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

5. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.

6. An instrument appointing a proxy must be in writing under the hand of the appointer or his/her attorney duly authorised and in the case of corporation shall be either under its common seal or under the hand of an officer or attorney duly authorised.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment 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 and in default the instrument of proxy shall not be treated as valid. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the Annual General Meeting or Adjourned Annual General Meeting.

8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 11 June 2021 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Explanatory Notes on Ordinary and Special Businesses:

1. Item 1 of the Agenda

Agenda item no. 1 is meant for discussion only as the provision of Section 340 of the Companies Act 2016, it does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. Item 5 of the Agenda

The existing auditors of the Company, Messrs UHY, have been the auditors of the Company since October 2014. Messrs UHY were re-appointed as the auditors of the Company at the Sixteenth Annual General Meeting of the Company held on 27 July 2020 to hold office until the conclusion of the 17th AGM of the Company. Messrs UHY have indicated their intention to retire and they are not seeking re-appointment as auditors of the Company.

In line with good corporate governance practice, the Audit Committee had undertaken assessment of the suitability and independence of auditors and based on an internal procurement process, had recommended the appointment of Messrs TGS TW PLT as auditors of the Company for the financial year ending 31 December 2021.

The Board had reviewed the recommendation of the Audit Committee and agreed to nominate the appointment of Messrs TGS TW PLT as the new auditors in place of the retiring auditors, Messrs UHY at the forthcoming AGM of the Company. Messrs TGS TW PLT have given their consent to act as the auditors of the Company.

3. Item 6 of the Agenda

The Company had, during its Sixteenth Annual General Meeting held on 27 July 2020, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Companies Act 2016. The Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution proposed under item 6 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Companies Act 2016.

Bursa Malaysia Securities Berhad ("Bursa Securities") had via their letter dated 16 April 2020 granted several additional temporary relief measures, amongst others, listed corporations are allowed to seek a higher general mandate under Paragraph 6.04 of the ACE Market Listing Requirements of not more than 20% of the total number of issued shares for issue of new securities ("20% General Mandate"), provided that the following are being complied with:

(i) procure shareholders' approval for the 20% General Mandate at a general meeting; and
(ii) complies with all relevant applicable legal requirements, including its Constitution or relevant constituent document.

This 20% General Mandate may be utilised by listed corporations to issue new securities until 31 December 2021 and thereafter, the 10% general mandate will be reinstated.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

The Board of Directors, having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, is of the opinion that this 20% General Mandate is in the best interests of the Company and its shareholders. This 20% General Mandate will provide flexibility for the Company for fund raising and enable the Company, should it required to do so, to meets its funding requirements for working capital or strategic development of the Group and operational expenditure, expeditiously and efficiently. This would eliminate any delay arising from and cost involved in convening a separate general meeting to obtain approval of the shareholders for such issuance of shares during this challenging period. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

The authority 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 investment project(s) and/or working capital. The Directors of the Company did not allot or issue ordinary shares pursuant to the authority given by its shareholders at the previous Annual General Meeting.

4. Item 7 of the Agenda

The proposed Ordinary Resolution 6, if passed, will enable Company and its subsidiaries to enter into recurrent transactions involving interests of Related Parties, which are necessary for its day-to-day operations and undertaken at arm's length, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

The detailed text on Ordinary Resolution 6 is included in the Circular to Shareholders dated 18 May 2021.

5. Item 8 of the Agenda

The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to exercise the power of the Company to purchase the Company Shares of not more than 10% of the total number of issued shares of the Company at any time within the time period stipulated in the ACE Market Listing Requirements by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied at a meeting of members, shall continue to be in full force until the conclusion of the next Annual General Meeting of the Company. Further details are set out in the Circular to Shareholders dated 18 May 2021.

PERSONAL DATA POLICY

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

APPASIA BERHAD
[Registration No. 200401005180 (643683-U)]
(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE
FOR THE SHAREHOLDERS OF APPASIA BERHAD

Dear Shareholders,

SEVENTEENTH ANNUAL GENERAL MEETING ("17th AGM") OF APPASIA BERHAD ("THE COMPANY")

In light of the COVID-19 outbreak, we appreciate if all shareholders, proxies and invited guests could take all the necessary precautions and preventive measures as issued by the Ministry of Health when attending the 17th AGM. If you are unwell with **sore throat, flu, fever, cough, aches and pains, nasal congestion, runny nose, diarrhoea or shortness of breath**, and/or you are under high risk group which is **above age of 60**, your attendance in person at the 17th AGM will be denied. You are hereby strongly advised and encouraged to submit your Form of Proxy prior to the 17th AGM.

