AppAsia®

ANNUAL REPORT 2018

Artist's Impression

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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 & 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

COMPANY SECRETARIES

Tan Tong Lang (MAICSA 7045482)
Thien Lee Mee (LS0009760)

REGISTERED OFFICE

Suite 10.02, Level 10
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Tel No. : +603-2298 0263
Fax No. : +603-2298 0268

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Tel No. : +603-2181 3666

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Mid Valley City
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Tel No. : +603-2279 3088
Fax No. : +603-2279 3099

PRINCIPAL BANK

CIMB Bank Berhad

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony
Share Registrars Sdn Bhd)
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Tel No. : +603-7841 8088
Fax No. : +603-7841 8100

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Tel No. : +603-7957 8778
Fax No. : +603-7957 1771

STOCK EXCHANGE LISTING

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

CORPORATE WEBSITE

www.appasia.com

CORPORATE STRUCTURE

AppAsia®

- 100% Extol Corporation Sdn Bhd
- 100% AppAsia Cloud Sdn Bhd
- 100% AppAsia Tech Sdn Bhd
- 100% AppAsia Studio Sdn Bhd
- 100% Extol Marketing Sdn Bhd
- 100% AppAsia Mall Sdn Bhd
- 100% AppAsia International Sdn Bhd
  - 100% AppAsia International Pty Ltd

    # Deregistered under Section 601AA(4) of the Corporations Act 2001 (Australia) on 15/8/2018
- 100% AppAsia Pay Sdn Bhd

  # In the progress of striking off under Section 550 of the Companies Act, 2016
- 100% AppAsia Online Sdn Bhd

  # Dissolved under Section 550 of the Companies Act, 2016, gazetted on 6/2/2018
- 20% AppAsia Express Sdn Bhd

  # Disposed of 20% shares on 17/12/2018

DIRECTORS' PROFILES

DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL
Independent Non-Executive Chairman
Malaysian, Male, Aged 45
Members of Audit Committee, Nomination Committee and Remuneration Committee

Datuk Wira Rahadian Mahmud Bin Mohammad Khalil, was appointed to the Board of AppAsia on 24 July 2014 as Independent Non-Executive Chairman. He is involved in the reforestation business as well as the construction and manufacturing sectors and well versed in the timber industry.

He is the Group Managing Director of Magna Prima Berhad and sits on the Board of KYM Holdings Berhad.

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

TOH HONG CHYE
Executive Director
Malaysian, Male, Aged 43
Chairman of Share Issuance Scheme ("SIS") Option Committee

Toh Hong Chye, was appointed to the Board on 24 July 2014 as Executive Director. He holds a Master Degree 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.

In 2002, he began his own career by setting up H.C. Toh & Co, a non-audit firm, which provides professional services involving company secretary, accounting and business advisory of 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 included merger and acquisition and corporate debt restructuring exercises undertaken by private and public listed companies.

Currently, he sits on the Board of Sersol Berhad and Pegasus Heights Berhad, all of which are companies listed on Bursa Malaysia Securities Berhad and he also sits on the board of several other private limited companies.

He is the spouse of Yong Mai Fang, Executive Director of AppAsia Berhad.

He does not have any conflict of interest with the Company other than as disclosed on page 105 of this Annual Report. He has not been convicted of any offences within the past five (5) years, other than traffic offences, if any, and has not been imposed by any public sanctions or penalty by relevant regulatory bodies during the financial year.

WONG NGAI PEOW
Executive Director
Malaysian, Male, Aged 43
Member of Share Issuance Scheme ("SIS") Option Committee

Wong Ngai Peow (Calvert), was appointed to the Board on 28 May 2014 as Executive Director. He is currently spearheading AppAsia's business operations and product developments.

Calvert graduated from the University of Malaya with a Bachelor Degree in Information Technology and Business Management. 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 led his companies' growth from startup to prosperous ventures in the IT sector, eventually winning The Star's Outstanding Business Award as Best ICT Company in Malaysia in 2010. His broad business experiences and in-depth industry knowledge provided him with sound leadership and organisation management skills in the dynamic IT sector.

Throughout his many years of specialized IT industry experience, Calvert has successfully implemented various sizes 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, B2C2C e-commerce portal, mobile applications, payment gateway system, cybersecurity solutions, business process integration, social networking system, and a cloud solution.

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

DIRECTORS' PROFILES (CONT'D)

YONG MAI FANG
Executive Director
Malaysian, Female, Aged 42
Member of Share Issuance Scheme ("SIS") Option Committee

Yong Mai Fang was appointed to the Board on 1 March 2018 as Executive Director. She is a Chartered Accountant, a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

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

She is the spouse of Toh Hong Chye, Executive Director of AppAsia Berhad.

She does not have any conflict of interest with the Company other than as disclosed on page 105 of this Annual Report. She has not been convicted of any offences within the past five (5) years, other than traffic offences, if any, and has not been imposed by any public sanctions or penalty by relevant regulatory bodies during the financial year.

DATUK LOW KIM LENG
Independent Non-Executive Director
Malaysian, Male, Aged 56
Chairman of Nomination Committee and Remuneration Committee
Member of Audit Committee

Datuk Low Kim Leng, was appointed to the Board on 28 May 2014 as Non-Independent Non-Executive Director and was subsequently re-designated as Independent Non-Executive Director on 26 February 2018.

He 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 and subsequently called to the Malaysian Bar in 1985.

He practices law under the name and style of Messrs. Ringo Low & Associates of which he is now a principal partner. He is a registered Trade Mark Agent. He has been appointed a Notary Public to carry out notarial functions since 2004. He is also a legal advisor to various national organizations. He is also an Independent Non-Executive Director of Sersol Berhad.

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

He has no family relationship with any of the directors and/or major shareholders of the Company, nor any conflict of interest with the Company other than as disclosed on page 105 of this Annual Report. He has not been convicted of any offences within the past five (5) years, other than traffic offences, if any, and has not been imposed any public sanction or penalty by relevant regulatory bodies during the financial year.

TIEW CHEE MING
Independent Non-Executive Director
Malaysian, Male, Age 30
Chairman of Audit Committee
Member of Nomination Committee and Remuneration Committee

Tiew Chee Ming, was appointed to the Board on 1 March 2018 as Independent Non-Executive Director. He is a Chartered Accountant, a member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

He started his career with Sersol Berhad as an internal auditor since 2014 and later promoted as Group Accountant in year 2016 to be in charge of the Group financial reporting and functions. He was subsequently promoted to Chief Financial Officer of Sersol Berhad in year 2018. He has vast experience in practice of corporate governance and internal control of public listed company.

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

PROFILES OF KEY SENIOR MANAGEMENT

LOKE BAN YEE
TECHNICAL LEAD

Loke Ban Yee, Malaysian, female, age 32, was appointed as Application Solution Architect on 1 July 2014. Subsequently, she was promoted to Technical Lead on 1 April 2019. She is responsible for the information technology system for the company. She graduated with a Bachelor of Computer Science of Universiti Putra Malaysia and had been awarded with a First-class Degree.

She brings with her over nine (9) years of technical experience in the Information Technology industry, with experience in strategic planning, project and product management as well as system engineering strategies.

She has no family relationship with any of the directors and/or major shareholders of the company. She also does not hold any shares in the company.

She has not been convicted of any offences within the past five (5) years, other than traffic offences, if any, and has not been imposed by any public sanctions or penalty by relevant regulatory bodies during the financial year.

She does not hold any directorships in any other public companied and listed issuers.

CHLOE LOW YEN HOON
ACCOUNTS MANAGER

Chloe Low, Malaysian, female, age 33, is the Accounts Manager of the Group. She graduated from SEGI College Kuala Lumpur with a LCCI Diploma in Accounting. She then has been awarded the ACCA Advance Diploma in Accounting and Business and is currently furthering her study in attaining the professional ACCA qualification.

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.

She has no family relationship with any of the directors and/or major shareholders of the Company. She also does not hold any shares in the Company.

She has not been convicted of any offences within the past five (5) years, other than traffic offences, if any, and has not been imposed by any public sanctions or penalty by relevant regulatory bodies during the financial year.

She does not hold any directorship in any other public companies and listed issuers.

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 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.

GROUP BUSINESS OPERATIONS AND PERFORMANCE

AppAsia is principally engaged in the activities of investment holding and management services. The core operations of the Group are carried out by a total of 7 subsidiaries which are involved in the provision of ICT Security, Digital Contents and e-Commerce businesses, as categorised in the table below:

Principle Business Division	Involved Subsidiary Companies
ICT Security Business	Extol Corporation Sdn Bhd AppAsia Cloud Sdn Bhd
Digital Contents Business	AppAsia Tech Sdn Bhd AppAsia Studio Sdn Bhd
E-Commerce Business	AppAsia International Sdn Bhd AppAsia Mall Sdn Bhd Extol Marketing Sdn Bhd

The Group struck off the following two (2) subsidiaries for the financial year under review due to cost savings on inactive businesses:

- AppAsia International Pty Ltd (deregistered in Australia)
- AppAsia Online Sdn Bhd

In addition to the abovementioned, the Group is also in the midst of striking off AppAsia Pay Sdn Bhd for similar reason.

The Group has disposed of its shareholdings in AppAsia Express Sdn Bhd, which was principally engaged in the activities of logistic, in order for the Group to focus on its core business activities.

Overall, the Group financial results performed better in the financial year ended 31 December 2018 ("FY2018") compared to the financial year ended 31 December 2017 ("FY2017"), where the Group's revenue has increased 25% from RM 142.84 million (FY2017) to RM178.54 million (FY2018) and successfully turned loss before taxation (LBT) of RM216,000 (FY2017) to profit before taxation (PBT) of RM561,000 (FY2018). Besides the increase in revenue, the increase of profit was due to a one-off disposal of investment properties for FY2018.

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

a) ICT Security Business

AppAsia provides ICT Security business through the "Extol" brand, which has been established in the industry since 1984.

In the ICT Security sector, Extol continues to provide various ICT Security solutions including advanced persistent threat ("APT") end point solutions, anti-phishing, anti-ransomware, security appliances, managed security services and other professional security services.

i) In FY2018, the Group has rolled out the following projects in the ICT Security business in order to mitigate the revenue lost due to the expired project: Extol had secured a contract with a financial institution to provide anti-phishing solution that shall contribute positively to the Group in the near future;

ii) Extol provides managed cloud solutions with AliCloud, the world's top 5 largest public cloud provider. Extol's value proposition in the cloud industry is to provide all-in-one managed cloud solution and professional services to our customers that requires demanding server infrastructure that is secured, scalable, high performance and cost-effective. The Group has experienced steady growth in this business;

iii) Extol had successfully promoted public cloud solution to the financial industry by implementing the entire cloud infrastructure solution for a peer-to-peer ("P2P") financing platform that requires secured and demanding server infrastructure performance;

iv) Extol had extended our cloud business to providing cloud backup and disaster recovery ("DR") solutions, by implementing a cloud DR solution for a critical finance system.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

b) Digital Contents Business

AppAsia's digital contents business division is principally involved in providing technology-based online publishing and advertising solutions, to our customers or partners in the publishing industry, using mostly in-house developed technology platforms. Our value proposition to our customers and partners is to provide one-stop digital solutions such as advanced news 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.

Our business strategy in this sector is different compared to our competitors. Unlike the typical IT solution providers in the market, we prefer to work hand-in-hand with our partners in the publishing industry to develop digital contents business together. AppAsia has a focused and highly skilled team that specialises in the digital publishing technology with deep market insight, that enable our content partners to penetrate into the Digital Contents market with minimum cost, effort, risks and time.

In the digital contents sector, online user visitation traffic is the key to the success of a digital contents asset. In this respect, AppAsia has successfully increased the monthly user traffic of 4.55 million (Jan 2018) to 7.55 million (Dec 2018) and monthly page views of 52.42 million (Jan 2018) to 91.64 million (Dec 2018) as recorded by Google Analytics for all the digital contents developed by AppAsia with our collaboration partners.

c) E-Commerce Business

Our e-Commerce business division is principally involved in providing e-commerce platforms through AppAsia e-Marketplace and EzyTred online fashion wholesale store.

AppAsia e-Marketplace positioned itself as a unique e-Marketplace based on the Business-to-Business-to-Consumer ("B2B2C") concept. It provides a platform for the retailer to source products from manufacturers ("B2B") and sell their products to the consumers ("B2C") via the internet. The AppAsia B2B platform provides the sourcing features for the wholesaler or retailers to source for wholesale products locally and globally. We work with partners to provide streamlined wholesale sourcing and delivery services to the targeted customers. Whereas AppAsia B2C platform provides online store features to promote ours as well as other merchants' products and services to the online consumers.

EzyTred is an online fashion store that promotes wholesale clothing mainly to the resellers. The sales of this portal have decreased due to stiff competition from the other online and offline clothing wholesalers and retailers that are easier to be accessed compared to previously.

The revenue growth from the e-Commerce business, however, was experiencing slowdown in the last 2 quarters of FY2018 due to the decreased B2B transactions as a result of more stringent qualification criteria imposed by the Platform to approve only B2B transactions with lower credit risks. This is part of the risk management plan for better credit control.

d) Other Businesses

In line with our business expansion strategy, we managed to create growth opportunities in building a digital platform that can provide long term value to the Group.

In June 2018, the Group has signed a collaboration partnership agreement, through Extol Corporation Sdn Bhd, with the Malaysian Institute of Accountants ("MIA") to develop an industry-wide electronic bank confirmation platform ("E-Confirm Platform"). The project will facilitate the bank confirmation process between the auditors and banks in the country.

IDENTIFIED RISKS AFFECTING GROUP PERFORMANCE

We belong to an industry that is constantly evolving and highly competitive. Frequent changes in technology and consumer demand require our expertise in creating innovative and sustainable advertising solutions to stay ahead of our competitors, at home and abroad.

The identified risks affecting Group performance are:

a) Credit risk

The Group's credit risks primarily comprise trade and other receivables. 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 FY2018, 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) Foreign exchange 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 currencies. However, the Group's exposure to sensitivity of currency risk is expected to be insignificant as the transactional currencies are mostly in the functional currencies of the respective operating entities.

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 continuity of business.

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

i) Competition in ICT Security Market

Despite the growing market size, ICT Security market consists of many local and foreign cybersecurity companies that provide various cybersecurity solutions.

Our strategy in the ICT Security business is to work with capable partners and concentrate our resources in promoting niche ICT solutions like anti-phishing, data classification and AI based solutions that are not being commonly provided by local players.

AppAsia also expands into full cloud solution to provide all-in-one managed services for our existing and potential clients to provide competitive edge on our ICT Security offerings.

ii) Competition in Digital Contents Market

Our Digital Contents business faces competition from major local web and mobile applications developers as well as customers' in-house IT team.

With this, our strategy is of continuous research and development ("R&D") to outperform our peers in delivering relevant and functional technology-based digital content solutions to our clients in spite of the competition and constant industry shifts in the years ahead.

Besides, we are also developing long-term business relationships with the publishers by entering into long term partnership agreement.

We believe that our focus on inter alia, technology development and R&D, our track record, our ability to provide one-stop solutions, as well as our strong network of online publishers and customer base will propel our Group to be one of the key players in the digital contents market.

iii) Competition in the e-Commerce Market

The e-Commerce market is competitive with the existence of major local e-Marketplaces that are backed by strong international players with big capital funding.

As a counter measure, AppAsia's strategy is to consolidate our e-Commerce portals and position AppAsia e-Marketplace in a niche area with selected products and merchants. This shall give us better focus in our targeted merchants and customers with cautious cost measures.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

d) Material defects liability

Our integrated software and hardware solutions are important to ensure the smooth operations of our customers. 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 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 product warranty. To mitigate material defects liability, we have in place quality control procedures and maintain good business relationship with our suppliers to secure on-time support services.

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.

Online 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; and

ii. developing new technology for new solutions to address and satisfy a greater variety of customer demands.

In developing new technologies for new solutions, our Group aims to produce advanced and innovative products within budget and on timely basis coupled with improved interactivity that provides an enhanced experience for our partners, customers and public users.

AppAsia consistently introduces relevant and functional technology solutions to keep pace with the mobile wave, to consolidate our position as a key player of cybersecurity and digital platform solution in the region.

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 enlarge the client base, placing more emphasis on small and medium enterprises ("SMEs") and end user markets to reduce over-reliance on the few major clients. Over the years, the Group has also introduced various new offerings to diversify our customer base.

c) Regional Markets Expansion

Our Group has been planning to expand our business coverage in regional countries. Like any other foreign investment, these overseas outposts would invariably operate under different business conditions and investment policies.

