

Advance Information Marketing Berhad
200401006266 (644769-D)

OPTIMISING SYNERGIES



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Ir. Lim Siang Chai
(Executive Chairman)

Azizullaili Bin Haji Jalaluddin
(Executive Director)

Ang Huat Keat
(Non-Independent Non-Executive Director)

Mak Siew Wei
(Non-Independent Non-Executive Director)

Lee Kean Teong
(Independent Non-Executive Director)

Dato' Kang Chez Chiang
(Independent Non-Executive Director)

AUDIT COMMITTEE

Lee Kean Teong (*Chairman*)
Ang Huat Keat
Dato' Kang Chez Chiang

NOMINATION COMMITTEE

Dato' Kang Chez Chiang (*Chairman*)
Ang Huat Keat
Lee Kean Teong

REMUNERATION COMMITTEE

Ang Huat Keat (*Chairman*)
Dato' Kang Chez Chiang
Lee Kean Teong

RISK MANAGEMENT COMMITTEE

Dato' Ir. Lim Siang Chai (*Chairman*)
Mak Siew Wei
Azizullaili Bin Haji Jalaluddin

COMPANY SECRETARIES

Tan Tong Lang
(SSM PC No. 201908002253/ MAICSA
7045482)
Thien Lee Mee
(SSM PC No. 201908002254/
LS0009760)

WEBSITE

www.aim-net.com.my

REGISTERED OFFICE

Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam, Selangor
Tel No. : 03 – 7890 0638
Fax No. : 03 – 7890 1032

HEAD OFFICE

No. 18, Jalan Balam
51100 Kuala Lumpur
Tel No. : 03 – 4043 2699
Fax No. : 03 – 4043 2690

SHARE REGISTRAR

Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam, Selangor
Tel No. : 03 – 7890 0638
Fax No. : 03 – 7890 1032

AUDITORS

Messrs. UHY (AF1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan
Tel. No. : 03 - 2279 3088
Fax. No. : 03 - 2279 3099

PRINCIPAL BANKERS

Malayan Banking Berhad
CIMB Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
Securities Berhad
Stock Name : AIM
Stock Code : 0122

INVESTOR RELATIONS

Email : contact@aim-net.com.my
Tel no. : 03-4043 2699

COMPANY'S PROFILE

Advance Information Marketing Berhad ("AIM") Group is a regional BPO (Business Process Outsourcing) solution provider offering a broad spectrum of loyalty management services ranging from consultation, technology infrastructure and technical support to procurement and logistics for companies aiming to build and nurture a lifelong relationship with their customers.

As a total BPO solution provider, our all-round expertise is applied in diverse industries. In today's competitive business climate, our expertise and experience has transformed into important business knowledge and powerful marketing tools to our clients. Our holistic approach enables us to provide strategic direction and consultancy to our clients on how best to tailor, implement and manage their loyalty programs effectively and to meet their desired objectives. Through outsourcing, our clients can rely on our expertise and stay focused on their core businesses.

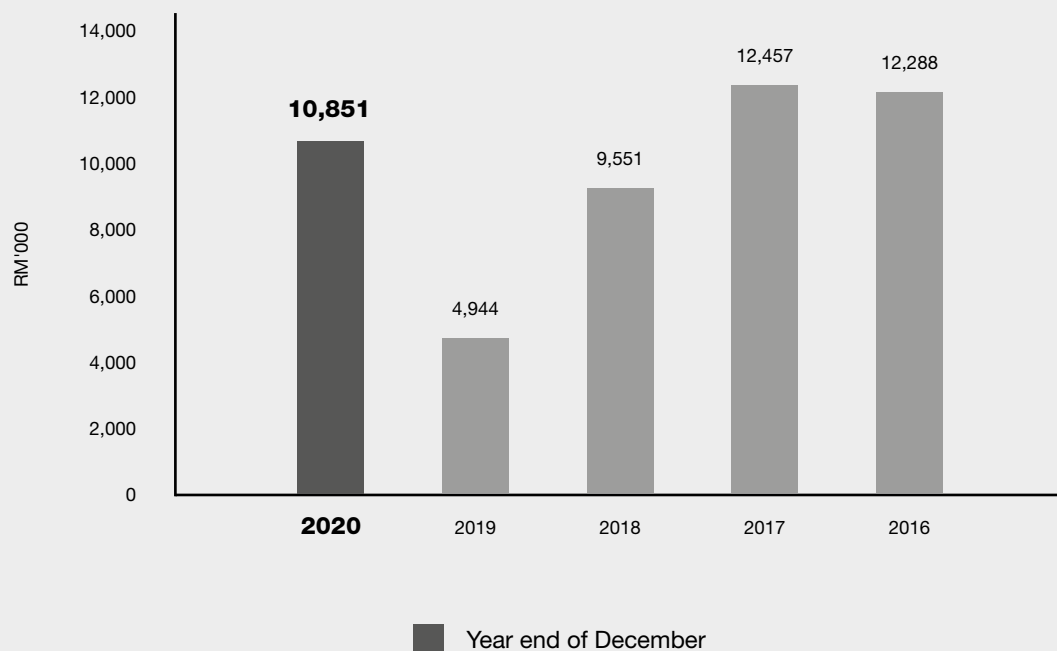
On the technology front, we focus primarily on the development of enterprise solutions for customers' loyalty marketing and management. Through years of research and development efforts, we have designed and developed a sophisticated enterprise marketing management solution, **AIMS** (Advance Information Marketing System). **AIMS** integrated into our five service components namely Business Intelligence, Integrated Marketing Services, Contact Centre Management, Procurement & Fulfilment and Technology Infrastructure to equip our clients with the right marketing tools. This integrated platform provides complete information and better understanding of the customers' behaviour and their response to marketing initiatives implemented. As a result, at one single touch point with **AIMS**, our clients are able to understand their customers better, hence becoming more customer-centric and will be able to implement compelling marketing strategies throughout the customer life cycle.