To safeguard the health and safety of shareholders, proxies and invited guests who may be attending the 17th AGM in person, the Company will also implement the following precautionary measures for the 17th AGM:

(a) The Company will limit the number of attendees including invited guests to be physically present at the venue of the 17th AGM to **<u>50</u>** based on the size of the venue. Hence, the total **shareholders present in person or by proxy or attorney or authorised representative shall preferably be limited to <u>35 only or lesser</u>** after taking into consideration of the attendance of the Directors, Senior Management, Company Secretary, Poll Administrator, Scrutineers and Auditors. The registration for the 17th AGM shall on ***first-come-first-serve basis.***

(b) Shareholders, proxyholders and corporate representatives ("**Participants**") will have to go through a compulsory body temperature screening and will be required to provide his/her health declaration via MySejahtera application during the registration process, specifically to facilitate the Company in preventing any potential spread of COVID-19. Any person with a body temperature of above 37.5°C or is experiencing any symptoms of being unwell above, you will **NOT** be allowed to enter the venue of the 17th AGM.

(c) Wearing a face mask in advance and throughout the 17th AGM proceedings is highly encouraged. Please be informed that the Company will not be providing face masks.

(d) No door gift and refreshment will be provided to the shareholders or proxies at the AGM venue.

Should you require any assistance, kindly contact the Company at 03-2181 3666.

Yours faithfully,

Datuk Wira Rahadian Mahmud bin Mohammad Khalil
Chairman

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AppAsia

APPASIA BERHAD
[Registration No. 200401005180 (643683-U)]
(Incorporated in Malaysia)

PROXY FORM

CDS ACCOUNT NO. OF AUTHORISED NOMINEE	
NUMBER OF SHARES HELD	

I/We, ________________________________ NRIC/Company No. ________________________________
(Full name in block letters)

of ____
(Full Address)

being a member/members of **APPASIA BERHAD**, hereby appoint ______________________________

______________________ of ____
(Full name in block letters) (Full Address)

or failing him/her, ______________________ of ______________________________________
(Full name in block letters) (Full Address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Seventeenth Annual General Meeting ("**17th AGM**") of AppAsia Berhad to be held at Bilik Audio Visual, Floor 1, Pusat Pelancongan Malaysia (MATIC), 109, Jalan Ampang, 50450 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia on Friday, 18 June 2021 at 2.00 p.m. and at any adjournment thereof.

Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently this should be specified.

My/our proxy/proxies is/are to vote as indicated below:

NO.	RESOLUTION	FOR	AGAINST
	Normal Business		
Ordinary Resolution 1	To re-elect Yong Mai Fang		
Ordinary Resolution 2	To re-elect Tiew Chee Ming		
Ordinary Resolution 3	To approve the payment of Directors' fees and benefits payable to the Non-Executive Directors of the Company and its subsidiaries up to an aggregate amount of RM350,000 per annum until the next Annual General Meeting of the Company.		
Ordinary Resolution 4	To appoint Messrs TGS TW PLT as Auditors of the Company in place of the retiring auditors, Messrs UHY		
	Special Business		
Ordinary Resolution 5	To authorise the Directors to allot and issue shares or grant rights pursuant to Section 76 of the Companies Act 2016		
Ordinary Resolution 6	Proposed renewal of Shareholders' Mandate		
Ordinary Resolution 7	Proposed renewal of Share Buy-Back Authority		

Dated this _____ day of ___________ 2021

____
Signature / Common Seal of Shareholder

Contact No: ______________________

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

Notes:

1. *Pursuant to Paragraph 8.31A of the ACE Market Listing Requirements, voting at the 17th AGM will be conducted by poll rather than a show of hands. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy(ies) to attend and vote in his/her stead. If the proxy is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies and there shall be no restriction as to qualification of the proxy.*
3. *A Member shall be entitled to appoint more than one (1) proxy to attend and vote at the meeting and the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
4. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.*
6. *An instrument appointing a proxy must be in writing under the hand of the appointer or his/her attorney duly authorised and in the case of corporation shall be either under its common seal or under the hand of an officer or attorney duly authorised.*
7. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty eight (48) hours before the time set for holding the meeting or any adjournment 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 and in default the instrument of proxy shall not be treated as valid. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the Annual General Meeting or Adjourned Annual General Meeting.*
8. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 11 June 2021 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.*

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 18 May 2021.