Whilst there are no assurances that these new markets will contribute positively to our Group's profits or continue to be profitable, our Group will invest in new markets only after thorough feasibility studies have been carried out to determine viability of such investments.

d) 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. This is further explained in details in the Sustainability Statement section.

PROSPECTS AND OUTLOOK

Using in-house developed technology, the Group's core business activities have progressively shifted from the provision of merely ICT Security solutions to Digital Contents, e-Commerce, Cloud and other potential businesses. Besides specializing in ICT security and cloud solutions, AppAsia's long term plan is to develop Digital Platforms that can provide long term value to the Group. Our current Digital Platforms include the digital contents platform, e-Marketplaces and the upcoming E-Confirm Platform.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

The prospects and outlook of each business sector are explained in the following section.

A) ICT Security Business

According to source of Webroot.com, there are 1.5 million new phishing sites created every month. From the source from Phishme, ransomware attacks have increased over 97% in the past two years and ransomware from phishing emails increased 109% over 2017. It is believed that the demand for anti-phishing and anti-ransomware solutions are still on demand.

In the cloud solution, according to a study by MarketsAndMarkets.com, the global cloud computing market size is expected to grow from USD 272.0 billion in 2018 to USD 623.3 billion by 2023, at a Compound Annual Growth Rate ("CAGR") of 18.0% during the forecast period. Generally, increased automation and agility, need for delivering enhanced customer experience, and increased cost savings and return on investment are major growth factors for the cloud computing market.

Although AppAsia and Extol are not in the main stream of pubic cloud infrastructure providers like Alibaba Cloud, AWS, Microsoft Azure or Google Cloud, it is believed that the Group can ride on the growth wave of this industry with our specialised managed cloud solutions and services.

Extol also plans to expand into cloud backup and disaster recovery ("DR") solutions. From a research by Grand View Research, the global disaster recovery solutions market size was valued at USD 1.69 billion in 2016 and is expected to gain significant traction over the forecast period. Increasing applications of cloud computing and growing awareness about the benefits offered by disaster recovery solutions are propelling the market. DR solutions offer benefits such as reduced costs, greater flexibility, reliability, faster recovery, and scalability of customers.

Rising investments in disruptive cloud technologies and increase in instances of natural and manmade disasters are expected to drive the market in coming near future. Cyberattacks such as WannaCry and Locky ransomware that occurred in the past few years have negatively influenced businesses across various sectors and most businesses were unable to recover from losses incurred during disruption of business operations. Thus, demand for DR has increased significantly, especially among SMEs.

The performance of this business segment is expected to be stable due to the securement of some contracts that shall be delivered in FY2019.

B) Digital Contents Business

Digital Content industry is an important component of the digital economy. From a research by ABNewswire, global Digital Content Market valued approximately USD 115 billion in 2017 is anticipated to grow with a healthy growth rate of more than 13.50% over the forecast period 2018-2025.

Both the digital content production and consumption have seen an increase as more households now have access to the high-speed internet broadband. Therefore, it is easier for people to receive their news and watch TV online, rather than from traditional platforms. Because of this increased access to the internet, digital content is commonly published through individuals in the form of mobile apps, video streaming, eBooks, blog posts, and even Facebook posts.

The growing penetration rate of smart phone users in Malaysia and globally are driving the digital content consumption. The availability of mobile data with cheaper rate also makes various formats of digital contents to be easily accessible. This supports the overall growth of digital content industry in Malaysia and globally for now and near future.

The growth of digital contents industry also depends significantly on the growth of digital advertising sector which is an important monetization source for digital content assets. According to eMarketer's report on Global Ad Spending, total media ad spending worldwide has risen 7.4% to USD 628.63 billion in 2018. Digital media accounted for 43.5% of investments, thanks to rising global e-commerce spending and shifting viewership from traditional TV to digital channels. By 2020, digital's share of total advertising will near 50%. The growth in digital advertising shall benefit AppAsia digital content initiatives.

Moving forward, the Group is positive about the future growth of the Digital Contents business. We shall continue to invest in R&D especially in the artificial intelligent and big data technology to bring our products and solutions offering to another level. We also continue to seek more partnership opportunity with local and regional content providers from various industries.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

C) E-Commerce Business

According to a study from Statisticac.com, revenue in the Malaysia e-Commerce market amounts to USD 3,751 million in 2019. However, the annual growth rate (CAGR 2019-2023) is expected to slow down from 21% to 11.4%, resulting in a market volume of USD 5,776 million by 2023.

Despite the growing market size, the e-Commerce business remained challenging due to stiff competition from other competitive e-Marketplaces in the region. The user acquisition and marketing costs are still high compared against the gain from the platform charges and gross profit margin of the transactions.

Despite the competitive environment in which the Group operates, it will rise to overcome the challenges ahead. In this aspect, the Group shall avoid the huge investment cost by positioning AppAsia e-Marketplace in niche market to target on virtual products with selected merchants and merchandises. At the same time, EzyTred portal shall be integrated into the AppAsia e-Marketplace to meet the changing industry landscape.

D) Other Potential Businesses

In the new E-Confirm project, AppAsia shall develop, own and operate the E-Confirm Platform to serve the industry based on pay-per-use model in which it will collect a transaction fee per successful bank confirmation. It is expected to facilitate the annual bank confirmation transaction for most of the active companies in Malaysia. The platform is currently under development and expected to be launched in second half of year 2019.

The management are of the opinion that this industry-wide project is in the best interest of the group after considering, amongst others, the potential financial contribution to the earnings of the group in near future.

As a leading architect of origination and innovation, our strategy is to develop and consistently deliver relevant and functional technology-based platforms and other related mobile and internet services to a global audience.

The digital platform market in which the Group is targeting is forecasted to grow in tandem with the increasing adoption of the internet worldwide, the demand for higher speeds and the exceptional growth of technology-driven mobile devices and apps.

As the Group is a one-stop solutions provider in the digital platform market, it has advantage over the competition in terms of overseeing and adding value to a digital platform implementation. AppAsia is uniquely positioned to adapt to the emerging paradigm shift by capitalising on our competitive R&D advantage to deliver breakthrough ideas and product improvements in a diverse range of innovative solutions. Adopting this integrated approach, the Group has set sight in building up an impeccable reputation and track record especially in building digital platforms that provide great values to the Group and community.

WONG NGAI PEOW
Executive Director

CORPORATE SUSTAINABILITY STATEMENT

We are pleased to present to you our corporate sustainability statement which we will outline our plans on creating and preserving value for our stakeholders based on economic, environmental and social ("EES") risks and opportunities through sustainable practices. We acknowledge the impact that EES will bring to the Group's businesses and we will do our best to capture the opportunities and properly manage the risks. This statement covers the businesses of the Group during the period of 1 January 2018 to 31 December 2018.

Governance Structure

The Board of Directors ("the Board") of AppAsia adopts a sustainability governance approach that is fit for the Group's purpose considering amongst others, its culture, needs, sustainability-related risks and opportunities and level of maturity of its sustainability thinking and readiness.

The Board is responsible for embedding sustainability into the Group to complement its business strategy. The Board reviews and approves the Group's sustainability strategies and ensures that adequate resources, systems and processes are in place for managing sustainability matters.

Stakeholders Engagement

The Group recognises the importance of actively engaging with our stakeholders as we believe it is a key factor for an organization to be successful. Multiple effective communication channels are provided to our stakeholders to ensure that our stakeholders understand the Group's business including our financial performance, business values and prospects. Our stakeholders who have direct or indirect involvement with the Group are identified in the table below:

Stakeholders	Forms of Engagement	Frequency	Engagement focus / objectives
Employees	Meeting and discussion Training Annual performance review Annual dinner	Annually/ Quarterly	Career progression Employee development needs
Customers	Meetings Complaints or feedbacks Advertisement	Ongoing	Product's quality and deliverability
Shareholders	Annual General Meeting Announcements to Bursa Circulars Company's website Advertisement of notice	Ongoing	Shareholders' engagement

In our website, we update the Group's information on a regular basis to provide convenience to our stakeholders in obtaining information about the Group and also provide our contact information in our website to enhance communication with our stakeholders.

Economic

We recognise that some of our businesses affect the economic conditions of our stakeholders and we have identified the following three (3) material sustainability matters ("Material Matters"):-

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

a) Industry Impact and Client Relationship

We are cognisant that our business model can be potentially impacted by the strength of our client relationship capital as well as technology or intellectual property capital. Any change in government or corporate policies as well as new emerging technologies in the industry may impact our business model and with that affect the financial and non-financial performance of the Group.

As such, we continue to seek ways to strengthen and solidify our business model through a wide range of strategies. These include market diversification to beyond a single business segment, which includes a better spread of revenue from corporate and commercial products, the creation of new products and services beyond our traditional portfolio and constant investment into product development to ensure we are first to market with new and improved solutions that address the pain points of today's consumers and businesses.

CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

b) Intellectual Property

Intellectual Property ("IP") enables the Group to retain its competitive edge. The development of intellectual assets is crucial to ensure we remain as a key market player in the respective business area that the Group is engaged.

Beyond protecting IP, our focus is to encourage the development of IP via product and service innovation. Our focus is to constantly seek new ways to innovate and invent to create value for stakeholders. Convenience and cost effectiveness remain the commercial driving factors that guide our innovation efforts towards the development of IP.

Stringent policies have been drawn up to ensure that the Group's IP is well protected. These policies provide for the need to file patents on innovations and trademark of logo developed by the Group.

The Group also seeks to expand the IP development by tapping on external knowledge by way of collaborations, with local institutions, as well as through any investment opportunities in various promising technology start-ups from time to time in near future. These partnerships offer us better cost control while expanding our capabilities in developing new products.

c) Cybersecurity and System Interruption

We are principally operating in a highly technology-driven environment. As a result, we are susceptible to various security risks principally, cyberattacks/cyberhacking and industrial espionage which may include theft of proprietary intellectual property, confidential customer data and strategic planning data. In the event that any of the foregoing adverse events occur, there is a high probability of a complete system shutdown.

In addition, interruptions in our services could result from the failure of our telecommunication providers to deliver the necessary data communication's capacity in the timeframe required. Our platform technology resides on the private or public cloud environment. The continuing and uninterrupted performance of these systems is critical to our business as a substantial portion of our revenue is dependent on the continuing availability of these systems.

We continue to adopt a stance of pro-active vigilance to prevent any such untoward incidents. Over the years, we have invested practically in our security systems to defend ourselves against cyberattacks of various kinds and to ensure that our operations are always on track and our services continuously available.

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

As a member of the society, we try our best to minimize the negative impact that our businesses bring to the environment. The Material Matters that we associate with environment are energy consumption and waste management.

(a) Energy Consumption

We have been implementing energy-saving measures in our daily operations. Our electricity usage for 2018 had gone down from 99,000 kW in 2017 to 71,000 kW as shown in Table 1.0. In 2018, we had also merged some of our offices to streamline our operations which reduced the energy consumption across the Group. We will continuously find ways to improve and innovate our methods to bring positive and sustainable impact to the environment.

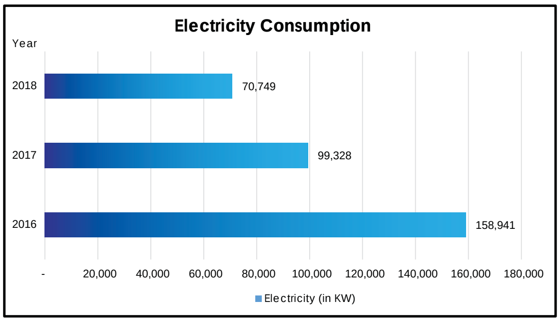

Table 1.0

(b) Waste Management

Other than reusing and recycling used papers, handling of electronic waste or e-waste generated is also the Group's priority. Over the years, technology advances resulted in the increase of obsolete rate for computers and laptops. The Group would then donate usable obsolete equipment by donating to non-profit organisations (NGOs) that can make use of them as learning or teaching materials. Where else the unusable obsolete equipment would be given back to our IT device supplier to salvage for parts to resell or recycle.

Social

We acknowledge that human capital is the main driving force for a successful and sustainable business. Therefore, we put in a lot of effort in achieving a better employee diversity, improving occupational health, safety and well-being of our employees and strengthening skills and knowledge of our employees. We also try to give back to the society through community investments.

(a) Employee Diversity

We aim to keep our workforce diversified as this allows sharing of broader knowledge, skills and experience among our staff. Contributions by employees are recognised based entirely on performance and capability instead of race, ethnicity and gender. As at 28 February 2019, female participation in the senior management team has increased by two staffs.

(b) Occupational Health, Safety and Well-being

To make sure our employees can perform at their optimum capacity, we take the physical, mental and emotional wellness of our employees very seriously. The workplace complies with all applicable health and safety laws and regulations and it is well-equipped with safety measures such as fire sprinklers, CCTVs and emergency kits. A fire drill was also held during 2018 to raise awareness among the employees on emergency evacuations.

At the gathering point during fire drill

In addition, every employee is given rest time to prevent fatigue and working hours will be reduced especially for our Muslim colleagues during the fasting month. Besides, employee benefits such as gym membership, medical checkup and dental treatment are provided to all of our employees to cultivate work-life balance and health consciousness. During festive seasons, employees are also invited to attend lunch or dinner organised by the management team.

Ramadhan dinner at Concorde Hotel

(c) Workforce Learning and Development

To achieve our objective of running a sustainable business, we need to have a well-skilled and future-ready workforce supporting the goal of the company. We always push our employees to practice life-long learning and continuous improvement. Therefore, employees are encouraged to recommend or join any seminar or training that is relevant to their job scope. In 2018, the Group sent its employees for trainings and seminars on a regular basis. This investment shows our commitment in keeping their knowledge and relevant skills which in turn would contribute to the sustainability of the Group.

CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

(d) Community Investments

We acknowledge the responsibilities that we have to the communities and we put in effort in bringing positive impact to the society in general.

This year, it was exciting for our colleagues to have visited Pusat Jagaan Kasih Sayang Angel Melaka for a laptop donation program.

After handing 10 laptops to the center as our donation, a simple tutoring session on how to operate a laptop was carried out by the teachers. Besides, a quick quiz was also held after familiarising themselves with basic operations of the laptop.

It was an honour for AppAsia to have the opportunity to join one of the celebration events held by the charity organisation (Pusat Jagaan Kasih Sayang Angel) on 19 May 2018 where various competitions were held and AppAsia was invited to take part in the prize-giving ceremony. The Group have also donated monetary items to the organisation for the year under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of AppAsia 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 ("the Code") are observed and practised throughout 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 outlines the following principles and recommendations which the Group has comprehended and applied with the best practices outlined in the Code 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

BOARD LEADERSHIP AND EFFECTIVENESS

The Board has considered and discussed a wide range of matters during the FY2018, 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.

During the year, the Board undertook a review and updated its Board Charter and policies to reflect the revised regulatory expectations. These authoritative documents serve to guide the governance and conduct of the Board and its committees.

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.

EFFECTIVE AUDIT AND RISK MANAGEMENT

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.

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

- Administration
- Sales
- Accounts
- Corporate Governance
- Purchase
- Human Resource

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)

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

The Group recognises the importance of stakeholder engagement to the long-term sustainability of its businesses, and this means that as a Company, we must interact with, and acknowledge the potential impact of our operations upon a wide range of stakeholders in our duty as a responsible Company. 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 sustainability.

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.

Good corporate governance of AppAsia is an important element of our Board environment. To support how we run the business and how we serve our stakeholders, we need to be relevant, authentic and meaningful. The Board has used the three (3) key principles of the Code to articulate the Board's activities during the year: -

- Board Leadership and Effectiveness (pages 18 to page 29)
- Effective Audit and Risk Management (pages 29 to page 30)
- Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders. (page 31)

The required governance and regulatory assurance are provided throughout this statement reflecting their relevance to the business. The Company's application with the key practices and any departure thereof of the Code is set out in the in the Company's Corporate Governance Report.

BOARD LEADERSHIP AND EFFECTIVENESS

<u>Board Responsibilities</u>

1. Board of Directors' Duties and Responsibilities

The Company and the Group acknowledge the pivotal role played by 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) Oversee the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;

d) To 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 Principal Officers, 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) Approve the appointment, resignation or removal of Company Secretaries of the Company;

h) Develop and implement an "investor relations programme" or "shareholder communications policy" for the Group;

i) 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;

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

k) Review and approve the Audit Committee Report and Statement of Risk Management and Internal Control for the Annual Report;

l) Prepare a Corporate Governance Overview Statement on compliance with the Code for the Annual Report;

m) 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;

n) 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;

o) Approve the appointment of external auditors and their related audit fees; and

p) 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.