FIVE YEARS FINANCIAL HIGHLIGHTS

Year Ended 31 December (RM'000)	2020	2019	2018	2017	2016
Revenue	10,851	4,944	9,551	12,457	12,288
Loss Before Tax	(3,821)	(4,098)	(2,320)	(2,123)	(1,019)
Loss Attributable to Shareholders	(3,795)	(4,083)	(2,330)	(2,116)	(1,088)
Paid up Capital	28,052	28,052	28,052	26,606	26,606
Shareholders' Equity	19,567	19,918	23,872	26,485	28,775
Total Assets Employed	22,316	22,508	25,108	27,151	29,350
Loss Per Share (Sen)	(1.57)	(1.69)	(0.96)	(0.87)	(0.45)
Net Assets Per Share (RM)	0.081	0.082	0.099	0.110	0.119

5 Years Revenue Chart



DIRECTORS' PROFILE

Dato' Ir. Lim Siang Chai

66 | Malaysian | Male

- Executive Chairman
- Chairman of Risk Management Committee

Dato' Ir. Lim Siang Chai, was appointed on 29 May 2015 as an Independent Non-Executive Chairman and was re-designated as an Executive Chairman and Managing Director on 31 July 2015. Subsequently, he was re-designated as a Non-Independent Non-Executive Chairman on 4 October 2017. On 26 March 2021, he has been re-designated as an Executive Chairman of the Company.

Dato' Ir. Lim is a Chartered Engineer (C. Eng) registered with the Engineering Council, United Kingdom and Professional Engineer (P. Eng) registered with the Board of Engineers, Malaysia. He is a member of the Institution of Engineers Malaysia (MIEM) and Institute of Engineering and Technology of United Kingdom (MIET). Dato' Ir. Lim also holds a Master in Business Administration from Deakin University, Australia. He is an Honorary Fellow of the ASEAN Federation of Engineering Organisation and a member of the Malaysia Institute of Management (MIM). He had also undergone many technical and management training in Japan.

Dato' Ir. Lim had also served the Malaysian Government in various capacities as follows:

2010-2013	Deputy Minister of Finance
2006-2008	Deputy Minister of Tourism
2003-2006	Deputy Minister of Information
1999-2003	Parliamentary Secretary, Ministry of Transport
1995-2008	Member of Parliament (Petaling Jaya South)

Dato' Ir. Lim is actively involved in various NGOs and has held various key positions such as Adviser to the Federation of Malaysia Chinese Clans and Guilds Youth Association, Lim Clan Association of Malaysia, Gerakan Belia Bersatu Malaysia, Business and Commerce Association of Petaling District, Association of Hawkers and Small Traders of Petaling Jaya.

Dato' Ir. Lim currently is also the Deputy Executive Chairman of Jiankun International Berhad.

Azizullaili Bin Haji Jalaluddin

47 | Malaysian | Male

- Executive Director
- Member of Risk Management Committee

Azizullaili Bin Haji Jalaluddin, was appointed as an Independent Non-Executive Director on 21 May 2015. En. Azizullaili was re-designated as an Executive Director on 13 January 2021.

En. Azizullaili graduated with a Bachelor of Science degree from the UK. While in UK, he worked with The Gatwick Holiday Inn and The Dorchester Hotel, London. After his stint in the hotel industry, he decided to further his studies in Business Management in London.

On returning home to Malaysia, En. Azizullaili gained more than 20 years of management experience within the Banking, IT, Events, Oil & Gas, Printing and Insurance industries.

En. Azizullaili is also active in charitable organisations. He is an ex-officio for The Tun Suffian Foundation and ex-officio for the Kuala Lumpur Foundation to Criminalise War, and member of the Persatuan Darul Ridzuan di Selangor dan Wilayah Persekutuan.

En. Azizullaili does not hold directorship in any other public companies.

Ang Huat Keat

62 | Malaysian | Male

- Non-Independent Non-Executive Director
- Chairman of Remuneration Committee
- Member of Audit Committee and Nomination Committee

Ang Huat Keat, was appointed as a Non-Independent Non-Executive Director on 21 May 2015.

Mr Ang is a businessman and he does not hold directorship in any other public companies.

DIRECTORS' PROFILE

<p>Mak Siew Wei 46 Malaysian Male</p> <ul style="list-style-type: none"> ◦ Non-Independent Non-Executive Director ◦ Member of Risk Management Committee 	<p>Mak Siew Wei, was appointed as an Independent Non-Executive Director on 27 July 2010 and he was re-designated as a Executive Director on 22 September 2010. Subsequently, he was re-designated as a Non-Independent Non-Executive Director on 13 January 2021.</p> <p>Mr Mak pursued his education in the United States and graduated with a Bachelor Degree in Management Information System and subsequently, worked for Marvic International (NY) Ltd in New York as Business Development Manager for three years.</p> <p>Mr Mak currently sits on the boards of AT Systematization Berhad, Saudee Group Berhad, Green Ocean Corporation Berhad and Pasukhas Group Berhad.</p>
<p>Lee Kean Teong 63 Malaysian Male</p> <ul style="list-style-type: none"> ◦ Independent Non-Executive Director ◦ Chairman of Audit Committee ◦ Member of Nomination Committee and Remuneration Committee 	<p>Lee Kean Teong, was appointed as an Independent Non-Executive Director on 2 February 2016.</p> <p>Mr Lee has been with KPMG Malaysia for more than 35 years and was a partner with KPMG until his retirement on 31 December 2014. He is a qualified Chartered Accountant of Malaysian Institute of Accountants (MIA) and is a member of Malaysian Institute of Certified Public Accountants (MICPA) and a fellow member of CPA Australia.</p> <p>Mr Lee has extensive experience in auditing and management consulting throughout his career. He was the engagement partners for a wide range of companies, which include public listed companies and multinationals in various industries, mainly in manufacturing, property development and construction, hotel, stock broking and financial institutions.</p> <p>Mr Lee currently sits on the boards of Oriental Holdings Berhad and EG Industries Berhad.</p>
<p>Dato' Kang Chez Chiang 63 Malaysian Male</p> <ul style="list-style-type: none"> ◦ Independent Non-Executive Director ◦ Chairman of Nomination Committee ◦ Member of Audit Committee and Remuneration Committee 	<p>Dato' Kang Chez Chiang, was appointed as an Independent Non-Executive Director on 5 March 2021.</p> <p>Dato' Kang is a retired Deputy Commissioner of Police of the Royal Malaysia Police. He had served the Police Force for 39 years 6 months. He joined the Royal Malaysia Police in 1979. He had also served as Head of Intelligence Section, Head of Narcotics Crime Investigation Department ("NCID") Kuala Lumpur Police Contingent, Principal Assistant Director Intelligent and Operations, Deputy Director Intelligence and Operations.</p> <p>Dato' Kang's experience in human management and operational skills in the field of work of NCID act as an advisory level on drugs matter to Police Directors.</p> <p>Dato' Kang does not hold directorship in any other public companies.</p>

Note:

None of the Directors has any family relationship with any director and/or substantial shareholders of the Company.

None of the Directors has any conflict of interest with the Company.