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Affix Stamp

Boardroom Share Registrars Sdn. Bhd.,

Share Registrar of

APPASIA BERHAD [Registration No. 200401005180 (643683-U)]
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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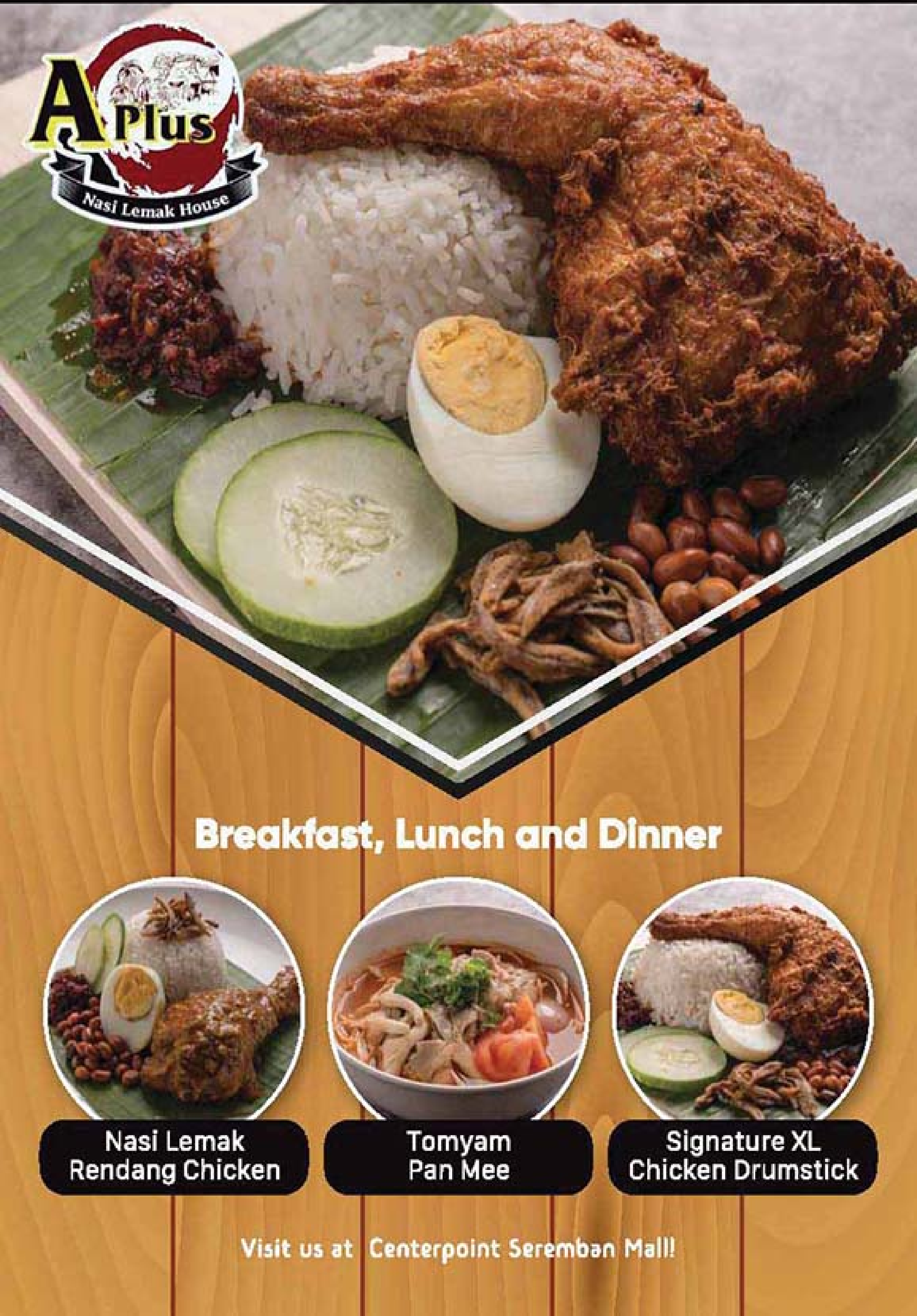
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