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 Committee ("SIS")

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 5 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 Director, 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 and Executives clearly stated in the Board Charter. A copy of the Board Charter is available at the Company's website, www.appasia.com.

The Executive Directors, namely Toh Hong Chye, Wong Ngai Peow and Yong Mai Fang oversees the day-to-day operations to ensure the smooth and effective running of the Group. The Executive Directors implements the policies, strategies, decisions adopted by the Board, monitors the operating financial results against plans and budgets and acts 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.

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 FY2018. The attendance of each Director at the Board Meeting held during FY2018 is 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 *(re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director on 26 February 2018)*	5/5	100%
[1] Yong Mai Fang *(appointed on 1 March 2018)*	4/4	100%
[2] Tiew Chee Ming *(appointed on 1 March 2018)*	4/4	100%
[3] Ng Kok Wah *(resigned on 28 February 2018)*	1/1	100%

Note:-
[1] Yong Mai Fang has attended all the Board meetings since her appointment
[2] Tiew Chee Ming has attended all the Board meetings since his appointment
[3] Ng Kok Wah has attended all the Board meetings prior to his resignation

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.

At present, all Directors of the Company have complied with the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") where they do not sit on the board of more than five (5) listed issuers.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

5. Directors' Training

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. 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.

Details of training programmes attended by the Directors during the FY2018 under review are as follows:

Directors	Date	Programmes attended
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil	18 December 2018	Updates to Listing Requirements
Toh Hong Chye	13 February 2018	MCCG and Bursa Listing Requirements: Application, Disclosure and Reporting Expectations for Principles A, B & C
	6 & 7 September 2018	Practical Approach to Accounting for Financial Instruments (Applying MFRS 9 and MFRS 132)
Wong Ngai Peow	14 May 2018	Increase Sales and Expand your Markets with E-Commerce
	14 November 2018	13th MEXPA Seminar on Government Grants and Financial Assistance For Malaysian Companies and its Application Procedures
Yong Mai Fang	13 February 2018	MCCG and Bursa Listing Requirements: Application, Disclosure and Reporting Expectations for Principles B & C
	5 & 6 July 2018	Mandatory Accreditation Programme For Director
	6 & 7 September 2018	Practical Approach to Accounting for Financial Instruments (Applying MFRS 9 and MFRS 132)
	22 October 2018	Sales & Service Tax (SST) 2018 - Execution and Compliance
Tiew Chee Ming	5 & 6 July 2018	Mandatory Accreditation Programme For Director
	16 August 2018	SST 2018: Practical & Effective Implementation of Sales and Services Tax

Save as disclosed above, Datuk Low Kim Leng was not able to select any suitable training programmes to attend during the financial year due to overseas travelling and his busy work schedule. However, he has constantly been updated with relevant reading materials and technical updates, which will enhance his knowledge and equip him with the necessary skills to effectively discharge his duties as Director of the Company.

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

AC

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 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 *(appointed on 1 March 2018)*	Chairman
Datuk Low Kim Leng	Member
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil *(re-designated from Chairman of AC to member of AC on 1 March 2018)*	Member
The past member of the NC is as follows: - Ng Kok Wah *(resigned on 28 February 2018)*	Member

A copy of the AC's term of Reference can be found in the company's website.

NC

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 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 *(appointed on 1 March 2018)*	Member
The past member of the NC is as follows: - Ng Kok Wah *(resigned on 28 February 2018)*	Member

During the FY2018, the NC held one (1) meeting. Below is a summary of the key activities undertaken by the NC in discharge of its duty:-

(a) Reviewed the terms of reference;
(b) Reviewed the re-election of retiring Directors;
(c) Assessed the effectiveness of the Board as a whole and the contribution of each individual Director; and
(d) Reviewed the terms of office of the AC and each member of the AC.

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

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 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 *(appointed on 1 March 2018)*	Member
The past member of the NC is as follows: - Ng Kok Wah *(resigned on 28 February 2018)*	Member

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

During the FY2018, the RC held one (1) meeting and all member registered full attendance. Below is a 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.
(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.

SIS

The SIS Option Committee was established on 12 March 2015. The SIS 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 Committee are as follows: -

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

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, the Senior Independent Director 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.

8. Code of Conduct and Ethics

The Company has established a Code of Conduct and Ethics which is also enshrined in the Board Charter to promote a corporate culture which engenders ethical conduct that permeates throughout the Group.

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 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 for the Company's monitoring on a half yearly basis or as and when required.

Notices on the closed period for trading in the Company's shares are sent to Directors and 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 Ethics can be found in the Company's website.

9. Whistle Blowing 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.

Details of the Whistle Blowing Policy can be found on the Company's website.

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. They have also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia or MAICSA for practising company secretaries. The Board is satisfied with the performance and support rendered by the Company Secretaries in discharging its functions.

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.

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 cope 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 5 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 comprise 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.

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.

Nonetheless, the Board has appointed Yong Mai Fang as an Executive Director of the Company with effect from 1 March 2018 contributing to 16.67% of the Board composition, to contribute to the development of the Group. In addition, the Group have increased female participation in the senior management team by two female staffs.

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 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.

During the FY2018, the Board had appointed two Directors, namely Yong Mai Fang (Executive Director) and Tiew Chee Ming (Independent Non-Executive Director) through recommended by the Management.

Despite the above mentioned 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 Secretaries 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 FY2018 are set out below:-

Directorship	Fees RM	Salaries and Bonus RM	Defined contribution plans RM	* Others RM	Total RM
Company					
Executive Directors					
Toh Hong Chye	-	490,000	80,850	4,100	574,950
Wong Ngai Peow	-	-	-	8,033	8,033
Yong Mai Fang *(appointed on 1 March 2018)*	-	220,000	40,540	20,500	281,040
Non-Executive Directors					
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil	47,500	-	-	10,000	57,500
Datuk Low Kim Leng	42,500	-	-	7,500	50,000
Tiew Chee Ming *(appointed on 1 March 2018)*	15,000	-	-	12,000	27,000
Ng Kok Wah *(resigned on 28 February 2018)*	5,000	-	-	-	5,000
Total	**110,000**	**710,000**	**121,390**	**62,133**	**1,003,523**

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Directorship	Fees RM	Salaries and Bonus RM	Defined contribution plans RM	* Others RM	Total RM
Group					
Executive Directors					
Toh Hong Chye	-	490,000	80,850	4,100	574,950
Wong Ngai Peow	-	312,500	39,250	15,233	366,983
Yong Mai Fang *(appointed on 1 March 2018)*	-	220,000	40,540	20,500	281,040
Non-Executive Directors					
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil	47,500	-	-	10,000	57,500
Datuk Low Kim Leng	42,500	-	-	7,500	50,000
Tiew Chee Ming *(appointed on 1 March 2018)*	15,000	-	-	12,000	27,000
Ng Kok Wah *(resigned on 28 February 2018)*	5,000	-	-	-	5,000
TOTAL	**110,000**	**1,022,500**	**160,640**	**69,333**	**1,362,473**

** Others comprised of benefit in kind and other allowances*

Remuneration Bands	Number of Senior Management
Less than RM 50,000	1*
RM 50,001 – RM 100,000	1#
RM 100,001 – RM 150,000	3

* *Resigned on January 2018*
\# *Appointed as Executive Director on March 2018*

EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AC

Presently, the AC consists of three (3) Independent Non-Executive Directors and all of them are financial 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.

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 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 would meet the AC without the presence of the executive Board members and Management at least one (1) times a year 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.

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.

No former key audit partner of the Company's Auditors is appointed as a member of AC.

For the FY2018, fees paid/payable 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	70,500	20,000
Non-Audit services rendered	5,000	5,000

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 32 to page 33 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 FY2018 was 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. S F Chang Corporate Services Sdn Bhd has approximately 3 audit personnel assisting the person responsible for the internal audit. Details on the person responsible for the internal audit are set out below:-

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 34 to page 35 and the MD&A on page 7 to page 12 of this Annual Report.

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'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 during which 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 will continue to ensure that all proposed resolutions set out in the notice of any general meeting is voted by poll. 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 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

During the FY2018, the AC held five (5) meetings and the records of the attendance of AC members are as follow:

Director	Number of meetings attended	%
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil	5/5	100%
Datuk Low Kim Leng	5/5	100%
*[1] Tiew Chee Ming	4/4	100%
*[2] Ng Kok Wah	1/1	100%

* *Member of the Malaysian Institute of Accountants*
1 *Tiew Chee Ming has attended all the AC meetings since his appointment*
2 *Ng Kok Wah has attended all the AC meetings prior to his resignation*

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 FY2018 include the following:

a) Reviewed the 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;

b) Reviewed with external auditors on their Audit Planning Memorandum for the FY2018;

c) Reviewed the Audited Financial Statements of the Group for the FY2018 before recommending to the Board for approval and release of the results to Bursa Malaysia;

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 FY2018 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 FY2018 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;

m) Reviewed the Company's compliance with the 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 FY2018, 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 34 to page 35 in this Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of AppAsia is pleased to provide the following Statement on Risk Management and Internal Control pursuant to paragraph 15.26(b) of the AMLR of Bursa Securities 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 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 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, 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 FY2018 was RM 32,500.

During the FY2018, 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 continually 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 resolution of the Board of Directors dated 29 March 2019.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

During the FY2017, the Company has issued 31,381,000 new ordinary shares, being 10% of its existing paid-up number of ordinary shares via a private placement at an issue price of RM 0.3312 per share. The private placement raised total proceeds of RM 10.393 million which were expected to be fully utilised within twelve (12) months from 18 December 2017.

As disclosed in the Company's announcement dated 27 February 2019, the proceeds utilisation for working capital and future business expansion has been extended for a further twelve (12) months.

Purpose	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Re-allocation (RM'000)	Balance utilisation (RM'000)	Intended Time Frame	Revised Time Frame
Working capital of the Group	7,835	(6,553)	167	1,449	within 12 months	within 24 months
Future business expansion	2,267	(1,608)	-	659	within 12 months	within 24 months
Other proposal expenses	291	(124)	(167)	-	within 2 weeks	-
Total	**10,393**	**8,285**	**-**	**2,108**		

SHARE ISSUANCE SCHEME

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 and will be expiring on 12 March 2020.

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 1.1.2018 ('000)	Exercised ('000)	Lapsed ('000)	At 31.12.2018 ('000)
24 March 2015	0.183	13,520	(50)	(2,550)	10,920

Please refer to page 103 and page 105 of this Annual Report for the further details on the Share Issuance Scheme.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

CONTRACT RELATED TO LOANS

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

RECURRENT RELATED PARTY TRANSACTIONS

At the 14th AGM of the Company held on 1 June 2018, 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 FY2018 pursuant to the shareholders' mandate are set out below:

AppAsia and/or its subsidiaries	Transacting Parties	Nature of Transactions	Aggregate value of transactions from 1.1.2018 to 31.12 2018 (RM)
AppAsia Group	Richmond Virginia Tobacco Sdn Bhd	Renting of office premises	318,331

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 standard in Malaysia.

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

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

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

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2018, appropriate accounting policies were used and applied consistently, and adopted to include new and revised Malaysian Financial Reporting Standards where applicable. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

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

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

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 7 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/(loss) for the financial year, attributable to owners of the parent	463,531	(5,731,709)

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

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 issued 50,000 ordinary shares through the exercise of the Share Issuance Scheme ("SIS") Options at an issue price of RM0.183 each for cash consideration.

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

There was no issuance of debentures during the financial year.

Warrant Reserve

The Warrants were constituted under the Deed Poll dated 19 November 2014 as disclosed in the Note 17(b) to the financial statements.

As at 31 December 2018, the total numbers of Warrants that remain unexercised were 135,690,400.

DIRECTORS' REPORT (CONT'D)

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 29 to the financial statements.

As at 31 December 2018, 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 1.1.2018**	**Exercised**	**Lapsed**	**At 31.12.2018**
24 March 2015	0.183	13,520,000	(50,000)	(2,550,000)	10,920,000

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 (appointed on 1.3.2018)
Tiew Chee Ming (appointed on 1.3.2018)
Ng Kok Wah (resigned on 28.2.2018)

** Director of the Company and its subsidiary companies*

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 1.1.2018/ Date of appointment	**Acquired**	**Sold**	**At 31.12.2018**
Interests in the Company				
Direct interests				
Toh Hong Chye	30,002,900	1,263,800	-	31,266,700
Wong Ngai Peow	2,903,000	-	-	2,903,000
Datuk Low Kim Leng	1,000,000	-	-	1,000,000
Yong Mai Fang	7,100,000	-	-	7,100,000
Indirect interests				
Toh Hong Chye * #	42,000,000	12,000,000	(12,000,000)	42,000,000
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil **	12,000,000	-	(12,000,000)	-
Yong Mai Fang #	30,000,000	12,000,000	-	42,000,000

	Number of warrants			
	At 1.1.2018	**Acquired**	**Sold**	**At 31.12.2018**
Interests in the Company				
Direct interests				
Wong Ngai Peow	1,500	-	-	1,500

	Number of options over ordinary shares			
	At 1.1.2018	**Granted /Vested**	**Exercised**	**At 31.12.2018**
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 substantial shareholdings in Richmond Virginia Tobacco Sdn. Bhd. and Manjung Untung Sdn. Bhd.*

** *Deemed interest pursuant to Section 8 of the Companies Act, 2016 ("the Act") by virtue of his substantial shareholdings in Manjung Untung Sdn. Bhd.*

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.

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' REPORT (CONT'D)

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors and shown in Note 30(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 30(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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

   (i) 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 the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

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

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

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

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

Other Statutory Information (Cont'd)

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet 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 7 to the financial statements.

Auditors' Remuneration

The details of auditors' remuneration are set out in Note 23 to the financial statements.

Significant Events

The details of the significant events are disclosed in Note 34 to the financial statements.

Auditors

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 March 2019.

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 49 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 2018 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 29 March 2019.

TOH HONG CHYE	**WONG NGAI PEOW**

KUALA LUMPUR

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) 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 49 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 29 March 2019.)

TOH HONG CHYE

Before me,

NO. W710
MOHAN A.S. MANIAM
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APPASIA BERHAD

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 2018 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 49 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 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By- Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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 matter	How our audit addressed the key audit matter
<u>Revenue recognition</u> Refer to Note 2(d) (Significant Accounting Judgements, Estimates and Assumptions), Note 3(p) (Significant Accounting Policies) and Note 21 (Revenue) to the financial statements. During the financial year ended 31 December 2018, the Group recognised revenue of RM178,544,729 which represents the most significant amount in the financial statements of the Group. The Group derives different streams of revenues arising from different structures of transactions and arrangement with its suppliers and customers from its business models.	Our audit procedures included, amongst others: • We obtained understanding of the revenue recognition process applied by the management to evaluate management's assessment with regard to whether the Group is acting as principal or agent and performed walkthrough on these processes; • We read and analysed the contractual terms of the contracts with suppliers and arrangements with customers to evaluate management's assessment with regard to whether the Group is acting as principal or agent are in accordance with the MFRS 15 Revenue from Contracts with Customers; • We tested the operating effectiveness of internal control procedure as well as test of details to ensure accurate processing of revenue transactions; • We assessed sales invoices issued, both before and after the financial year end date to assess whether the revenue was recognised in the correct accounting period; and

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

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition (cont'd) For each arrangement, management has to exercise judgement to determine whether the Group has the primary responsibility for providing the goods or services or for fulfilling the order, pricing latitude, inventory risk and credit risk. Hence, assessing whether a sale transaction contains the features of acting as principal or as an agent requires significant judgement. These judgements could result in a risk that revenue from the sale of goods and/or services rendered is presented in gross amounts instead of net amounts.	Our audit procedures included, amongst others (cont'd): • We assessed the appropriateness of the disclosures in the financial statements are in accordance with MFRS 15. Based on the procedures performed, we noted no significant exceptions.
Trade receivables Refer to Note 2(d) (Significant Accounting Judgements, Estimates and Assumptions) and Note 10 (Trade receivables) to the financial statements. We focused on this area because the management make judgements over both the events or changes in circumstances indicating that trade receivables are impaired and the estimation of the size of any such impairment. The trade receivables are monitored individually by management and therefore the impairment is assessed based on knowledge of each individual receivable.	Our audit procedures included, amongst others: • Developing an understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports or other collection reports; • Evaluated and tested the credit process in place to assess and manage the recoverability of trade receivables; • Critically assessed recoverability of receivables that were past due but not impaired with reference to their historical records and repayment trends; • Reviewing receipts of collections subsequent to the financial year end, customer correspondence, and considering level of activity with the customer and explanation on recoverability with significantly past due balances; and • Assessing the reasonableness of impairment charges for identified credit exposures. Based on the procedures performed, we noted no significant exceptions.