None of the Directors has been convicted of any offences within the past five (5) years other than traffic offences.

PROFILE OF KEY SENIOR MANAGEMENT

<p>Yeoh Siok Chen 60 Malaysian Male</p> <p>Chief Executive Officer</p>	<p>Mr Yeoh was appointed as Chief Executive Officer of the Group on 1 March 2020.</p> <p>Mr Yeoh holds Bachelor Degree in Arts (Economics) from University Malaya and he is a member of Malaysian Institute of Accountant (MIA). He has a career spanning over more than 30 years with diversified range of experiences spanning from consultancy, infrastructure, transportation, oil & gas, forest plantation, manufacturing, innovative technologies and mixed property development.</p>
<p>Verina 42 Indonesian Female</p> <p>General Manager of PT CLS System</p>	<p>Verina was appointed as General Manager of PT CLS System on 24 April 2012.</p> <p>Verina holds Bachelor Degree in Marketing Management from University Tarumanagara Jakarta. She has work experience for 22 years and has been working in PT CLS System for 13 years. She began her career in 2002 as Marketing Product Development for Retail Consumer Products then develops her career in Company Premium Reseller Brand Apple as a Strategic Marketing Communication for Indonesia Market. She has brought PT CLS System to get an award from Indonesia Award Magazine as an ASEAN Most Trusted Company for Loyalty Solution in year 2016.</p>
<p>Anthonius 45 Indonesian Male</p> <p>IT Manager</p>	<p>Anthonius was appointed as IT Manager of Advance Information Marketing Berhad since 2011.</p> <p>He holds Bachelor Degree in Electronic Engineering at Atma Jaya University Jakarta. He has work experience for 20 years in IT field and has been working at Advance Information Marketing Berhad (AIM) for 18 years. He began his career as programmer in one of credit card terminal provider at Jakarta and then recruited by one of AIM's subsidiary to work as system specialist which provides services in system infrastructure, system analyst and system optimization.</p>

Note:

None of the Key Senior Management Members have any family relationship with any director and/or substantial shareholders of the Company.

None of the Key Senior Management Members have any conflict of interest with the Company.

None of the Key Senior Management Members have been convicted of any offences within the past five (5) years other than traffic offences.

None of the Key Senior Management Member have directorship in public companies and other listed issuer.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONS REVIEW

For the year under review, the Group continued its core business of Managed Customer Loyalty Services (“MCLS”) with greater vigour despite the challenging economic conditions as a result of the Covid-19 pandemic. The Group was not spared the economic impact of the pandemic.

The MCLS sector remained resilient and competitive and the Group moved a notch forward through digitalization of its services for its services for its clients. Digital system processes were introduced and enhanced to provide our clients a better customer journey with the advent of technology and new web applications. This had brought forth the increase business volume.

In Indonesia, we adopted a more defensive approach as we penetrated both Tokopedia and Shopee by opening new online stores to secure improved margin beside Business-to-Business (B2B) order transactions as we rationalize and streamline business targets to ensure improved profit margins.

Overall, the above strategies proved fruitful as the Group revenue improved significantly and had eased to reduce the deficit accruing. The Indonesian operations continue to be the mainstay of the Group’s business whilst efforts are underway to reduce reliance on Indonesian subsidiary contribution.

FINANCIAL REVIEW

For the year ended 31 December 2020, the Group recorded total revenue of RM10.85 million. The revenue for the year under review increased by 119% as compared to last year’s revenue of RM4.94 million. This was mainly due to increase in orders from our major clients and also new corporate clients in our MCLS segment.

The Group has recorded a loss before tax of RM3.82 million, which has decreased by 7% as compared to previous year’s loss before tax of RM4.10 million.

During the year under review, despite the increase in the gross profit margin and lower operating expenditure incurred in our Malaysia’s MCLS segment, higher operating and administrative expenses incurred in the holding company which included the professional and legal fees incurred for compliance purposes and also decreased in the gross profit margin in our Indonesia’s MCLS segment and interest income has only reduced the loss before tax of the Group by 7% although there was 119% increase in the revenue of the Group as compared to the previous year’s revenue.

The professional and legal fees incurred for compliance purposes as mentioned in the paragraph above amounted to around RM0.71 million which was for the material litigations as disclosed in Note 36 to the financial statements, initial stage of proposed private placement and also the conditional voluntary take-over offer which the Company has made the necessary announcements and as disclosed in Note 37(b) to the financial statements.

MOVING FORWARD

The Group shall continue to focus on its MCLS business but with greater integration of digitalization efforts. Existing clientele shall continue to be given more attention whilst more efforts shall be realized to secure new business clients. The advertising and promotion efforts shall be given due emphasis in the efforts to secure new clientele.

As the mainstay of the Group’s contribution, the Indonesian operation is undergoing a business rationalization process both in terms of business clients and resources. Greater focus shall be on higher margin business operations with a more cost efficient resources towards profitability. As in previous years, the e-commerce sector continues to be a major contributor to the Group’s revenue.

At the same time, the Group shall continue to endeavour to seek out businesses which are complementary to our core businesses whilst still actively looking into new and viable businesses that shall contribute positively to the Group.

CORPORATE SUSTAINABILITY STATEMENT

The Board of Directors acknowledges the importance of corporate social responsibility (“CSR”) and strive to fulfill the expectation of its stakeholders by enhancing its social environmental and economic performance while ensuring the sustainability and operational success of the Group.

Sustainability is an integral part of our business and the Group’s corporate responsibility practices focus on four areas- Environment, Workplace, Market Place and Community which aim to deliver sustainable value to society at large.

I) Environment

The Group recognizes the impact of its day-to-day business on the environment. As such, the Group is committed by implementing environmental friendly work processes while raising the environmentally awareness among its staff. The Group has been using “go green method”, such as recycling of papers and paperless environment.

II) Workplace

The Group believes that employees are key resources that drive long term and sustainable organizational successes. As such, the Group continuously creates a safe, pleasant and conducive working environment for its employees.

The Group respects the different cultures, gender and religions of our stakeholders as we understand that the diversity and differences give us broader range of competences, skills and experiences to enhance our capabilities to achieve business results, which is important for the overall business sustainability. Thus, the Group is committed to provide our staff an environment of equal opportunity to strive while promoting diversity in workforce.

To optimize the employee talents and capacities, various in-house trainings, external training programmes including online training, webinar and seminar are continuously provided to all employees to enhance their knowledges and skills while promoting a motivated working team and fostering a closer relationship with each other.