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.

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

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 these financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

NG WEE TEIK
Approved Number: 1817/12/2020 (J)
Chartered Accountant

KUALA LUMPUR

29 March 2019

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	436,665	535,688	398,114	386,388
Investment properties	5	2,352,167	2,402,167	2,352,167	2,402,167
Development expenditures	6	1,684,135	1,066,126	-	-
Investment in subsidiary companies	7	-	-	14,348,077	18,406,504
Investment in an associate company	8	-	36,573	-	100,000
		4,472,967	4,040,554	17,098,358	21,295,059
Current Assets					
Inventories	9	152,009	178,947	-	-
Trade receivables	10	16,286,449	98,638,500	-	-
Other receivables	11	2,390,833	1,858,266	667,531	930,122
Amount due from subsidiary companies	12	-	-	15,125,046	4,040,422
Tax recoverable		457,289	62,817	-	-
Fixed deposits with licensed banks	13	4,048,058	5,041,351	4,048,058	5,041,351
Cash and bank balances	14	2,961,189	15,493,822	839,693	7,861,553
Assets classified as held for sale	15	-	828,000	-	-
		26,295,827	122,101,703	20,680,328	17,873,448
Total Assets		30,768,794	126,142,257	37,778,686	39,168,507
EQUITY					
Share capital	16	50,463,256	50,450,491	50,463,256	50,450,491
Reserves	17	(23,347,295)	(23,829,877)	(17,308,695)	(11,573,371)
Total Equity		27,115,961	26,620,614	33,154,561	38,877,120
LIABILITIES					
Non-Current Liability					
Finance lease liabilities	18	46,402	49,642	46,402	49,642
		46,402	49,642	46,402	49,642
Current Liabilities					
Trade payables	19	1,373,966	96,772,250	-	-
Other payables	20	2,150,004	2,556,800	109,771	150,134
Amount due to subsidiary companies	12	-	-	4,385,559	-
Finance lease liabilities	18	82,393	91,611	82,393	91,611
Tax payable		68	51,340	-	-
		3,606,431	99,472,001	4,577,723	241,745
Total Liabilities		3,652,833	99,521,643	4,624,125	291,387
Total Equity and Liabilities		30,768,794	126,142,257	37,778,686	39,168,507

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 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Revenue	21	178,544,729	142,839,297	2,180,676	1,668,335
Cost of sales		(173,512,375)	(136,699,778)	-	-
Gross profit		5,032,354	6,139,519	2,180,676	1,668,335
Other income		1,663,094	980,127	20,629	15,009
Administrative expenses		(6,095,286)	(7,269,833)	(7,924,939)	(4,618,129)
Finance cost	22	(8,075)	(10,939)	(8,075)	(10,939)
Share of result of an associate company		(31,525)	(55,009)	-	-
Profit/(Loss) before tax	23	560,562	(216,135)	(5,731,709)	(2,945,724)
Taxation	24	(97,031)	(199,105)	-	-
Net profit/(loss) for the financial year		463,531	(415,240)	(5,731,709)	(2,945,724)
Other comprehensive income ***Items that are or may be reclassified subsequently to profit or loss*** Exchange translation differences for foreign operation		22,954	14,144	-	-
Total comprehensive income/(loss) for the financial year		486,485	(401,096)	(5,731,709)	(2,945,724)
Profit/(Loss) for the financial year attributable to owners of the parent		463,531	(415,240)	(5,731,709)	(2,945,724)
Total comprehensive income/(loss) attributable to owners of the parent		486,485	(401,096)	(5,731,709)	(2,945,724)
Earning/(Loss) per share Basic earning/(loss) per share (sen)	25(a)	0.13	(0.14)		
Diluted eaning/(loss) per share (sen)	25(b)	0.13	(0.11)		

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Attributable to the Owners of the Parent						
		Non-Distributable						
Group	Note	Share Capital RM	Warrant Reserve RM	Other Reserve RM	Share Issuance Scheme Option Reserve RM	Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total Equity RM
At 1 January 2018, as previously reported		50,450,491	20,489,250	(20,489,250)	977,496	5,207	(24,812,580)	26,620,614
Effect of adopting MFRS 9		-	-	-	-	-	(288)	(288)
At 1 January 2018, as restated		50,450,491	20,489,250	(20,489,250)	977,496	5,207	(24,812,868)	26,620,326
Net profit for the financial year		-	-	-	-	-	463,531	463,531
Other comprehensive income for the financial year		-	-	-	-	22,954	-	22,954
Total comprehensive income for the financial year		-	-	-	-	22,954	463,531	486,485
Transactions with owners:								
Share options lapsed	17	-	-	-	(184,365)	-	184,365	-
Exercise of SIS options	16,17	12,765	-	-	(3,615)	-	-	9,150
Total transactions with owners		12,765	-	-	(187,980)	-	184,365	9,150
Deregistration of foreign subsidiary		-	-	-	-	(28,161)	28,161	-
At 31 December 2018		50,463,256	20,489,250	(20,489,250)	789,516	-	(24,136,811)	27,115,961

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

Group	Note	Share Capital RM	Share Premium RM	Warrant Reserve RM	Other Reserve RM	Share Issuance Scheme Option Reserve RM	Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total Equity RM
		Attributable to the Owners of the Parent							
		Non-Distributable							
At 1 January 2017		28,372,280	4,410,545	20,982,416	(20,982,416)	1,741,214	(8,937)	(24,472,039)	10,043,063
Net loss for the financial year		-	-	-	-	-	-	(415,240)	(415,240)
Other comprehensive income for the financial year		-	-	-	-	-	14,144	-	14,144
Total comprehensive income/ (loss) for the financial year		-	-	-	-	-	14,144	(415,240)	(401,096)
Transactions with owners:									
Issurance of ordinary shares	16	10,393,387	-	-	-	-	-	-	10,393,387
Conversion of Warrants	16	424,580	-	(493,166)	493,166	-	-	-	424,580
Share options granted under SIS	17	-	-	-	-	1,250,790	-	-	1,250,790
Share options lapsed	17	-	-	-	-	(74,699)	-	74,699	-
Exercise of SIS options	16,17	6,849,699	-	-	-	(1,939,809)	-	-	4,909,890
Total transactions with owners		17,667,666	-	(493,166)	493,166	(763,718)	-	74,699	16,978,647
Transfer in accordance with Section 618(2) of the Companies Act, 2016		4,410,545	(4,410,545)	-	-	-	-	-	-
At 31 December 2017		50,450,491	-	20,489,250	(20,489,250)	977,496	5,207	(24,812,580)	26,620,614

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

		Attributable to the Owners of the Parent					
		Non-Distributable					
Company	Note	Share Capital RM	Warrant Reserve RM	Other Reserve RM	Share Issuance Scheme Option Reserve RM	Accumulated Losses RM	Total Equity RM
At 1 January 2018		50,450,491	20,489,250	(20,489,250)	977,496	(12,550,867)	38,877,120
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	(5,731,709)	(5,731,709)
Transactions with owners:							
Share options lapsed	17	-	-	-	(184,365)	184,365	-
Exercise of SIS options	16,17	12,765	-	-	(3,615)	-	9,150
Total transactions with owners		12,765	-	-	(187,980)	184,365	9,150
At 31 December 2018		50,463,256	20,489,250	(20,489,250)	789,516	(18,098,211)	33,154,561

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

		Attributable to the Owners of the Parent						
		Non-Distributable						
Company	**Note**	**Share Capital RM**	**Share Premium RM**	**Warrant Reserve RM**	**Other Reserve RM**	**Share Issuance Scheme Option Reserve RM**	**Accumulated Losses RM**	**Total Equity RM**
At 1 January 2017		28,372,280	4,410,545	20,982,416	(20,982,416)	1,741,214	(9,679,842)	24,844,197
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	-	(2,945,724)	(2,945,724)
Transactions with owners:								
Issuance of ordinary shares	16	10,393,387	-	-	-	-	-	10,393,387
Conversion of Warrants	16	424,580	-	(493,166)	493,166	-	-	424,580
Shares options granted under SIS	17	-	-	-	-	1,250,790	-	1,250,790
Share options lapsed	17	-	-	-	-	(74,699)	74,699	-
Exercise of SIS options	16,17	6,849,699	-	-	-	(1,939,809)	-	4,909,890
Total transactions with owners		17,667,666	-	(493,166)	493,166	(763,718)	74,699	16,978,647
Transfer in accordance with Section 618(2) of the Companies Act, 2016		4,410,545	(4,410,545)	-	-	-	-	-
At 31 December 2017		50,450,491	-	20,489,250	(20,489,250)	977,496	(12,550,867)	38,877,120

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash Flows From Operating Activities					
Profit/(Loss)before tax		560,562	(216,135)	(5,731,709)	(2,945,724)
Adjustments for:					
Amortisation of development expenditures		335,255	140,674	-	-
Bad debts written off		306	-	-	-
Depreciation of investment properties		50,000	85,207	50,000	50,000
Depreciation of property, plant and equipment		214,622	566,506	153,400	435,064
Development expeditures written off		-	400,000	-	400,000
Impairment losses on:					
- investment in subsidiary companies		-	-	4,058,425	-
- trade receivables		1,319	-	-	-
- amount due from subsidiary companies		-	-	29,412	-
Interest expenses		8,075	10,939	8,075	10,939
Inventories written off		-	37,105	-	-
Property, plant and equipment written off		41,306	57,540	2	-
Share-based payment		-	1,250,790	-	1,250,790
Share of result of an associate company		31,525	55,009	-	-
Loss on deregistration of a subsidiary company		-	-	2	-
(Gain)/Loss on disposal of investment in associate company		(4,952)	-	90,000	-
Gain on disposals of investment properties		-	(816,407)	-	-
Gain on disposals of non-current assets held for sales		(1,572,000)	-	-	-
Gain on disposals of property, plant and equipment		(20,932)	-	(19,707)	-
Unrealised loss/(gain)on foreign exchange		29,099	47,055	(3)	156
Interest income		(147,516)	(113,788)	(131,676)	(108,335)
Operating(loss)/profit before working capital changes		(473,331)	1,504,495	(1,493,779)	(907,110)
Change in working capital:					
Inventories		26,938	69,573	-	-
Receivables		81,817,571	(99,654,022)	262,591	(695,186)
Payables		(95,805,080)	97,924,395	(40,363)	(84,642)
Subsidiary companies		-	-	(94,000)	(710,200)
		(13,960,571)	(1,660,054)	128,228	(1,490,028)
Cash used in operations		(14,433,902)	(155,559)	(1,365,551)	(2,397,138)
Interest paid		(8,075)	(10,939)	(8,075)	(10,939)
Interest received		147,516	113,788	131,676	108,335
Tax paid		(576,190)	(151,560)	-	-
Tax refund		33,415	50,574	-	-
Net cash used in operating activities		(14,837,236)	(153,696)	(1,241,950)	(2,299,742)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash Flows From Investing Activities					
Additions to development expeditures		(953,264)	(1,206,800)	-	-
Advances to subsidiary companies		-	-	(11,020,036)	(3,001,622)
Purchase of property, plant and equipment	4(a)	(111,749)	(10,246)	(109,129)	(10,246)
Proceeds from disposal of associate company		10,000	-	10,000	-
Proceeds from disposal of investment properties		-	1,200,000	-	-
Proceeds from disposal of property, plant and equipment		75,776	-	63,708	-
Proceeds from disposal of non-current assets held for sales		2,400,000	-	-	-
Investment in an associate company		-	(40,000)	-	(40,000)
Net cash from/(used in) investing activities		1,420,763	(57,046)	(11,055,457)	(3,051,868)
Cash Flows From Financing Activities					
Repayment to associate company		-	(2,779)	-	-
Advances from/(Repayment to) subsidiary companies		-	-	4,385,559	(1,167,529)
Proceeds from issuance of ordinary shares		-	10,393,387	-	10,393,387
Proceeds from conversion of Warrants		-	424,580	-	424,580
Proceeds from exercises of SIS Options		9,150	4,909,890	9,150	4,909,890
Repayment of finance lease liabilities		(112,458)	(115,373)	(112,458)	(115,373)
Net cash(used in)/from financing activities		(103,308)	15,609,705	4,282,251	14,444,955
Net (decrease)/increase in cash and cash equivalents		(13,519,781)	15,398,963	(8,015,156)	9,093,345
Effect of exchange translation on cash and cash equivalents		(6,145)	(56,937)	3	(156)
Cash and cash equivalents at the beginning of the financial year		20,535,173	5,193,147	12,902,904	3,809,715
Cash and cash equivalents at the end of the financial year		7,009,247	20,535,173	4,887,751	12,902,904
Cash and cash equivalents at the end of the financial year comprises:					
Fixed deposits with licensed banks		4,048,058	5,041,351	4,048,058	5,041,351
Cash and bank balances		2,961,189	15,493,822	839,693	7,861,553
		7,009,247	20,535,173	4,887,751	12,902,904

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

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

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 7. 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:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property

Annual Improvements to MFRSs 2014 – 2016 Cycle:

• Amendments to MFRS 1	First Time Adoption Of Malaysian Financial Reporting Standards
• Amendments to MFRS 128	Investments in Associates and Joint Ventures

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, except for:

(i) <u>MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)</u>

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and to the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

The Group and the Company applied MFRS 9 retrospectively, and have elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision. The impact arising from MFRS 9 adoption were included in the opening retained earnings at the date of initial application, 1 January 2018.

(a) Classification of financial assets

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") and replaces the existing MFRS 139 Financial Instruments: Recognition and Measurement categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurements of financial liabilities to the Group and the Company.

(b) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group and the Company require to record ECL on all of its debt instruments, loans and receivables, either on a 12 months or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all receivables. Based on readily information as at the date of this report, the Group and the Company do not expect any significant increase in impairment losses.

(c) Effect of changes in classification and measurement of financial assets on 1 January 2018

	As at 1.1.2018 RM	Re-measurement RM	Reclassification to MFRS 9 AC RM
Group			
Financial assets			
Loans and receivables			
Trade receivables	98,638,500	(288)	98,638,212
Other receivables	896,781	-	896,781
Fixed deposits with licensed banks	5,041,351	-	5,041,351
Cash and bank balances	15,493,822	-	15,493,822

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

(c) Effect of changes in classification and measurement of financial assets on 1 January 2018 (Cont'd)

	As at 1.1.2018 RM	Re-measurement RM	Reclassification to MFRS 9 AC RM
Company			
Financial assets			
Loans and receivables			
Other receivables	218,184	-	218,184
Amounts due from subsidiary companies	4,040,422	-	4,040,422
Fixed deposits with licensed banks	5,041,351	-	5,041,351
Cash and bank balances	7,861,553	-	7,861,553

(d) Effect on impairment allowances on 1 January 2018

	Group RM	Company RM
Impairment of financial assets		
Balance under MFRS 139 as at 31 December 2017	-	-
Impairment loss on receivables	288	-
Balance under MFRS 9 as at 1 January 2018	288	-

(ii) MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group and the Company adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, MFRS 15 can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

The Group and the Company adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, MFRS 15 can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

The adoption of MFRS 15 has no material financial impact other than the disclosures made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018 (CONT'D)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, 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
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term interest in Associates and Joint ventures	1 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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

The initial application of the abovementioned MFRSs are not expected to have any significant impact on the financial statements of the Group and of the Company except as mentioned below:

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

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

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

(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.

(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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

2. Basis of Preparation (Cont'd)

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

Revenue recognition

The Group derives different streams of revenue arising from different structures of transactions and arrangements with its suppliers and customers from its business models.

The determination of whether the Group is principal or agent requires judgement. In making this judgement, the Group evaluates, among other factors, whether the Group has the primary responsibility for providing the goods or services or for fulfilling the order, latitude in establishing the price, control over inventory risk and credit risk. Therefore, the Group reviews its contractual arrangements with each supplier and customer to assess whether they are acting as principal or agent in a specific arrangement. The Group also reviews its contractual arrangements when there are variations to the contract terms.

Management exercises judgement based on the above features to determine whether the Group is acting as principal or agent for each arrangement.

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment and investment properties

The Group regularly reviews the estimated useful lives of property, plant and equipment and investment properties 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 and investment properties are disclosed in Notes 4 and 5 respectively.

Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies 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 9.

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

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 6.

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 6.

Amortisation of development expenditures

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 development expenditures is disclosed in Note 6.

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 judgment 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.

Impairment of trade receivables

The Group review 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 Notes 10.

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

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 17(d) and 29 respectively.

Income taxes

Judgment 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 2018, the Group has tax recoverable and payable of RM457,289 (2017: RM62,817) and RM68 (2017: RM51,340) respectively.