III) Market place

The Group is committed to ensure that the interests of all its important stakeholders - shareholders, analysts, bankers, customers, suppliers, authority bodies and public are well being taken care of. The Group emphasizes on good corporate governance practices, transparency and accountability to meet shareholders’ expectations.

IV) Community

The Group recognizes the co-relationship between business growth and social well-being and welfare. Therefore, in fulfilling its corporate responsibility to the community in which it conducts its business, the Group is obligated to nourish and improve the quality of the society.

The Group shall continue to focus its corporate responsibility on enhancing community sustainability.

This Statement was approved by the Board of Directors on 23 April 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Advance Information Marketing Berhad (“AIM” or “the Company”) is committed to uphold the high standards of corporate governance through the Company and its subsidiaries (“the Group”) with the ultimate objective of realising long-term shareholder value while taking into consideration the interest of other stakeholders.

This Corporate Governance Overview Statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance (“MCCG”) except where stated otherwise, during the financial year ended 31 December 2020 (“FYE 2020”).

The details of the Group’s application of each practices set out in the MCCG are disclosed in the Corporate Governance Report (“CG Report”), which is available together with this Report in Bursa Malaysia Securities Berhad (“Bursa Securities”) which is available at the Company’s website at <http://www.aim-net.com.my>.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

Part I – Board Responsibilities

1. Board’s Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group’s affairs. Hence, to develop corporate objectives and position descriptions including the limits to management’s responsibilities, which the management are aware of and shall responsible for achieving it.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are systems in place that effectively monitor and manage these risks with a view to the long term viability of the Group.

1.1.1 Clear Roles and Responsibilities

The roles and responsibilities of the Board are clearly defined in the Board Charter. The roles and responsibilities of the Independent Non-Executive Directors and Executive Directors are clearly defined and properly segregated. All the Independent Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board’s deliberations.

The Board will normally hold meetings at least four (4) times in each financial year to consider:-

- i) relevant operational reports from the management;
- ii) reports on the financial performance;
- iii) relevant corporate exercises;
- iv) potential opportunities for the Company, if any; and
- v) quarterly financial statements for announcement to authorities.

The following are matters reserved for Board deliberation and decision, which are non-exhaustive and may be varied from time to time:-

- delegation of powers to various Board Committees;
- receiving and approving reports and recommendations from various Board Committees;
- approving strategic business plans, mergers and acquisitions of a substantial value;
- major investment or divestment of current businesses;
- changes to the group structure;
- provision of indemnities or corporate guarantees; and
- appointment of a senior independent director amongst the Board members.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part I – Board Responsibilities (Cont'd)

1. Board's Leadership on Objectives and Goals (Cont'd)

1.1 Strategic Aims, Values and Standards (Cont'd)

1.1.1 Clear Roles and Responsibilities (Cont'd)

The Executive Director is responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. He is assisted by the senior management personnel of the Group in managing the business activities of the Group in the manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Director is deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

In discharging its fiduciary duties, the Board has delegated specific tasks to four (4) Board Committees namely the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. The Board also takes into account of the Risk Management Committee's inputs for the strategic planning and risk study. All the Board Committees have their own terms of reference, and they act on behalf of the Board within the authority as laid out in the terms of reference. The Board Committees report to the Board with the necessary recommendation thereafter.

1.1.2 Clear Functions of the Board and Management

The respective roles and responsibilities of the Board and the management are clearly set out and understood by both parties to ensure accountability. The Board is responsible for the oversight and overall management of the Group including assessing and agreeing with the Group's corporate objectives, goals and targets to be met by the Group.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

1.1.3 Strategies Promoting Sustainability

The Board is aware of the importance of business sustainability and reviews operational practices that affect sustainability of environment, governance and social aspects of its business on a regular basis.

1.2 The Chairman

During the FYE 2020, the Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to the Board and the overall conduct of the Group. The Chairman is committed to good corporate governance practices and has been leading the Board towards high performing culture.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part I – Board Responsibilities (Cont'd)

1. Board's Leadership on Objectives and Goals (Cont'd)

1.3 Chairman and Chief Executive Officer

The roles and responsibilities of the Chairman and the Chief Executive Officer are made clearly distinct to further enhance the existing balance of power and authority.

The management, including the Executive Director and Chief Executive Officer of the Company, are responsible for managing the day-to-day running of the business activities in accordance with the direction and delegation of the Board. The management meets regularly to discuss and resolve operational issues. The Chairman briefs the Board on business performance and operations as well as the management initiatives during quarterly Board's meetings.

1.4 Qualified and competent Company Secretaries

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's Constitution, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in the discharge of their functions.

The Company Secretaries attend all Board and all Board Committees meetings except for the Risk Management Committee meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

1.5 Access to information and advice

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations are provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board papers and to seek clarification or further explanation from the management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.

The Board has access to all information within the Company to enable them to discharge their duties and responsibilities. The Board is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

In addition, all Directors have direct access to the advice, services of the Company Secretaries who are responsible for ensuring the Board meeting procedures are adhered to, and that applicable rules and regulations are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanations on specific items on the meeting agenda, when required. Senior management team from different business units are also invited to participate in the Risk Management Committee Meeting and Board meetings, if needed, to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. The Chairman of the Board Committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee brief the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

When necessary, the Directors may seek for independent professional advices from the internal and external auditors, at the Company's expense. The Directors are able to discharge their duties with adequate knowledge on the matters to be deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part I – Board Responsibilities (Cont'd)

2. Demarcation of Responsibilities

2.1 Board Charter

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. A copy of the Board Charter is available for reference at the Company's website at <http://www.aim-net.com.my>.

3. Good Business Conduct and Corporate Culture

3.1 Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture which engenders ethical conduct. The Board has formalised the Code of Conduct and Ethics which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Code of Conduct and Ethics provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Ethics and Conduct are available for reference at the Company's website at <http://www.aim-net.com.my>.

3.2 Whistleblowing Policy and Procedures

To strengthen corporate governance practices across the Group, a Whistleblowing Policy and Procedures was established to provide employees with an accessible avenue to report matter of serious concern and/or improper conduct that may affect the professional and compliant operation of the Group's businesses. The Policy sets out and identifies the appropriate communication and feedback channels which facilitate Whistleblowing. The said Whistleblowing Policy and Procedures are available on the Company's website at <http://www.aim-net.com.my>.

3.3 Anti-Corruption and Bribery ("ACB") Policy

In line with the amendments to the Malaysian Anti-Corruption Commission Act 2009 to incorporate a new Section 17A on corporate liability for corruption which took effect on 1 June 2020, the Company had on 29 May 2020 approved the ACB Policy. The said ACB Policy are available on the Company's website at <http://www.aim-net.com.my>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part II – Board Composition

4. Board's objectivity

4.1 Composition of the Board

The Company managed by a well-balanced Board, which consists of members with wide range of business, technical and financial background. This brings diversity and insightful depth to the Company's leadership and management.

During the FYE 2020, the Board has total five (5) members comprising of one (1) Executive Director, two (2) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors.

However, as of the date of this Statement, the present Board consists of six (6) members, as follows:

- One (1) Executive Chairman;
- One (1) Executive Director;
- Two (2) Non-Independent Non-Executive Directors; and
- Two (2) Independent Non-Executive Directors.

The composition fulfils the requirements as set out in the ACE Market Listing Requirements of Bursa Securities, which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent. The members of the Board are professionals with calibre and entrepreneurs equipped with industry specific knowledge and experience. This wide spectrum of skills and experience provide the strength that is needed to lead the Company to meet its objectives. The Board is of the opinion that the directors, with their different background and specializations, collectively bring with them the required expertise and experience to discharge the Board's duties and responsibilities.

4.1.1 Re-election of Directors and re-appointment of Directors by rotation

In accordance with the Company's Constitution, all Directors who are appointed by the Board may only hold office until the next following Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM. The Constitution also provides that one-third of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third, are subject to retirement by rotation at every AGM but are eligible for re-election provided always that each Directors shall retire from office at least once in every three years.

4.2 Tenure of Independent Directors

As at the date of this statement, none of the independent directors had served the Company for more than nine (9) years.

4.3 Policy of Independent Directors

Currently, the Board does not have a policy on the tenure for Independent Directors. The Board is of the view that a term of more than nine (9) years may not necessary impair independence and judgement of an Independent Director and therefore the Board does not deemed it appropriate to impose a fixed term limit for Independent Directors at this juncture.

However, as recommended by the MCCG, the tenure of an independent director should not exceed cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part II – Board Composition (Cont'd)

4. Board's objectivity (Cont'd)

4.3 Policy of Independent Directors (Cont'd)

The Board has set out policies and procedures to ensure effectiveness of the Independent Directors on the Board, including new appointment. The Board assesses the independence of the Independent Directors annually, taking into account of the individual Director's ability to exercise his/her independent judgment at all times and contribution to the effective functioning of the Board.

The Independent Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinize the performance of management in meeting approved goals and objectives, and monitor risk profile of the Company's business and the reporting of monthly business performance.

Based on the assessment carried out during the FYE 2020, the Board was satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company. Each of them continues to fulfill the definition of independence as set out in the ACE Market Listing Requirements ("AMLR") of Bursa Securities.

4.4 Diverse Board and Senior Management Team

4.4.1 Appointment to the Board and Senior Management

The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognizes the benefits of diversity at leadership and employee level.

Having a range of diversity dimensions brings different perspectives to the boardroom and to various levels of management within the Group.

The Nomination Committee makes independent recommendations for appointment of members to the Board and Senior Management. In making these recommendations, the Nomination Committee assesses the suitability of candidates, taking into account the character, experience, integrity, competency, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval.

4.4.2 Criteria for Recruitment

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the Nomination Committee. As a whole, the Company maintains a very lean number of Board members. The Board appoints its members through a formal and transparent selection process which is consistent with the Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment. The Nomination Committee will help to assess and recommend to the Board, the candidature of directors, appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part II – Board Composition (Cont'd)

4. Board's objectivity (Cont'd)

4.4 Diverse Board and Senior Management Team (Cont'd)

4.4.2 Criteria for Recruitment (Cont'd)

In general, the process for the appointment of director to the Board is as follows:

- (i) The Nomination Committee reviews the Board's composition through Board assessment/evaluation;
- (ii) The Nomination Committee determines skills matrix;
- (iii) The Nomination Committee evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
- (iv) The Nomination Committee recommends to the Board for appointment; and
- (v) The Board approves the appointment of the candidates.

4.5 Gender Diversity

The Board recognizes the importance of diversity in its composition in ensuring its effectiveness and good corporate governance although the Board has yet to establish any diversity policy. However, the Board will consider female candidates onto the Board in due course to bring about a more diverse perspective.

4.6 New Candidates for Board Appointment

In determining the process for the identification of suitable new candidates, the Nomination Committee does not solely rely on recommendations from existing board members, management or major shareholders. The Board will ensure that an appropriate review or search is undertaken by an independent third party to ensure the requirement and qualification of the candidate nominated.

4.7 Nomination Committee

The Company has established the Nomination Committee comprising exclusively of Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis.

As of the date of this Statement, the present members of the Nomination Committee are as follows:

Chairman - Dato' Kang Chez Chiang (*Independent Non-Executive Director*) (*appointed on 5 March 2021*)

Member - Ang Huat Keat (*Non-Independent Non-Executive Director*)

Member - Lee Kean Teong (*Independent Non-Executive Director*)

The Nomination Committee shall meet at least once a year unless otherwise determined by the Nomination Committee. The Quorum for meeting and/or for the sanction and endorsement of approvals in writing shall consist of not less than two (2) members, of which majority of members present must be Independent Non-Executive Directors.

In fulfilling its primary objectives, the Nomination Committee shall undertake, amongst others, the following duties and responsibilities:

- i) to regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- ii) to evaluate the effectiveness of the Board as a whole, the various Committees and each individual Director's contribution to the effectiveness on the decision making process of the Board;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part II – Board Composition (Cont'd)

4. Board's objectivity (Cont'd)

4.7 Nomination Committee (Cont'd)

- iii) to give full consideration to succession planning for Directors and other senior executives in the course of their work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- iv) to prepare a description of the role and capabilities required for a particular appointment;
- v) identifying and nomination for the approval of the Board, candidates to fill board vacancies as and when they arise;
- vi) in determining the process for the identification of suitable new candidates, the Nomination Committee will ensure that an appropriate review or search is undertaken by an independent third party to ensure the requirement and qualification of the candidate nominated;
- vii) to make recommendations to the Board on candidates it considers appropriate for appointment; and
- viii) to recommend to the Board concerning the re-election by shareholders of any director under the "retirement by rotation" provisions in the Company's Constitution.