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.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Acquisition-related costs are expensed off 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 instruments 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(m)(i) on impairment of non-financial assets.

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(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(m)(i) on impairment of non-financial asset.

(b) Investments in associate company

An associate company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate company, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate company's profit or loss for the period in which the investment is acquired.

An associate company is equity accounted for from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate company is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate company after the date of acquisition. When the Group's share of losses in an associate company equals or exceeds its interest in the associate company, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate company.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate company are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associate company are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of MFRS 136 Impairment of Assets are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

3. Significant Accounting Policies (Cont'd)

(b) Investments in associate company (Cont'd)

Upon loss of significant influence over the associate company, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate company upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associate company is 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(m)(i) on impairment of non-financial assets.

(c) 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.

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.

3. Significant Accounting Policies (Cont'd)

(c) Foreign currency translation (Cont'd)

(ii) Foreign operations (Cont'd)

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. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) 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(m)(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.

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.

3. Significant Accounting Policies (Cont'd)

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

(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%
Computers	20% - 50%
Motor vehicles	20%
Renovation	50%

The residual values, useful lives and depreciation method are reviewed at each reporting period 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.

(e) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

As lessee

(i) Finance lease

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

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

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment properties and measured using fair value model.

3. Significant Accounting Policies (Cont'd)

(e) Leases (Cont'd)

As lessee (Cont'd)

(ii) Operating lease (Cont'd)

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(f) 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 properties.

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(m)(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.

3. Significant Accounting Policies (Cont'd)

(g) 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.

(ii) Derecognition of intangible assets

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

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

(h) Financial assets

Policy applicable from 1 January 2018

Financial assets are recognised on 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, fixed deposits with licensed banks and cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(h) Financial assets (Cont'd)

Policy applicable from 1 January 2018 (Cont'd)

(i) Financial assets measured at amortised cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(ii) Fair value through other comprehensive income

Debt instruments

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis.

Financial assets categorised as FVOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in OCI and accumulated under fair value adjustment reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

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

(iii) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. Significant Accounting Policies (Cont'd)

(h) Financial assets (Cont'd)

Policy applicable from 1 January 2018 (Cont'd)

(iii) Financial assets at fair value through profit or loss (Cont'd)

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment.

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

Policy applicable before 1 January 2018

Financial assets are recognised on 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.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and 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 when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

3. Significant Accounting Policies (Cont'd)

(i) Financial liabilities

Policy applicable from 1 January 2018

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.

Policy applicable before 1 January 2018

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on 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.

The Group and the Company classify their financial liabilities at initial recognition into other financial liabilities measured at amortised cost.

The Group's and the Company's other financial liabilities comprise trade and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when, and only when, the obligation specified in the contract 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.

(j) 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.

3. Significant Accounting Policies (Cont'd)

(k) 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.

(l) 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.

(m) Impairment of assets

(i) Non-financial assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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 any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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

Policy applicable from 1 January 2018

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

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

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

Policy applicable before 1 January 2018

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies, associates and joint ventures, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

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

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

3. **Significant Accounting Policies (Cont'd)**

(m) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Policy applicable before 1 January 2018 (Cont'd)

Financial assets carried at amortised cost (Cont'd)

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

(n) Share capital

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.

(o) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group and of the Company. 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.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees 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 and the Company have no further payment obligations.

3. Significant Accounting Policies (Cont'd)

(o) Employee benefits (Cont'd)

(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.

(p) 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.

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.

3. Significant Accounting Policies (Cont'd)

(p) Revenue recognition (Cont'd)

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

(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) Commission

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(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.

(q) Borrowing costs

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

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

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

(r) Income taxes

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the 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.

3. Significant Accounting Policies (Cont'd)

(r) Income taxes (Cont'd)

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 not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. 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.

(s) 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.

(t) Contingencies

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

(u) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment are not depreciated or amortised once classified as held for sale.

4. Property, Plant and Equipment

	Furniture and fittings RM	Office equipment RM	Computers RM	Motor vehicles RM	Renovation RM	Total RM
Group						
2018						
Cost						
At 1 January 2018	290,301	241,902	544,314	388,868	845,906	2,311,291
Additions	-	-	24,542	163,207	24,000	211,749
Disposals	(6,691)	(18,440)	(20,949)	(120,000)	-	(166,080)
Written off	(95,498)	(39,969)	(36,986)	-	(113,155)	(285,608)
At 31 December 2018	188,112	183,493	510,921	432,075	756,751	2,071,352
Accumulated depreciation						
At 1 January 2018	141,799	136,809	529,372	144,180	823,443	1,775,603
Charge for the financial year	50,975	36,096	17,930	83,534	26,087	214,622
Disposals	(4,684)	(9,608)	(20,944)	(76,000)	-	(111,236)
Written off	(66,230)	(27,951)	(36,966)	-	(113,155)	(244,302)
At 31 December 2018	121,860	135,346	489,392	151,714	736,375	1,634,687
Carrying amount						
At 31 December 2018	66,252	48,147	21,529	280,361	20,376	436,665

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

	Furniture and fittings RM	Office equipment RM	Computers RM	Motor vehicles RM	Renovation RM	Total RM
Group						
2017						
Cost						
At 1 January 2017	301,694	248,739	581,383	388,868	852,569	2,373,253
Additions	-	-	10,246	-	-	10,246
Written off	(11,393)	(6,110)	(47,315)	-	(6,663)	(71,481)
Foreign currency translation differences	-	(727)	-	-	-	(727)
At 31 December 2017	290,301	241,902	544,314	388,868	845,906	2,311,291
Accumulated depreciation						
At 1 January 2017	87,937	97,808	450,594	66,406	520,508	1,223,253
Charge for the financial year	58,582	41,864	82,464	77,774	305,822	566,506
Written off	(4,720)	(2,648)	(3,686)	-	(2,887)	(13,941)
Foreign currency translation differences	-	(215)	-	-	-	(215)
At 31 December 2017	141,799	136,809	529,372	144,180	823,443	1,775,603
Carrying amount						
At 31 December 2017	148,502	105,093	14,942	244,688	22,463	535,688

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

	Furniture and fittings RM	Office equipment RM	Computers RM	Motor vehicles RM	Renovation RM	Total RM
Company						
2018						
Cost						
At 1 January 2018	126,829	94,322	264,988	388,868	611,597	1,486,604
Additions	-	-	21,922	163,207	24,000	209,129
Disposals	-	-	(2,735)	(120,000)	-	(122,735)
Written off	-	-	(3,789)	-	-	(3,789)
At 31 December 2018	126,829	94,322	280,386	432,075	635,597	1,569,209
Accumulated depreciation						
At 1 January 2018	53,681	39,155	258,706	144,180	604,494	1,100,216
Charge for the financial year	25,365	18,864	13,535	83,534	12,102	153,400
Disposals	-	-	(2,734)	(76,000)	-	(78,734)
Written off	-	-	(3,787)	-	-	(3,787)
At 31 December 2018	79,046	58,019	265,720	151,714	616,596	1,171,095
Carrying amount						
At 31 December 2018	47,783	36,303	14,666	280,361	19,001	398,114
2017						
Cost						
At 1 January 2017	126,829	94,322	254,742	388,868	611,597	1,476,358
Additions	-	-	10,246	-	-	10,246
At 31 December 2017	126,829	94,322	264,988	388,868	611,597	1,486,604
Accumulated depreciation						
At 1 January 2017	28,315	20,291	214,576	66,406	335,564	665,152
Charge for the financial year	25,366	18,864	44,130	77,774	268,930	435,064
At 31 December 2017	53,681	39,155	258,706	144,180	604,494	1,100,216
Carrying amount						
At 31 December 2017	73,148	55,167	6,282	244,688	7,103	386,388

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

(a) Purchase of property, plant and equipment

The aggregate cost for the property, plant and equipment of the Group and of the Company during the financial year under finance lease and cash payments are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Aggregate costs	211,749	10,246	209,129	10,246
Less: Finance leases financing	(100,000)	-	(100,000)	-
Cash payments	111,749	10,246	109,129	10,246

(b) Assets held under finance leases

The carrying amount of property, plant and equipment of the Group and the Company held under finance leases are as follows:

	Group and Company	
	2018 RM	2017 RM
Motor vehicles	280,361	244,688

The leased assets are pledged as securities for the related finance lease liabilities as disclosed in Note 18.

5. Investment Properties

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Freehold land and buildings:				
Cost				
At 1 January	2,500,000	4,532,000	2,500,000	2,500,000
Disposals	-	(652,000)	-	-
Transfer to assets classifie as held for sale (Note 15)	-	(1,380,000)	-	-
At 31 December	2,500,000	2,500,000	2,500,000	2,500,000
Accumulated depreciation				
At 1 January	97,833	833,033	97,833	47,833
Charge for the financial year	50,000	85,207	50,000	50,000
Disposals	-	(268,407)	-	-
Transfer to assets classified as held for sale (Note 15)	-	(552,000)	-	-
At 31 December	147,833	97,833	147,833	97,833

5. Investment Properties (Cont'd)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Carrying amount				
At 31 December	2,352,167	2,402,167	2,352,167	2,402,167
Fair value of investment properties				
At 31 December	2,450,000	2,450,000	2,450,000	2,450,000

(a) Fair value basis of investment properties

Fair value of investment properties was estimated by the Directors based on valuation report of market values of comparable properties. The fair values are within Level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable properties 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 property.

(b) Income and expenses recognised in profit or loss

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Rental income	18,000	120,048	18,000	-
Direct operating expenses	(6,000)	(52,689)	(6,000)	(8,420)

6. Development Expenditures

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cost				
At 1 January	1,206,800	400,000	-	400,000
Additions	953,264	1,206,800	-	-
Written off	-	(400,000)	-	(400,000)
At 31 December	2,160,064	1,206,800	-	-
Less: Accumulated amortisation				
At 1 January	140,674	-	-	-
Amortisation during the financial year	335,255	140,674	-	-
At 31 December	475,929	140,674	-	-
Carrying amount				
At 31 December	1,684,135	1,066,126	-	-

6. Development Expenditures (Cont'd)

Development expenditures represent the costs incurred in relation to innovation of secure chat messaging 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.

Impairment testing for development expenditure

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

The recoverable amount of CGU in respect of the development expenditures 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 8% (2017: 4.75%) have been applied to cash flow projections.

Based on the impairment test, no impairment is required for the development expenditures, except innovation of secured chat messaging system is fully impaired during the financial year as the recoverable amount of the secured chat messaging system estimated based on value-in-use method is Nil.

7. Investment in Subsidiary Companies

	Company	
	2018 RM	2017 RM
In Malaysia		
Unquoted shares, at cost	18,406,502	18,406,504
Less: Accumulated impairment losses	(4,058,425)	-
	14,348,077	18,406,504

Movement in the allowance for impairment losses are as follows:

	Company	
	2018 RM	2017 RM
At 1 January	-	-
Impairment loss recognised	4,058,425	-
At 31 December	4,058,425	-

During the financial year, the Company conducted a review of the recoverable amounts of its investment in subsidiary companies. The recoverable amount of investment was estimated based on fair value less cost of disposal. An impairment loss amounting to RM4,058,425 (2017: RM Nil) was recognised during the financial year. The recoverable amounts are determined using the fair value less cost of disposal approach, and this is derived using adjusted net assets of the respective subsidiary companies as at the end of the reporting period. The fair values are within level 3 of the fair value hierarchy.

7. Investment in Subsidiary Companies (Cont'd)

Details of subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Equity interest 2018	Equity interest 2017	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.
Extol Marketing Sdn. Bhd.	Malaysia	100	100	To carry on business in relation to e-commerce and to deal on all type of e-commerce business in all goods, services, merchandise, vide business to business (b2b), business to customer (b2c) and providing services in portals, internet marketing and electronic publishing and applications development related business.
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.
AppAsia Tech Sdn. Bhd.	Malaysia	100	100	Information Technology Systems and applications development related business.
AppAsia Studio Sdn. Bhd.	Malaysia	100	100	Information Technology Systems, mobile applications and games development related business.
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.

7. Investment in Subsidiary Companies (Cont'd)

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

Name of company	Place of business/ Country of incorporation	Equity interest 2018	Equity interest 2017	Principal activities
		%	%	
AppAsia International Sdn. Bhd.	Malaysia	100	100	Investment holding, online trading, e-commerce, mobile application solutions.
AppAsia Online Sdn. Bhd.	Malaysia	-	100	Dormant
AppAsia Pay Sdn. Bhd.	Malaysia	100	100	Online payment gateways, e-commerce, electronic data interchange etc. and mobile application development related business.
Held through AppAsia International Sdn. Bhd.				
AppAsia International Pty. Ltd. ^	Australia	-	100	Online trading, e-commerce, mobile application solution.

^ *Not required to be audited in their countries of incorporation. The financial statements have been reviewed for consolidation purpose.*

(a) AppAsia Online Sdn. Bhd., a wholly owned subsidiary, has been struck off on 6 February 2018 by the Companies Commission of Malaysia under section 550 of Companies Act, 2016. The Company had been dormant since its incorporation.

(b) AppAsia International Pty. Ltd., an indirect wholly owned subsidiary, has received a notification from Australia Securities and Investment Commission that the Company had been deregistered on 15 August 2018.

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 TBH Borneo Sdn. Bhd. for a total cash consideration of RM500,000. As at 31 December 2018, the Conditions Precedent as set out in the SSA have yet to be fulfilled.

8. Investment in an Associate Company

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
At Cost				
Unquoted shares in Malaysia	-	100,000	-	100,000
Share of post-acquisition reserve	-	(63,427)	-	-
	-	36,573	-	100,000

8. Investment in an Associate Company (Cont'd)

Name of company	Place of business/ Country of incorporation	Equity interest 2018	Equity interest 2017	Principal activities
		%	%	
AppAsia Express Sdn. Bhd. ("AESB")	Malaysia	-	20	Courier services carry business as distributor

On 27 November 2018, the Company entered into a Share Sale Agreement ("SSA") with a third party to dispose of its entire equity interest comprising of 100,000 ordinary shares in AESB for a total cash consideration of RM10,000. Subsequently, AESB ceased to be an associate to the Company. As a result, the Group and the Company recognised gain/(loss) on disposal of RM4,952 and RM90,000 respectively in statements of profit or loss and other comprehensive income.

The Group's associate company is individually immaterial to the financial position, financial performance and cash flows of the Group.

9. Inventories

	Group 2018 RM	Group 2017 RM
Trading merchandise	152,009	178,947
Recognised in profit or loss:		
Inventories recognised as cost of sales	60,403	334,364
Inventories written off	-	37,105

10. Trade Receivables

	Group 2018 RM	Group 2017 RM
Trade receivables	16,288,056	98,638,500
Less: Accumulated impairment losses	(1,607)	-
	16,286,449	98,638,500

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2017: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

10. Trade Receivables (Cont'd)

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

	Group	
	2018 RM	2017 RM
At 1 January	-	145,459
Effect of adopting MFRS 9	288	-
Impairment losses recognised	1,319	-
Written off	-	(145,459)
At 31 December	1,607	-

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
2018			
Neither past due nor impaired	7,381,620	593	7,381,027
Past due not impaired:			
Less than 30 days	8,853,990	244	8,853,746
31 to 60 days	51,300	-	51,300
61 to 90 days	60	-	60
More than 90 days	316	-	316
	8,905,666	244	8,905,422
	16,287,286	837	16,286,449
Credit impaired:			
More than 90 days past due	770	770	-
	16,288,056	1,607	16,286,449
2017			
Neither past due nor impaired	38,865,659	-	38,865,659
Past due not impaired:			
Less than 30 days	26,396,633	-	26,396,633
31 to 60 days	13,826,793	-	13,826,793
61 to 90 days	5,093,110	-	5,093,110
More than 90 days	14,456,305	-	14,456,305
	59,772,841	-	59,772,841
	98,638,500	-	98,638,500

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

As at 31 December 2018, trade receivables of RM8,905,422 (2017: RM59,772,841) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

10. Trade Receivables (Cont'd)

The currency exposure profiles of trade receivables are as follows:

	Group	
	2018 RM	2017 RM
United States Dollar	11,295	6,611

11. Other Receivables

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other receivables	1,462,704	635,273	16,188	12,968
Deposits	102,674	261,508	64,866	205,216
Prepayments	617,953	920,133	578,442	711,938
GST recoverable	207,502	41,352	8,035	-
	2,390,833	1,858,266	667,531	930,122

Included in prepayments of the Group and the Company are RM Nil (2017: RM646,368) and RM Nil (2017: RM637,671) respectively relates to the expenses incurred for the proposed listing on Australian Securities Exchange ("ASX").