As of the date of this Statement, the Nomination Committee had carried out the following activities:

- i) Reviewed and assessed the performance of the Board members as a whole, Board Committees and Individual members;
- ii) Reviewed and assessed the performance of the Audit Committee and individual AC member for FYE 2020 pursuant to Rule 15.20 of AMLR of Bursa Securities;
- iii) Reviewed and recommended to the Board, the re-election of Directors who were due to retire by rotation at the forthcoming AGM of the Company pursuant to Clause 105(1) of the Company's Constitution;
- iv) Reviewed and recommended to the Board, the re-election of Director who was due to retire at the forthcoming AGM of the Company pursuant to Clause 114 of the Company's Constitution;
- v) Reviewed and recommended to the Board for approval, the proposed appointment of new Independent Non-Executive Director; and
- vi) Reviewed and recommended to the Board for approval the proposed re-designation of directors.

5. Overall Board Effectiveness

5.1 Annual evaluation

The Nomination Committee would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self-assessment approach on an annual basis. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting, with a view to meeting current and future requirements of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part II – Board Composition (Cont'd)

5. Overall Board Effectiveness (Cont'd)

5.1 Annual evaluation (Cont'd)

The criteria used by the Nomination Committee in evaluating the performance of individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. Each of the Directors will perform a self assessment on an annual basis. The Board did not engage any external party to undertake an independent assessment on the Directors.

Based on the assessment conducted for FYE 2020, the Board and the Nomination Committee are satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board members and the independence of its Independent Non-Executive Directors.

5.1.1 Time Commitment and Directorship in Other Public Listed Companies

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board members at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). The notification would include an indication of time that the Director will spend on the new appointment(s). Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Rule 15.06 of the AMLR.

Each Board member is required to achieve at least 50% attendance of total Board Meetings in any applicable financial year. Any director shall notify the Chairman and/or Company Secretaries, where applicable with appropriate leave of absence.

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. The attendance record of the Directors as set out in the section below.

During the FYE 2020, six (6) Board Meetings were held and the attendance record of the current Board members is reflected as follows:-

No.	Name	Total Number of Meetings attended
1.	Dato'lr. Lim Siang Chai (<i>re-designated as Executive Chairman on 26 March 2021</i>)	6/6
2.	Azizullaili Bin Haji Jalaluddin (<i>re-designated as Executive Director on 13 January 2021</i>)	6/6
3.	Ang Huat Keat	6/6
4.	Mak Siew Wei (<i>re-designated as Non-Independent Non-Executive Director on 13 January 2021</i>)	6/6
5.	Lee Kean Teong	6/6
6.	Dato' Kang Chez Chiang (<i>appointed on 5 March 2021</i>)	-
7.	Roger Chin Chew Choy (<i>resigned on 5 March 2020</i>)	1/1

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part II – Board Composition (Cont'd)

5. Overall Board Effectiveness (Cont'd)

5.1 Annual evaluation (Cont'd)

5.1.1 Time Commitment and Directorship in Other Public Listed Companies (Cont'd)

The Board meets on a quarterly basis, with amongst others; review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings may be convened by the Company. Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

The Company Secretaries will, well in advance towards the end of the previous year, ensure that each of the Directors is able to attend the planned Board and/or Board Committee meetings including that of the Annual General Meeting. The Company Secretaries will circulate the tentative dates for Board and Board Committee meetings for the year. At the end of each Board and Audit Committee meetings, the date of the next meetings is to be re-confirmed.

5.1.2 Continuing Education Programs/ Directors' Training

All Directors appointed to the Board have undergone the Mandatory Accreditation Program ("MAP") prescribed by Bursa Securities. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to attend continuous education programmes/seminars/conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

The Board has undertaken an assessment of the training needs of each Director and ensured that all the Directors will undergo the necessary training programme to enable them to effectively discharge their duties.

Details of seminars/conferences/training programmes attended by the Board members during FYE 2020 as listed below:

Director	Seminars / Conferences / Training Programmes Attended
Dato' Ir. Lim Siang Chai	The Quiet Transformation of Corporate Governance
Mak Siew Wei	Section 17A Malaysian Anti-Corruption Commission Act 2009
Lee Kean Teong	<ul style="list-style-type: none"> • Risk Management and MACC Section 17A • Guideline on Conduct of Listed Corporation and their subsidiaries • Enhance General Mandate for Pro-rata Rights Issue to Expedite Secondary Fund Raising For Eligible Listed Issuer • MIA webinar Series: Purpose Driven Business Leadership Validating Your Sustainable Business Model

Saved as disclosed above, others Directors of the Company were not able to select suitable training programmes to attend during FYE 2020 due to the Movement Control Order ("MCO") of the COVID-19 diseases and their occupied working schedule. However, they have constantly been updated relevant reading materials and technical updates, which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Company.

In addition to the above, the External Auditors, the Internal Auditors and the Company Secretaries would update the Directors on recent developments in the areas of statutory and regulatory requirements from the briefing during the Committee and/or Board meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part III – Remuneration

6. Level and Composition of Remuneration

6.1 Remuneration Policies and Procedures

The Board believes that AIM should have a fair remuneration policy to attract, retain and motivate directors. It has established a Remuneration Committee to review and ensure that the remuneration of its members fairly reflect the Board's and members' responsibilities, the expertise and the complexity of its operations. The said remuneration should also be in line with the business strategies and long term objectives of AIM.

6.2 Remuneration Committee

In line with the best practices of the Code, the Board has set up a Remuneration Committee which comprises a majority of Independent Non-Executive Directors in order to assist the Board in determining the Directors' remuneration.

As of the date of this Statement, the present members of the Remuneration Committee are as follows: -

Chairman - Ang Huat Keat (*Non-Independent Non-Executive Director*)

Member - Dato' Kang Chez Chiang (*Independent Non-Executive Director*) (*appointed on 5 March 2021*)

Member - Lee Kean Teong (*Independent Non-Executive Director*)

The Remuneration Committee is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. The Remuneration Committee shall meet at least once a year and at such time, the Chairman of the Remuneration Committee may request for a meeting as and when deemed necessary. The quorum of the Remuneration Committee meeting shall consist of not less than two (2) members, of which at least one (1) shall be an independent director.

The Board believes the remuneration policy fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The Remuneration Committee's principal objective is to evaluate, deliberate and recommend to the Board a remuneration policy for Executive Directors that is fairly guided by market norms and industry practice. The Remuneration Committee also recommends the Executive Directors' remuneration and benefits based on their individual performances and that of the Group.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organizations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the Annual General Meeting based on recommendations of the Board.

As of the date of this Statement, the summary of activities undertaken by the Remuneration Committee included the following :

- (a) Reviewed and recommended the payment of Directors' fees and other benefits to Non-Executive Directors;
- (b) Reviewed the revised remuneration package of the Executive Director of the Company;
- (c) Reviewed and recommended the remuneration package of the Executive Chairman of the Company;
- (d) Reviewed and recommended the payment of bonus to the Chief Executive Officer ("CEO") and revised remuneration of CEO.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part III – Remuneration

7. Remuneration of Directors and Senior Management

7.1 Details of Directors' Remuneration and Senior Management

During the FYE 2020, the details of Director's remuneration are set out below:

Directors	Fees (RM)	Salary (RM)	Bonus (RM)	Allowance (RM)	Statutory contribution (RM)	Total (RM)
Dato' Ir. Lim Siang Chai	48,000	-	-	5,000	-	53,000
Azizullaili Bin Haji Jalaluddin	36,000	-	-	5,000	-	41,000
Mak Siew Wei	-	36,000	-	-	5,371	41,371
Ang Huat Keat	36,000	192,656	-	5,000	-	233,656
Lee Kean Teong	60,000	-	-	4,000	-	64,000
Roger Chin Chew Choy (resigned on 5 March 2020)	-	58,891	30,000	-	8,032	96,923

7.2 Remuneration of Top Five Senior Management

The remuneration paid to the top five senior management during the year analyzed into bands of RM50,000 is as follows:-

Range of Remuneration	Number of Senior Management
Below RM50,000	-
RM50,000 to RM100,000	-
RM100,001 to RM150,000	4
RM150,001 to RM200,000	1
RM200,001 to RM250,000	-
RM250,001 to RM300,000	-
RM300,001 to RM350,000	-
RM350,001 to RM400,000	-
RM400,001 to RM450,000	-

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I – Audit and Risk Management Committee

8.1 Chairman of Audit Committee

The Audit Committee is chaired by an Independent Director who is distinct from the Chairman of the Board. The Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants.

8.2 Former Key Audit Partner

None of the Board member is the former key audit partner of the External Auditors, Messrs. UHY and the Directors do not foresee any new appointment of former key audit partner to the Board. However, the Board will observe the cooling-off period before appointing the former key audit partner, if any.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

B. EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

Part I – Audit and Risk Management Committee (Cont'd)

8.3 Assessment of Suitability and Independence of External Auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention.

The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the Audit Committee.

In assessing or determining the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of the followings:

- i) the adequacy of the experience and resources of the External Auditors;
- ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
- iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the Annual General Meeting on the recommendation of the Board. The External Auditors are being invited to attend the Annual General Meeting of the Company to respond and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statements.

Every year, the Audit Committee will meet with the External Auditors without the presence of the Executive Director and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the Audit Committee are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the FYE 2020.

The Audit Committee is satisfied with the competence and independence of the External Auditors, Messrs. UHY for the financial year under review.

Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the AC's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the re-appointment of Messrs. UHY as the External Auditors of the Company for the financial year ending 31 December 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Part II – Risk Management and Internal Control Framework

9. Effective Risk Management and Internal Control Framework

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to assess current and emerging risks and to respond to risks affecting the Group.

As an effort to enhance the system of internal control, the Board together with the assistance of external professional Internal Audit firm, adopted an on-going monitoring and review of the existing risk management process in the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

10. Effective Governance, Risk Management and Internal Control

The internal audit function of the Company is effective and remains independent all the time. The internal audit function is set out in the Statement on Risk Management and Internal Control and Audit Committee Report.

Internal Auditors reports functionally to the Audit Committee and has unrestricted access to the Audit Committee. Its function is independent of the activities or operations of other operating units. Internal Auditors periodically evaluates the effectiveness of the risk management process, reviews the operating effectiveness of the internal controls system and compliance control within the Group. The Head of Internal Audit is invited to attend the Audit Committee meetings to facilitate the deliberation of audit reports. The minutes of the Audit Committee meetings are tabled to the Board for information and serves as a reference especially when there are pertinent points should any of the Board members.

The information on the Group's internal control is further elaborated on pages 28 to 30 in the Statement on Risk Management and Internal Control of this Annual Report.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Part I – Communication with Stakeholders

11. Continuous Communication between Company and Stakeholders

The Board recognises that shareholder and other stakeholders are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, the Company website is the primary medium in providing information to all shareholders and stakeholders.

Shareholders and stakeholders may raise their concerns and queries by contacting the Registered Office of the Group, the details of which as provided under the "Corporate Information" section of this Annual Report. The Share Registrar is also available to attend to administrative matters relating to shareholder interests.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

Part I – Communication with Stakeholders (Cont'd)

11. Continuous Communication between Company and Stakeholders (Cont'd)

11.1 Leverage on Information Technology for Effective Dissemination of Information

The Company's website at <http://www.aim-net.com.my> incorporates an Investor Relations section which provides all relevant information on the Company accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its annual reports.

The quarterly financial results are announced via Bursa LINK after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

11.2 Corporate Disclosure Policies

The Board recognises the importance of keeping the shareholders informed and updated of development concerning the Group. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Securities. The Group practices open communication with its investors.

In order to maintain its commitment of effective communication with shareholders, the Group embraces the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.

The practice of disclosure of information is to adopt the best practices with regard to strengthening engagement and communication with shareholders and it is not only established just to comply with the AMLR of Bursa Securities.

The Group also endeavours to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

11.3 Compliance and Applicable Financial Reporting Standards

The Board strives to provide shareholders with a balanced and meaningful evaluation of the Group's financial performance, financial position and prospects through the annual audited financial statements, interim financial reports, annual report and announcements to Bursa Securities.

The interim financial reports, annual audited financial statements and annual report of the Group for the FYE 2020 are prepared in accordance with the Malaysian Financial Reporting Standards, AMLR and the Companies Act 2016. The Audit Committee in overseeing the financial reporting processes and ensuring the quality of its financial reporting assists the Board.

The statement by the Board pursuant to Rule 15.26(a) of the AMLR on its responsibilities in preparing the financial statements is set out on pages 33 to 108 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Part II – Conduct of General Meetings

12. Encourage Shareholder Participation at General Meetings

The AGM is the principal forum for dialogue with the shareholders. The shareholders will be notified of the meeting together with a copy of the Company's Annual Report at least twenty eight (28) days before the meeting. The Notice of AGM, which sets out the business transacted at the AGM, also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting accompanied by a full explanation of the effects of any proposed resolution. At the AGM, the Board will present to the shareholders with a comprehensive report on the progress and performance of the Group and the shareholders are encouraged to participate in the questions and answers session thereat, where they will be given the opportunity to raise questions or seek more information during the AGM. Informal discussions between the Directors, senior management staff, the shareholders and investors are always active before and after the general meetings.