12. Amount Due from/(to) Subsidiary Companies

	Company	
	2018 RM	2017 RM
Amount due from subsidiary companies		
Trade related	1,132,800	1,038,800
Non-trade related	14,021,658	3,001,622
	15,154,458	4,040,422
Less: Accumulated impairment losses	(29,412)	-
	15,125,046	4,040,422
Amount due to subsidiary companies		
Non-trade related	4,385,559	-

Trade balance is given credit term of 30 to 90 days (2017: 30 to 90 days).

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

During the financial year, the Company conducted a review of the recoverable amounts of amount due from subsidiary companies. The recoverable amounts are determined using the fair value less cost of disposal approach, and this is derived using adjusted net assets of the subsidiary companies as at end of the reporting period. The fair values are within level 3 of the fair value hierarchy. An impairment loss of RM29,412 (2017: RM Nil) was recognised during the financial year.

13. Fixed Deposits with Licensed Banks

The interest rates and maturities of deposits of the Group and Company at the end of the reporting period is 3.20% (2017: ranging from 2.95% to 3.00%) and 30 days (2017: ranging from 30 to 90 days) respectively.

14. Cash and Bank Balances

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
United States Dollar	1,721	13,369	-	148
Australian Dollar	14,018	88,605	14,018	-
Singapore Dollar	-	3,087	-	2,503
Thai Baht	-	14,587	-	14,587
Myanmar Kyat	475	475	-	-
Chinese Renminbi	-	5,933	-	-
Indonesia Rupiah	-	2,491	-	-

15. Assets Classified as Held for Sale

	Group	
	2018 RM	2017 RM
Investment Properties		
At 1 January	828,000	-
Disposal	(828,000)	-
Transfer from investment properties (Note 5)	-	828,000
At 31 December	-	828,000

On 30 August 2017, the Group entered into Sale and Purchase Agreements ("SPAs") with third party for the disposal of certain investment properties for a total cash consideration of RM2,400,000. The disposal of the investment properties was completed on 20 March 2018, and had resulted a gain of RM1,572,000 recognised in statement of profit or loss and other comprehensive income.

16. Share Capital

	Group and Company			
	Number of Shares		Amount	
	2018 Units	2017 Units	2018 RM	2017 RM
Ordinary shares with no par value				
Issued and fully paid				
At 1 January	345,199,800	283,722,800	50,450,491	28,372,280
Issuance of ordinary shares	-	31,381,000	-	10,393,387
Conversion of Warrants	-	3,266,000	-	424,580
Exercise of SIS options	50,000	26,830,000	12,765	6,849,699
Transfer from share premium in accordance with Section 618(2) of the Companies Act, 2016*	-	-	-	4,410,545
At 31 December	345,249,800	345,199,800	50,463,256	50,450,491

* *The new Companies Act 2016 (the "Act"), which come into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM4,410,545 become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM4,410,545 for purposes as set out in Section 618(3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.*

During the financial year, the Company issued 50,000 ordinary shares through the exercise of the Share Issuance Scheme ("SIS") Options at an issue price of RM0.183 each for cash consideration.

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

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

17. Reserves

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Share premium	(a)	-	-	-	-
Warrant reserve	(b)	20,489,250	20,489,250	20,489,250	20,489,250
Other reserve	(c)	(20,489,250)	(20,489,250)	(20,489,250)	(20,489,250)
Share Issuance Scheme Option reserve	(d)	789,516	977,496	789,516	977,496
Foreign currency translation reserve	(e)	-	5,207	-	-
Accumulated losses		(24,136,811)	(24,812,580)	(18,098,211)	(12,550,867)
		(23,347,295)	(23,829,877)	(17,308,695)	(11,573,371)

17. Reserves (Cont'd)

(a) Share premium

	Group and Company 2018 RM	2017 RM
At 1 January	-	4,410,545
Transfer to share capital in accordance with Section 618(2) of the Companies Act, 2016	-	(4,410,545)
At 31 December	-	-

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of shares. As disclosed in Note 16, share premium has become part of the Company's share capital.

(b) 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 RM0.10 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 135,690,400 (2017: 135,690,400).

(c) Other reserve

This represents fair value allocated to the detachable warrants issued in conjunction with rights issue refer to Note 17(b).

(d) Share Issuance Scheme Option reserve

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 29.

17. Reserves (Cont'd)

(e) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

18. Finance Lease Liabilities

	Group and Company	
	2018 RM	2017 RM
Future minimum lease payments		
Within one year	86,549	96,477
Later than one year and not later than two years	36,084	50,465
Later than two years and not later than five years	11,996	-
	134,629	146,942
Less: Future finance charges	(5,834)	(5,689)
Present value of minimum lease payments	128,795	141,253
Present value of minimum lease payments		
Within one year	82,393	91,611
Later than one year and not later than two years	34,529	49,642
Later than two years and not later than five years	11,873	-
	128,795	141,253
Analysed as:		
Repayable within twelve months	82,393	91,611
Repayable after twelve months	46,402	49,642
	128,795	141,253

The finance lease liabilities are secured by a charge over the leased assets as disclosed in Note 4(b). The interest rate for the leases is ranging from 2.72% to 2.74% (2017: 2.72% to 3.50%) per annum.

19. Trade Payables

Credit terms of trade payables of the Group and Company is 30 days (2017: 30 to 90 days) depending on the terms of the contracts.

Included in trade payables of the Group is RM Nil (2017: RM1,781) due to an associate company. This amount is unsecured, non-interest bearing and is repayable on demand.

20. Other Payables

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables	1,422,772	1,168,189	26,733	47,631
Accruals	341,374	232,521	83,038	67,819
Deposits received	-	793,096	-	-
Deferred revenue	314,062	275,057	-	-
Service tax payable	71,796	-	-	-
GST payable	-	87,937	-	34,684
	2,150,004	2,556,800	109,771	150,134

Included in other payables of the Group and the Company are RM2,432 (2017: RM2,911) and RM1,360 (2017: RM1,667) respectively due to a company in which certain directors has substantial financial interests.

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

21. Revenue

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Revenue from contracts with customers:				
Gross receivables from online sales	147,037,682	36,994,201	-	-
Less: Gross payables from online sales	(146,596,569)	(36,883,180)	-	-
Commission	441,113	111,021	-	-
Rendering of services	3,857,109	3,729,747	-	-
Sales of goods	174,069,831	138,890,194	-	-
Management fees	27,000	-	2,031,000	1,560,000
	178,395,053	142,730,962	2,031,000	1,560,000
Revenue from other sources:				
Interest income	131,676	108,335	131,676	108,335
Rental income	18,000	-	18,000	-
	149,676	108,335	149,676	108,335
	178,544,729	142,839,297	2,180,676	1,668,335

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

21. Revenue (Cont'd)

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

	ICT Securities Business RM	E-Commerce Business RM	Digital Contents Business RM	Management Services RM	Total RM
2018					
Major goods and services:					
Gross receivables from online sales	-	147,037,682	-	-	147,037,682
Less: Gross payable from online sales	-	(146,596,569)	-	-	(146,596,569)
Commission	-	441,113	-	-	441,113
Rendering of services	517,368	794,597	2,545,144	-	3,857,109
Sales of goods	-	174,069,831	-	-	174,069,831
Management fees	-	-	-	27,000	27,000
Total revenue from contracts with customers	517,368	175,305,541	2,545,144	27,000	178,395,053
Geographical market:					
Malaysia	517,368	175,271,318	2,504,706	27,000	178,320,392
United States	-	-	28,279	-	28,279
Others	-	34,223	12,159	-	46,382
Total revenue from contracts with customers	517,368	175,305,541	2,545,144	27,000	178,395,053
Timing of revenue recognition:					
At a point in time	517,368	175,305,541	2,545,144	27,000	178,395,053
2017					
Major goods and services:					
Gross receivables from online sales	-	36,994,201	-	-	36,994,201
Less: Gross payable from online sales	-	(36,883,179)	-	-	(36,883,179)
Commission	-	111,022	-	-	111,022
Rendering of services	1,482,255	133,544	2,113,948	-	3,729,747
Sales of goods	-	138,890,193	-	-	138,890,193
Management fees	-	-	-	-	-
Total revenue from contracts with customers	1,482,255	139,134,759	2,113,948	-	142,730,962
Geographical market:					
Malaysia	1,482,255	139,128,658	2,055,500	-	142,666,413
United States	-	-	45,304	-	45,304
Others	-	6,101	13,144	-	19,245
Total revenue from contracts with customers	1,482,255	139,134,759	2,113,948	-	142,730,962
Timing of revenue recognition:					
At a point in time	1,482,255	139,134,759	2,113,948	-	142,730,962

22. Finance Cost

	Group and Company 2018 RM	2017 RM
Interest expense on:		
Finance leases liabilities	8,075	10,939

23. Profit/(Loss) Before Tax

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Amortisation of development expenditures	335,255	140,674	-	-
Auditors' remuneration:				
Statutory:				
- current year	70,500	48,000	20,000	20,000
- under provision in prior year	180	-	-	-
Others:				
- current year	5,000	5,000	5,000	5,000
- under provision in prior year	-	5,000	-	5,000
Bad debts written off	306	-	-	-
Non-Executive Directors remuneration:				
- Fees	139,500	162,000	139,500	162,000
- Share-based payment	-	130,140	-	130,140
Depreciation of investment properties	50,000	85,207	50,000	50,000
Depreciation of property, plant and equipment	214,622	566,506	153,400	435,064
Development expenditures written off	-	400,000	-	400,000
Impairment losses on:				
- investment in subsidiary companies	-	-	4,058,425	-
- trade receivables	1,319	-	-	-
- amount due from subsidiary companies	-	-	29,412	-
Inventories written off	-	37,105	-	-
Property, plant and equipment written off	41,306	57,540	2	-
Rental of equipment	4,343	3,913	2,600	2,400
Rental of premises	355,513	572,598	124,800	258,864
Staff costs:				
- share-based payment	-	1,120,650	-	1,120,650
Loss on deregistration of a subsidiary company	-	-	2	-
(Gain)/Loss on disposal of investment in associate company	(4,952)	-	90,000	-
Gain on disposal of investment properties	-	(816,407)	-	-
Gain on disposal of property, plant and equipment	(20,932)	-	(19,707)	-
Gain on disposal of non-current assets held for sale	(1,572,000)	-	-	-
Loss/(Gain) in foreign exchange:				
- realised	(853)	572	(519)	(9)
- unrealised	29,099	47,055	(3)	156
Interest income	(147,516)	(113,788)	(131,676)	(108,335)
Rental income	(29,300)	(120,048)	(18,000)	-

24. Taxation

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Tax expenses recognised in profit or loss				
Current tax provision	101,068	146,098	-	-
Real property gain tax	72,000	27,400	-	-
(Over)/Under provision in prior years	(76,037)	25,607	-	-
Tax expenses for the financial year	97,031	199,105	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit/(loss) before taxation 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	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit/(Loss) before tax	560,562	(216,135)	(5,731,709)	(2,945,724)
At Malaysian statutory tax rate of 24% (2017: 24%)	134,535	(51,872)	(1,375,610)	(706,974)
Effect of different tax rate in other jurisdiction	9,820	(12,000)	-	-
Effect of income subject to real property gain tax	72,000	27,400	-	-
Income not subject to tax	(1,914,078)	(195,962)	(4,730)	-
Expenses not deductible for tax purposes	1,039,794	691,943	423,307	439,501
Deferred tax assets not recognised	942,329	3,695	957,033	373,261
Utilisation of previously unrecognised deferred tax assets	(110,322)	(289,706)	-	(105,788)
(Over)/Under provision of taxation in prior years	(76,037)	25,607	-	-
Overprovision of deferred taxation in prior year	(1,010)	-	-	-
Tax expense for the financial year	97,031	199,105	-	-

24. Taxation (Cont'd)

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	
	2018 RM	2017 RM	2018 RM	2017 RM
Unutilised capital allowances	883,239	878,091	582,455	507,776
Unutilised tax losses	16,139,234	12,606,349	11,263,765	7,385,380
	17,022,473	13,484,440	11,846,220	7,893,156

25. Earning/(Loss) Per Share

(a) Basic earning/(loss) per share

The basic earing/(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	
	2018 RM	2017 RM
Profit/(Loss) attributable to owners of the parent	463,531	(415,240)
Weighted average number of ordinary shares in issue		
Issued ordinary shares at 1 January	345,199,800	283,722,800
Effect of exercise of SIS options issued during the financial year	46,986	17,272,329
Weighted average number of ordinary shares at 31 December	345,246,786	300,995,129
Basic earning/(loss) per share(in sen)	0.13	(0.14)

(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	
	2018 RM	2017 RM
Profit/(Loss) attributable to ordinary shareholders	463,531	(415,240)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	345,246,786	300,995,129
Effect of share options on issue	1,366,088	6,733,733
Effect of conversion of Warrants	-	63,445,682
Weighted average number of ordinary shares at 31 December (diluted)	346,612,874	371,174,544
Diluted earning/(loss) per share(in sen)	0.13	(0.11)

26. Deferred Tax

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deferred tax liability	1,568	6,752	1,568	6,502
Deferred tax assets	(1,568)	(6,752)	(1,568)	(6,502)
	-	-	-	-

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deferred tax liability:				
Accelerated capital allowances				
At 1 January	6,752	34,960	6,502	18,350
Recognised in profit or loss	(5,184)	(28,208)	(4,934)	(11,848)
At 31 December	1,568	6,752	1,568	6,502
Deferred tax assets:				
Unutilised capital allowances				
At 1 January	6,502	32,468	6,502	18,350
Recognised in profit or loss	(4,934)	(25,966)	(4,934)	(11,848)
At 31 December	1,568	6,502	1,568	6,502
Unutilised tax losses				
At 1 January	250	2,492	-	-
Recognised in profit or loss	(250)	(2,242)	-	-
At 31 December	-	250	-	-
	1,568	6,752	1,568	6,502

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unutilised capital allowances	878,193	857,544	575,922	480,684
Unutilised tax losses	16,054,147	12,606,349	11,263,765	7,385,380
Taxable temporary differences	9,698	11,449	(6,534)	(20,547)
	16,942,038	13,475,342	11,833,153	7,845,517

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

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31 DECEMBER 2018 (CONT'D)

27. Staff Costs

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Fee	7,099	122,880	-	-
Salaries and allowances	3,284,226	3,173,669	1,272,698	1,279,337
Defined contribution plans	366,143	352,715	188,403	153,977
Employee insurance system	2,130	-	846	-
Social security costs	18,631	25,377	7,401	9,122
Share-based payment expenses	-	1,120,650	-	1,120,650
Other benefits	109,724	129,042	70,491	65,398
Benefits-in-kind	39,833	38,300	32,633	31,100
	3,827,786	4,962,633	1,572,472	2,659,584
Less: staff costs capitalised into development expenditure	(873,996)	(1,118,311)	-	-
	2,953,790	3,844,322	1,572,472	2,659,584

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	
	2018 RM	2017 RM	2018 RM	2017 RM
Executive Directors				
Salaries and allowances	1,022,500	720,000	710,000	420,000
Defined contribution plans	160,640	86,400	121,390	50,400
Employee insurance system	269	-	174	-
Social security costs	2,347	1,658	1,519	829
Share-based payment expenses	-	442,476	-	442,476
Benefits-in-kind	39,833	38,300	32,633	31,100
	1,225,589	1,288,834	865,716	944,805
Less: staff costs capitalised into development expenditure	(211,604)	(202,097)	-	-
	1,013,985	1,086,737	865,716	944,805

28. Reconciliation of Liabilities Arising from Financing Activities

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

	At 1 January RM	New finance lease RM	Financing cash flows RM	At 31 December RM
Group				
2018				
Finance lease liabilities	141,253	100,000	(112,458)	128,795
2017				
Amount due to associate company	2,779	-	(2,779)	-
Finance lease liabilities	256,626	-	(115,373)	141,253
	259,405	-	(118,152)	141,253
Company				
2018				
Amount due to subsidiary companies	-	-	4,385,559	4,385,559
Finance lease liabilities	141,253	100,000	(112,458)	128,795
	141,253	100,000	4,273,101	4,514,354
2017				
Amount due to subsidiary companies	1,167,529	-	(1,167,529)	-
Finance lease liabilities	256,626	-	(115,373)	141,253
	1,424,155	-	(1,282,902)	141,253

29. 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.

29. Share Issuance Scheme ("SIS") (Cont'd)

The salient features of the SIS Options are as follows: (Cont'd)

(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.

(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.

(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:

		Number of options over ordinary shares			
Date of offer	**Exercise price**	**At 1.1.2018**	**Exercised**	**Lapsed**	**At 31.12.2018**
24 March 2015	0.183	13,520,000	(50,000)	(2,550,000)	10,920,000

Number of share options exercisable as at 31 December 2018 is 10,920,000 (2017: 13,520,000). The weighted average share price at the date of exercise for the financial year was RM0.183 (2017: RM0.183) per share option.

Details of SIS Options outstanding at end of the financial year are as follows:

SIS Options	**Weighted average exercise price 2018 RM**	**2017 RM**	**Exercise period**
24 March 2015	0.183	0.183	24.03.2015 - 12.03.2020

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:

	2018 RM	**2017 RM**
Fair value at grant date:		
24 March 2015	0.0723	0.0723
Weighted average share price	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

29. Share Issuance Scheme ("SIS") (Cont'd)

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.

30. 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 of the Company are as follows:

	2018 RM	2017 RM
Group		
Transactions with companies in which certain Directors have substantial financial interests		
Provision of services	-	53,000
Rental income received/receivable	12,000	60,000
Rental of premises paid/payable	318,331	448,947
Services rendered	10,400	184,000
Company		
Transactions with subsidiary companies		
Management fee	2,004,000	1,560,000
Transactions with a former associate company		
Management fee	27,000	-
Transactions with companies in which a Director of the Company has substantial financial interests		
Rental income received/receivable	-	12,000
Rental of premises paid/payable	124,800	258,864

30. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management personnel are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, fees and other emoluments	1,558,419	1,608,537	1,025,800	995,083
Share-based payment expenses	-	864,708	-	864,708
Social security costs	4,626	5,016	2,486	3,359
Employee insurance system	529	-	284	-
Defined contributions plan	207,263	157,512	142,450	99,972
Benefits-in-kind	39,833	38,300	32,633	31,100
	1,810,670	2,674,073	1,203,653	1,994,222
Less: staff costs capitalised into development expenditure	(438,499)	(393,745)	-	-
	1,372,171	2,280,328	1,203,653	1,994,222

31. Segment Information

For management purposes, the Group is organised into business unit based on their products and services provided, as follows:

ICT Security Business	Provides the solutions, products and services in the information technology security sector. It includes managed security services, security-enhanced enterprise solutions, managed infrastructure services, IT hardware and software trading, professional consultancy, system development, security penetration testing, forensic research and specialised training services.
E-Commerce Business	Research, development of online marketplace which caters for business to business (b2b) and business to customer (b2c) transactions and operations of e-commerce platform.
Digital Contents Business	Provides e-media technologies and solutions for digital media industries and contents aggregation, development of mobile applications, games and portals.
Management Services	Investment holding and provision of management services.

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.

31. Segment Information (Cont'd)

	ICT Securities Business RM	E-Commerce Business RM	Digital Contents Business RM	Management Services RM	Eliminations RM	Per consolidated financial statements RM
2018						
Revenue						
External customers	517,368	175,305,541	2,545,144	176,676	-	178,544,729
Inter segment	256,702	704	39,974	2,004,000	(2,301,380)	-
Total revenue	774,070	175,306,245	2,585,118	2,180,676	(2,301,380)	178,544,729
Segment results						
Interest income	2,765	11,925	1,150	-	-	15,840
Finance costs	-	-	-	(8,075)	-	(8,075)
Depreciation and amortisation	(14,420)	(160,260)	(221,797)	(203,400)	-	(599,877)
Other non-cash item	1,571,053	(44,855)	(25,004)	(4,128,719)	4,153,379	1,525,854
Segments profit/(loss) before tax	892,627	(707,913)	877,335	(5,731,709)	5,230,222	560,562
Assets						
Addition to property, plant and equipment	2,620	-	-	209,129	-	211,749
2017						
Revenue						
External customers	1,482,255	139,134,759	2,113,948	108,335	-	142,839,297
Inter segment	294,437	2,970	-	1,560,000	(1,857,407)	-
Total revenue	1,776,692	139,137,729	2,113,948	1,668,335	(1,857,407)	142,839,297
Segment results						
Interest income	1,267	3,170	1,016	-	-	5,453
Finance costs	-	-	-	(10,939)	-	(10,939)
Depreciation	(62,404)	(85,269)	(159,650)	(485,064)	-	(792,387)
Other non-cash item	816,340	(140,565)	(912)	(1,650,946)	-	(976,083)
Segments profit/(loss) before tax	766,367	1,378,620	639,611	(2,945,724)	(55,009)	(216,135)
Assets						
Addition to property, plant and equipment	-	-	-	10,246	-	10,246

31. 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 2018 RM	Group 2017 RM
Bad debts written off	(306)	-
Development expenditures written off	-	(400,000)
Gain on disposal of non-current assets held for sale	1,572,000	-
Gain on disposal of investment properties	-	816,407
Gain on disposal of property, plant and equipment	20,932	-
Impairment loss on trade receivables	(1,319)	-
Inventories written off	-	(37,105)
Gain on disposal of investment in associate company	4,952	-
Property, plant and equipment written off	(41,306)	(57,540)
Share-base payment	-	(1,250,790)
Unrealised loss on foreign exchange	(29,099)	(47,055)
	1,525,854	(976,083)

(c) Geographic information

Revenue information based on the geographical location of customers is as follows:

	Group 2018 RM	Group 2017 RM
Malaysia	178,470,068	142,774,748
United States	28,279	45,304
Others	46,382	19,245
	178,544,729	142,839,297

(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:

	Group 2018 RM	Group 2017 RM
Group		
- Customer A	20,459,179	27,147,912
- Customer B	-	19,530,417
	20,459,179	46,678,329

32. 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	
2018	
Financial assets	
Trade receivables	16,286,449
Other receivables	1,565,378
Fixed deposits with licensed banks	4,048,058
Cash and bank balances	2,961,189
	24,861,074
Financial liabilities	
Trade payables	1,373,966
Other payables	1,764,146
Finance lease liabilities	128,795
	3,266,907
Company	
2018	
Financial assets	
Other receivables	81,054
Amount due from subsidiary companies	15,125,046
Fixed deposits with licensed banks	4,048,058
Cash and bank balances	839,693
	20,093,851
Financial liabilities	
Other payables	109,771
Amount due to subsidiary companies	4,385,559
Finance lease liabilities	128,795
	4,624,125

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

32. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Other financial liabilities measured at amortised cost RM	Total RM
Group			
2017			
Financial assets			
Trade receivables	98,638,500	-	98,638,500
Other receivables	896,781	-	896,781
Fixed deposits with licensed banks	5,041,351	-	5,041,351
Cash and bank balances	15,493,822	-	15,493,822
	120,070,454	-	120,070,454
Financial liabilities			
Trade payables	-	96,772,250	96,772,250
Other payables	-	2,193,806	2,193,806
Finance lease liabilities	-	141,253	141,253
	-	99,107,309	99,107,309
Company			
2017			
Financial assets			
Other receivables	218,184	-	218,184
Amount due from subsidiary companies	4,040,422	-	4,040,422
Fixed deposits with licensed banks	5,041,351	-	5,041,351
Cash and bank balances	7,861,553	-	7,861,553
	17,161,510	-	17,161,510
Financial liabilities			
Other payables	-	115,450	115,450
Finance lease liabilities	-	141,253	141,253
	-	256,703	256,703

(b) 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 financial risks, including 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 and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

32. Financial Instruments (Cont'd)

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

(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.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018 (CONT'D)

32. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	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					
2018					
Non-derivative financial liabilities					
Trade payables	1,373,966	-	-	1,373,966	1,373,966
Other payables	1,764,146	-	-	1,764,146	2,150,004
Finance lease liabilities	86,549	36,084	11,996	134,629	128,795
	3,224,661	36,084	11,996	3,272,741	3,652,765
2017					
Non-derivative financial liabilities					
Trade payables	96,772,250	-	-	96,772,250	96,772,250
Other payables	2,193,806	-	-	2,193,806	2,556,800
Finance lease liabilities	96,477	50,465	-	146,942	141,253
	99,062,533	50,465	-	99,112,998	99,470,303
Company					
2018					
Non-derivative financial liabilities					
Other payables	109,771	-	-	109,771	109,771
Amount due to					-
subsidiary companies	4,385,559	-	-	4,385,559	4,385,559
Finance lease liabilities	86,549	36,084	11,996	134,629	128,795
	4,581,879	36,084	11,996	4,629,959	4,624,125
2017					
Non-derivative financial liabilities					
Other payables	115,450	-	-	115,450	150,134
Finance lease liabilities	96,477	50,465	-	146,942	141,253
	211,927	50,465	-	262,392	291,387

32. Financial Instruments (Cont'd)

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

(iii) Market risks

(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), Australian Dollar (AUD), Singapore Dollar (SGD), Thai Bhat (THB), Myanmar Dollar (KYAT), Chinese Renminbi (RMB) and Indonesia Rupiah (IDR).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

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	AUD RM	SGD RM	THB RM	KYAT RM	RMB RM	IDR RM	Total RM
Group								
2018								
Cash and bank balances	1,721	14,018	-	-	475	-	-	16,214
Trade receivables	11,295	-	-	-	-	-	-	11,295
	13,016	14,018	-	-	475	-	-	27,509
2017								
Cash and bank balances	13,369	88,605	3,087	14,587	475	5,933	2,491	128,547
Trade receivables	6,611	-	-	-	-	-	-	6,611
	19,980	88,605	3,087	14,587	475	5,933	2,491	135,158
Company								
2018								
Cash and bank balances	-	14,018	-	-	-	-	-	14,018
2017								
Cash and bank balances	148	-	2,503	14,587	-	-	-	17,238

32. Financial Instruments (Cont'd)

(b) 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 loss before tax to a reasonably possible change in the USD, AUD, SGD, THB, KYAT, RMB and IDR exchange rates against RM, with all other variables held constant.

	Change in currency rate RM	2018 Effect on profit before tax RM	Change in currency rate RM	2017 Effect on loss before tax RM
Group				
USD	Strengthened 1%	130	Strengthened 1%	200
	Weakened 1%	(130)	Weakened 1%	(200)
AUD	Strengthened 1%	140	Strengthened 1%	886
	Weakened 1%	(140)	Weakened 1%	(886)
SGD	Strengthened 1%	-	Strengthened 1%	31
	Weakened 1%	-	Weakened 1%	(31)
THB	Strengthened 1%	-	Strengthened 1%	146
	Weakened 1%	-	Weakened 1%	(146)
KYAT	Strengthened 1%	5	Strengthened 1%	5
	Weakened 1%	(5)	Weakened 1%	(5)
RMB	Strengthened 1%	-	Strengthened 1%	59
	Weakened 1%	-	Weakened 1%	(59)
IDR	Strengthened 1%	-	Strengthened 1%	25
	Weakened 1%	-	Weakened 1%	(25)

	Change in currency rate RM	2018 Effect on loss before tax RM	Change in currency rate RM	2017 Effect on loss before tax RM
Company				
USD	Strengthened 1%	-	Strengthened 1%	1
	Weakened 1%	-	Weakened 1%	(1)
AUD	Strengthened 1%	140	Strengthened 1%	-
	Weakened 1%	(140)	Weakened 1%	-
SGD	Strengthened 1%	-	Strengthened 1%	25
	Weakened 1%	-	Weakened 1%	(25)
THB	Strengthened 1%	-	Strengthened 1%	146
	Weakened 1%	-	Weakened 1%	(146)

The Group's exposure to sensitivity of currency risk is insignificant as the transactional currencies are mostly in the functional currencies of the respective operating entities.

32. Financial Instruments (Cont'd)

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

(iii) Market risks (Cont'd)

(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 of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group and Company	
	2018	**2017**
	RM	**RM**
Fixed rate instruments		
Financial assets	4,048,058	5,041,351
Financial liabilities	(128,795)	(141,253)

Interest rate risk sensitivity analysis

<u>Fair value sensitivity analysis for fixed rate instruments</u>

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.

(c) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

32. Financial Instruments (Cont'd)

(c) Fair value of financial instruments (Cont'd)

	Fair value of financial instruments not carried at fair value			
	Level 1 RM	Level 2 RM	Level 3 RM	Carrying amount RM
Group and Company				
2018				
Financial liabilities (Non-current)				
Finance lease liabilities	-	44,991	-	46,402
Group and Company				
2017				
Financial liabilities (Non-current)				
Finance lease liabilities	-	47,893	-	49,642

(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).

<u>Non-derivative financial instruments</u>
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.

33. 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.

33. Capital Management (Cont'd)

The Group and the Company monitors 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	
	2018 RM	2017 RM	2018 RM	2017 RM
Total loans and borrowings	128,795	141,253	128,795	141,253
Less: Cash and cash equivalents	(7,009,247)	(20,535,173)	(4,887,751)	(12,902,904)
Excess funds	(6,880,452)	(20,393,920)	(4,758,956)	(12,761,651)
Shareholders' equity	27,115,961	26,620,614	33,154,561	38,877,120
Gearing ratio	*	*	*	*

* *Gearing ratio not applicable to the Group and the Company as the cash and cash equivalents as at 31 December 2018 and 31 December 2017 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.

34. Significant Events

Proposed listing of subsidiary companies on the Australian Securities Exchange

On 23 November 2016, the Company, AppAsia Berhad ("AppAsia") had announced to propose listing the Company together with three fellow wholly-owned subsidiary companies, namely AppAsia Studio Sdn. Bhd. ("ASSB"), AppAsia Mall Sdn. Bhd. ("AMSB"), AppAsia International Sdn. Bhd. ("ALSB") (collectively referred to as ("Subsidiary Companies") on the Australian Securities Exchange ("ASX") via an investment holding company to be incorporated in Australia ("Proposed Listing").

On 13 March 2017, AppAsia entered into Share Purchase Agreement ("SPA 1") with AppAsia Limited ("AL") to dispose the subsidiary companies ASSB, AMSB and AISB to AL for a sale consideration of AUD204,478 (equivalent to RM695,225), AUD225,388 (equivalent to RM766,319) and AUD113,749 (equivalent to RM386,747) respectively, to be satisfied via the issuance of new ordinary shares in AL to AppAsia ("Proposed Disposal").

On the same date, the ALSB entered into a share purchase agreement ("SPA 2") with AL to dispose of its wholly-owned subsidiary company, AppAsia International Pty Ltd ("AIPL") to AL for a sale consideration of AUD115,331 (equivalent to RM392,125) to be satisfied via the issuance of new ordinary shares in AL to AppAsia ("Proposed AIPL Disposal").

After the Proposals, the subsidiary companies and AIPL will become a wholly-owned subsidiary company of AL while AppAsia becomes holding company of AL.

34. Significant Events (Cont'd)

Proposed listing of subsidiary companies on the Australian Securities Exchange (Cont'd)

The Proposal are subject to the following approvals being obtained:

(i) the shareholders of AppAsia for the Proposed Listing at an extraordinary general meeting to be convened;
(ii) ASX; and
(iii) any other relevant authorities or parties, if required.

On 14 May 2018, AppAsia decided not to proceed with the Proposed Listing.

Proposed reduction of share capital

On 1 October 2018, the Company announced to Bursa Malaysia Securities Berhad, a proposal to implement a Corporate Exercise. The details of the corporate exercise are as follows:

- proposed reduction of up to RM24,000,000 from the issued and paid up share capital of AppAsia pursuant to Section 116 of the Companies Act, 2016.

On 9 November 2018, the Company had via Extraordinary General Meeting to get the authority and approval from shareholders to reduce the share capital.

On 18 December 2018, the Company had via its legal counsel filed a petition to the High Court of Malaya, Kuala Lumpur in relation to the Proposed Share Capital Reduction.

On 6 March 2019, the Company had granted an order from High Court of Malaya confirming the Share Capital Reduction. The sealed order will be extracted and an office copy of the order will be lodged with the Companies Commission of Malaysia for the Share Capital Reduction to take effect.

On 11 March 2019, an office copy of the sealed order of the High Court of Malaya confirming the Share Capital Reduction has been lodged with Companies Commission of Malaysia. Pursuant thereto, the Share Capital Reduction shall therefore take effect and be deemed completed.

35. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 December 2018 were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 March 2019.

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 31.12.2018 RM	Date of acquisition
1	No. 101, 101A, 101B & 101C, Persiaran Pegaga, Taman Bayu Perdana, 41200 Klang, Selangor	Office Lot	1,496	23 years	Freehold	1,224,167	15 December 2015
2	No. 103, 103A, 103B & 103C, Persiaran Pegaga, Taman Bayu Perdana, 41200 Klang, Selangor	Office Lot	1,496	23 years	Freehold	1,128,000	15 December 2015

ANALYSIS OF SHAREHOLDINGS
AS AT 25 MARCH 2019

SHARE CAPITAL

Total Number of Issued Shares	: 345,249,800
Class of Shares	: Ordinary Shares
Voting Rights	: One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 25 MARCH 2019

Size of Holding	No. of shareholders	% of shareholders	No. of Shares	% of shares
1 – 99	16	0.79	269	0.00
100 - 1,000	265	13.11	99,650	0.03
1,001 - 10,000	589	29.14	4,096,581	1.19
10,001 - 100,000	894	44.24	36,505,700	10.57
100,001 - 17,262,489 *	255	12.62	242,177,800	70.15
17,262,490 AND ABOVE **	2	0.10	62,369,800	18.07
Total	**2,021**	**100.00**	**345,249,800**	**100.00**

Remark:
** - Less than 5% of Issued Shares*
*** - 5% and above of Issued Shares*

SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE) AS AT 25 MARCH 2019

No.	Name of Substantial Shareholders	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	Richmond Virginia Tobacco Sdn. Bhd.	42,000,000	12.17	-	-
2	Toh Hong Chye	31,266,700	9.06	42,000,000*	12.17*
3	Yong Mai Fang	7,100,000	2.06	42,000,000*	12.17*

* *Deemed Interest through Richmond Virginia Tobacco Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.*

DIRECTORS' INTERESTS IN SHARES AS AT 25 MARCH 2019

No.	Name of Directors	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	Datuk Wira Rahadian Mahmud Bin Mohammad Khalil	-	-	-	-
2	Toh Hong Chye	31,266,700	9.06	42,000,000*	12.17*
3	Wong Ngai Peow	2,903,000	0.84	-	-
4	Datuk Low Kim Leng	1,000,000	0.29	-	-
5	Yong Mai Fang	7,100,000	2.06	42,000,000*	12.17*
6	Tiew Chee Ming	-	-	-	-

* *Deemed interest through Richmond Virginia Tobacco Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.*

ANALYSIS OF SHAREHOLDINGS AS AT 25 MARCH 2019 (CONT'D)

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 25 MARCH 2019)

No.	Name of Shareholders	No. of Shares	%
1	RHB Capital Nominees (Tempatan) Sdn. Bhd. Richmond Virginia Tobacco Sdn. Bhd.	42,000,000	12.17
2	RHB Nominees (Tempatan) Sdn. Bhd. Toh Hong Chye	20,369,800	5.90
3	Fong Poh Chee	15,500,000	4.49
4	Lee See Yang	15,500,000	4.49
5	Tengku Puteri Zainah Binti Tengku Eskandar	15,500,000	4.49
6	Mohd Nazifuddin Bin Mohd Najib	15,000,000	4.34
7	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Liaw Tze Shung @ Richard (E-KKU)	14,817,600	4.29
8	RHB Capital Nominees (Tempatan) Sdn. Bhd. Tan Chin Hoong	14,500,000	4.20
9	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Toh Hong Chye	10,896,900	3.16
10	Tan Vin Shyan	10,000,000	2.90
11	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Rajinder Kaur A/P Piara Singh (Margin)	8,261,300	2.39
12	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong King Seng	8,167,700	2.37
13	Yong Mai Fang	7,100,000	2.06
14	Chiong Miaw Thuan	3,850,000	1.12
15	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Vincent Tan Seng Chye	3,420,000	0.99
16	Chung, Chih-Chieh	3,315,100	0.96
17	Wong Ngai Peow	2,500,000	0.72
18	RHB Capital Nominees (Asing) Sdn. Bhd. Pledged Securities Account For Lim Hun Swee (CEB)	2,200,000	0.64
19	Chong Chiew Tshung	2,160,000	0.63
20	RHB Nominees (Tempatan) Sdn. Bhd. Ooi Hock Lai	2,050,000	0.59
21	Toh Chee Seng	2,000,000	0.58
22	Lim Boon Seng	1,989,100	0.58
23	Tan Kwang Kui	1,903,800	0.55
24	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Beng De @ Gho Beng De (CCTS)	1,650,000	0.48
25	Tan Kok Sing	1,603,000	0.46
26	Teo Peng Boon	1,521,900	0.44
27	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chu Chin (471507)	1,416,000	0.41
28	Boon Chang Sheng	1,306,000	0.38
29	Thor Poh Keow	1,200,000	0.35
30	Goh Pei Kiat	1,199,300	0.35

ANALYSIS OF WARRANTS HOLDINGS AS AT 25 MARCH 2019

Issued Size : 135,690,400 free detachable warrants issued pursuant to the Renounceable Rights Issue with Warrants exercise

Number of Warrants Holders : 871

DISTRIBUTION OF WARRANTS HOLDINGS AS AT 25 MARCH 2019

Size of Holding	No. of Warrants Holders	% of Warrants Holders	No. of Warrants Holdings	% of Warrants Holdings
1 – 99	3	0.34	100	0.00
100 - 1,000	19	2.18	13,300	0.01
1,001 - 10,000	117	13.43	878,000	0.65
10,001 - 100,000	480	55.11	23,024,900	16.97
100,001 - 6,784,519*	252	28.93	111,774,100	82.37
6,784,520 AND ABOVE **	0	0.00	0	0.00
Total	**871**	**100.00**	**135,690,400**	**100.00**

Remark:
** - Less than 5% of Issued Warrants*
*** - 5% and above of Issued Warrants*

DIRECTORS' INTERESTS IN WARRANTS AS AT 25 MARCH 2019

No.	Name of Directors	No. of Warrants held Direct	%	No. of Warrants held Indirect	%
1	Datuk Wira Rahadian Mahmud Bin Mohammad Khalil	-	-	-	-
2	Toh Hong Chye	-	-	-	-
3	Wong Ngai Peow	1,500	0.001	-	-
4	Datuk Low Kim Leng	-	-	-	-
5	Yong Mai Fang	-	-	-	-
6	Tiew Chee Ming	-	-	-	-

LIST OF TOP 30 LARGEST WARRANTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 25 MARCH 2019)

No.	Name of Warrants Holders	No. of Warrants	%
1	Ooi Han Ewe	5,838,000	4.30
2	Mohd Nazifuddin Bin Mohd Najib	4,250,000	3.13
3	Chung, Chih-Chieh	3,740,000	2.76
4	Ng Thian Huat	2,896,400	2.13
5	Lim Chee Seong	2,004,400	1.48
6	Tey Swee Guat	1,977,100	1.46
7	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Goh Beng De @ Gho Beng De (CCTS)	1,896,100	1.40
8	Foo Seck Yan	1,763,000	1.30

ANALYSIS OF WARRANTS HOLDINGS AS AT 25 MARCH 2019 (CONT'D)

LIST OF TOP 30 LARGEST WARRANTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 25 MARCH 2019) (Cont'd)

No.	Name of Warrants Holders	No. of Warrants	%
9	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Vincent Tan Seng Chye	1,710,000	1.26
10	Tan Kok Sing	1,700,000	1.25
11	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Cheah Song Kang @ Chiah Jee Ba (CEB)	1,620,000	1.19
12	Yap Yoon Sing	1,534,200	1.13
13	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Tak Keong	1,492,000	1.10
14	Lim Yau Chong	1,192,900	0.88
15	Wong Khee Bin	1,130,000	0.83
16	Soo Tong Hui	1,100,000	0.81
17	Tie Pek Ha @ Tie Pik Ha	1,067,000	0.79
18	Keh Suk Lan	1,064,200	0.78
19	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Yap Ping Tiong (6000453)	1,060,000	0.78
20	Khor Jiunn Yih	1,027,000	0.76
21	Chee Chin Seng	1,000,000	0.74
22	Choo Wai Kit	1,000,000	0.74
23	Lee Boon Kiat @ Lee Ban Kiat	972,000	0.72
24	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leow Teik Heng (023)	900,000	0.66
25	Tiew Siow Ling	900,000	0.66
26	Leow Kah Ling	871,500	0.64
27	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Kam Choon (E-JBU)	850,000	0.63
28	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Tak Keong	850,000	0.63
29	Ng Oi Lean	800,000	0.59
30	Tan Kok Sing	800,000	0.59

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth (15th) Annual General Meeting ("AGM") of AppAsia Berhad ("AppAsia" or "the Company") will be held at Level 8, Auditorium, Menara Prudential, No. 10, Jalan Sultan Ismail, 50250 Kuala Lumpur on Saturday, 1 June 2019 at 10.30 a.m. or at any adjournment thereof for the following purposes:

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Note 1 of the Explanatory Notes on Ordinary Business)**

2. To approve the payment of Directors' fees and other benefits payable up to RM350,000.00 to the Directors of the Company from 2 June 2019 until the conclusion of the next Annual General Meeting of the Company. **Ordinary Resolution 1**

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

   i) Toh Hong Chye **Ordinary Resolution 2**
   ii) Datuk Low Kim Leng **Ordinary Resolution 3**

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

As Special Business:

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

5. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 5**

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

6. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL SHAREHOLDERS MANDATE")**

Ordinary Resolution 6

"THAT subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), approval be and is hereby given for the Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature for the Company and/or its subsidiaries to enter into and to give effect to the category of the recurrent related party transactions of a revenue or trading nature from time to time with the Related Party as specified in Part A of the Statement/Circular to Shareholders dated 30 April 2019 provided that such transactions are:-

(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 AGM of the Company following this AGM at which such Shareholders' Mandate is passed, at which it will lapse, unless by an ordinary resolution passed at such AGM, the authority is renewed; or
(b) the expiration of the period within which the next AGM after that date 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 Shareholders Mandate."

7. **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 always to the compliance with Section 127 of the Act, the provisions of the Constitution of the Company, the Listing Requirements and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given to the Company, to purchase such amount of ordinary shares each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed 10% of the existing total number of issued shares in the ordinary share capital of the Company including the shares previously purchased and retained as Treasury Shares (if any) and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, upon such terms and conditions as set out in Part B of the Statement/Circular to Shareholders dated 30 April 2019.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by Ordinary Resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of Listing Requirements and any other relevant authorities.

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as Treasury Shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the 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."

8. To transact any other business of which due notices shall have been given in accordance with the Companies Act, 2016.

By order of the Board,

Tan Tong Lang (MAICSA 7045482)
Thien Lee Mee (LS0009760)
Company Secretaries

Kuala Lumpur
30 April 2019

1. A member entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead and that where a member appoints two (2) proxies, he shall specify the proportion of his holdings to be represented by each proxy. A proxy may but need not be a member of the Company.
2. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint more than one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominees which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. Where the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's Seal or under the hand of an officer or an attorney duly authorised.
6. The instrument appointing a proxy must be deposited at Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn. Bhd.), Share Registrar office of the Company at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia at least forty-eight (48) hours before the time set for holding the meeting, i.e. on or before 10.30 a.m., Thursday, 30 May 2019 or at any adjournment thereof.
7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 24 May 2019. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, vote and speak on his/her behalf.
8. Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of 15th AGM will be put to vote by way of poll.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS:-

1. **Audited Financial Statements – Agenda item No. 1**

   The Audited Financial Statements are meant for discussion only under Agenda 1, as it does not require shareholders' approval under the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda item is not put forward for voting by the shareholders of the Company.

2. **Ordinary Resolution 5 -Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016**

   The proposed Ordinary Resolution 5, if passed, will renew the authority to empower the Director of the Company to issue and allot shares of the Company up to and not exceeding in total 10% of the issued share capital of the Company from time to time and for such purposes as they consider would be in the best interest of the Company ("Renewed Mandate"). The Renewed Mandate will unless revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

   The Renewed Mandate will provide flexibility to the Company to raise funds, including but not limited to placing of shares, for purpose of funding future investment projects, working capital and/or acquisitions.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the 14th AGM held on 1 June 2018 and which will lapse at the conclusion of the 15th AGM to be held on 1 June 2019.

3. **Ordinary Resolution 6- Proposed Renewal Shareholders Mandate**

   This proposed Ordinary Resolution 6, if passed, is intended to enable the Company and/or its subsidiaries ("the Group") to enter into recurrent related party transactions or a revenue or trading nature which are necessary for the Group's day-to-day operations to facilitate transactions in the normal course of business of the Group with the specified classes of related parties, provided that they are carried out on an arms' length basis and on normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

   Please refer to the Circular/Statement to Shareholders dated 30 April 2019 for further information.

4. **Ordinary Resolution 7- Proposed Renewal Of Share Buy-Back Authority**

   This proposed Ordinary Resolution 7, if passed, will give the Directors of the Company authority to purchase its own shares up to ten percent (10%) of its issued and paid-up share capital. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

   Please refer to the Circular/Statement to Shareholders dated 30 April 2019 for further information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Rule 8.29(2) of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

Pursuant to Clause 105(1) of the Company's Constitution, the following Directors are standing for re-election at the Fifteenth Annual General Meeting of the Company:-

(i) Toh Hong Chye
(ii) Datuk Low Kim Leng

Details of the abovenamed Directors are set out on page 4 and page 5 of this Annual Report while their shareholdings in the Company are set out on page 41 of this Annual Report.

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APPASIA BERHAD (643683-U)
(Incorporated in Malaysia)

Number of Shares held:-	
CDS account no.:-	

PROXY FORM

I/We, ____ NRIC No____________________________________
(Full name in capital letters)
of____
(Full address)
____

being a *Member/Members of **APPASIA BERHAD** (Company No. 643683-U) hereby appoint (Proxy 1)_______________

(*NRIC No./Passport No. ______________________) of ____

and* failing him/her * (Proxy 2) _____________________________ (*NRIC No./Passport No. ____________________) of

____ and* failing him/her *, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Fifteenth (15th) Annual General Meeting to be held at Level 8, Auditorium, Menara Prudential, No. 10, Jalan Sultan Ismail, 50250 Kuala Lumpur on Saturday, 1 June 2019 at 10.30 a.m. or at any adjournment thereof to vote as indicated below:-

The proportions of my/our holdings to be represented by our proxy(ies) as follows: -

Proxy 1 - _______________% In case of a vote by show of hands, Proxy 1*/Proxy 2* shall vote on our behalf.

Proxy 2 - _______________%

**strike out whichever is inapplicable*

(Please indicate with an "X" in the space provided below on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

No.	Agenda	Resolution	FOR	AGAINST
1.	To approve the payment of Directors' fees and other benefits payable up to RM350,000.00 to Directors of the Company from 2 June 2019 until the conclusion of the next Annual General Meeting of the Company.	Ordinary Resolution 1		
2.	To re-elect Toh Hong Chye as Director	Ordinary Resolution 2		
3.	To re-elect Datuk Low Kim Leng as Director	Ordinary Resolution 3		
4.	To re-appoint Messrs. UHY as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration	Ordinary Resolution 4		
As Special Business :				
5.	Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016	Ordinary Resolution 5		
6.	Proposed Renewal Shareholders' Mandate	Ordinary Resolution 6		
7.	Proposed Renewal of Share Buy-Back Authority	Ordinary Resolution 7		

Signed on this ____________ day of _______________ 2019.

____
Signature of Shareholder or Common Seal

Notes:
1. *A member entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead and that where a member appoints two (2) proxies, he shall specify the proportion of his holdings to be represented by each proxy. A proxy may but need not be a member of the Company.*
2. *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint more than one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
3. *Where a member of the Company is an exempt authorised nominees which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *Where the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's Seal or under the hand of an officer or an attorney duly authorised.*
6. *The instrument appointing a proxy must be deposited at Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn. Bhd.), Share Registrar office of the Company at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia at least forty-eight (48) hours before the time set for holding the meeting, i.e. on or before 10.30 a.m., Thursday, 30 May 2019 or at any adjournment thereof.*
7. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 24 May 2019. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, vote and speak on his/her behalf.*
8. *Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of 15th AGM will be put to vote by way of poll.*

Please fold here

Affix
Stamp

Boardroom Share Registrars Sdn. Bhd.,
(formerly known as Symphony Share Registrars Sdn. Bhd.)

Share Registrar of

APPASIA BERHAD (Company No. 643683-U)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Please fold here

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SERSOL

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Manufacturing Address:
No. 28, Jalan Canggih 1,
Taman Perindustrian Cemerlang,
81800 Ulu Tiram, Johor, Malaysia

Tel: 07-861 1112/3
Fax: 07-863 3116/861 9261
Email: msjb@multisquare.com
Website: www.sersol.com.my

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SERSOL


CENTERPOINT SEREMBAN

ENTERTAINMENT, FASHION, LEISURE AND DINING

CENTERPOINT *SEREMBAN*

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. It 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.

LEASING INQUIRIES: **+60 111 9300 000**

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Email: info@pegasusheights.com

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Tel: +606-763 9889 | Fax: +606-763 9998
Email: info@centerpointseremban.com

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