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board views that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

The Chairman and/or Executive Director of the Company will brief shareholders on the Company's projects and elaborate further on proposals for which the approval of shareholders is being sought at the general meeting.

Whilst the Company aims to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The Group maintains its effective communication with shareholders by adopting timely, comprehensive, and continuing disclosures of information to its shareholders as well as the general investing public and adopts the best practices on strengthening engagement and communication with shareholders.

To this end, the Group relies on the following channels for effective communication with the shareholders and stakeholders:

- i) Interim financial reports to provide updates on the Group's operations and business developments on a quarterly basis;
- ii) Annual audited financial statements and annual report to provide an overview of the Group's state of governance, state of affairs, financial performance and cash flows for the relevant financial year;
- iii) Corporate announcements to Bursa Securities on material developments of the Group, as and when necessary and mandated by the AMLR; and
- iv) Annual General Meetings.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Corporate Governance Overview Statement. The Board considers and is satisfied that the Company has fulfilled its obligation under MCCG, AMLR and all applicable laws and regulations throughout the FYE 2020.

This Corporate Governance Overview Statement was approved by the Board of Directors on 23 April 2021.

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

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

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

This Statement was approved by the Board of Directors on 23 April 2021.

AUDIT COMMITTEE REPORT

The Audit Committee (“AC”) of AIM is pleased to present the AC Report for the financial year ended 31 December 2020.

COMPOSITION

The AC presently comprises the following members:

Chairman - Lee Kean Teong (*Independent Non-Executive Director*)

Member - Ang Huat Keat (*Non-Independent Non-Executive Director*)

Member - Dato’ Kang Chez Chiang (*Independent Non-Executive Director*) (*appointed on 5 March 2021*)

ATTENDANCE

During the FYE 2020, the AC held four (4) meetings. Details of the attendance of committee members are as follows:

No.	Name	No. of Meetings attended
1.	Lee Kean Teong*	4/4
2.	Ang Huat Keat	4/4
3.	Azizullaili Bin Haji Jalaluddin (<i>Ceased as member of AC due to his re-designation as Executive Director on 13 January 2021</i>)	4/4

* Member of Malaysian Institute of Accountants

Other Board members, Chief Executive Officer, Financial Controller and representatives of the External Auditors and Internal Auditors were present by invitation to brief the AC on specific issues, as and when necessary, with the Company Secretaries in attendance.

TERM OF REFERENCE

The Terms of Reference of the AC is available at the Company’s website at <http://www.aim-net.com.my>.

SUMMARY ACTIVITIES OF THE AC

During the FYE 2020, the activities of the AC amongst others, include the following:

- Reviewed the quarterly unaudited financial results of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for approval and release of the Group’s results to Bursa Securities;
- Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the financial year ended 31 December 2020;
- Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group’s results to Bursa Securities;
- 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 those recommendations;
- Evaluated the performance and independence of the external auditors for the financial year ended 31 December 2020 covering areas such as calibre, quality processes, audit team, audit scope, audit communication and audit governance, and make recommendation to the Board on their re-appointment and remuneration to the Board for ensuing year.

AUDIT COMMITTEE REPORT

- f) Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;
- g) 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;
- h) Reviewed the effectiveness of the Group's system of internal control;
- i) Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;
- j) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
- k) Reviewed the Company's compliance with the AMLR, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
- l) Reviewed the AC Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report; and
- m) Report to the Board on its activities and significant findings and results.

INTERNAL AUDIT FUNCTIONS

The internal audit function assists the AC and the Board to conduct an independent assessment on the internal control systems and the governance practices. The Internal Auditors conduct reviews in accordance with the audit plan and scope approved by the Audit Committee.

The Group has engaged the Internal Auditor to conduct a high-level review of the internal control framework of the Group with the view to identify the weakness, if any, and to improve the adequacy and robustness of the internal control functions of the Group.

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 pages 28 to 30 of this Annual Report.

The AC Report was presented and approved by the Board of Directors on 23 April 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Advance Information Marketing Berhad is pleased to provide the following Statement on Risk Management and Internal Control of the Group which outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 December 2020, pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Securities and as guided by the Statement of Risk Management & Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

BOARD RESPONSIBILITY

The Board understands the principle risks of the business that the Group is engaged in and is committed towards maintaining a sound system of risk management and internal control in achieving its business objectives and operational efficiency.

The Board recognizes that the system of risk management and internal control should be continuously improved and fine-tuned in line with the evolving business and operating environment. Nonetheless, it should be noted that all risk management and internal control systems could only manage rather than eliminate the risks. Therefore, a sound system of internal control reduces, but cannot eliminate, the possibility of poor judgment in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has approved the Group Risk Management Policy which outlines the principles of risk management, the Board's and the management's risk management responsibilities and the objectives that the Board expects to achieve by putting in place a formal, structured and documented integrated risk management framework for the Group.

Currently, the risk management processes in identifying, evaluating and managing significant risks facing the organization are embedded in the operating and business processes. These processes are undertaken by the Executive Director, Chief Executive Officer ("CEO") and the management team members in the course of their work.

The Board uses the following key controls, processes, information and review mechanisms to follow up on the progress of management actions and to derive comfort on the state of internal control and risk management in the Group:

- A Risk Management Committee has been set up to constantly identify, evaluate and monitor significant risks faced by the Group. The said committee is also responsible for the development of risk mitigation strategies and plans;
- Board discussions with the management during the board meetings on business and operational issues as well as the measures taken by the management to mitigate and manage risks associated with the business environment;
- Delegation and separation of responsibilities between the Board and the management. The Executive Director and CEO report to the Board on the performance of the operations while the Board scrutinizes the management performance in order to ensure its effectiveness and objectivity;
- The Executive Director and CEO meet periodically to discuss and review the Group's cash flows, financial and business units' performances, funding and operational issues in order to ensure that challenges and risks are addressed timely and appropriately;
- The Audit Committee reviews and discusses with the management the unaudited quarterly financial results to monitor the Group's performances;
- The Audit Committee also discusses with the External Auditors on the key concerns and findings on financial and internal control matters at the audit planning, interim and final stage of the audit, and the follow-up actions by the management; and
- Legal advices are sought to ensure that contractual risks are appropriately addressed and managed before entering into material contracts or agreements;

The system of internal control is also structured in such a manner that it provide reasonable assurance that the likelihood of a significant adverse impact on objectives rising from a future event or situation is at a level acceptable to the business. It achieves this through a combination of prevention, detective and corrective measures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTIONS

The Group has appointed an established external professional Internal Audit firm, which reports to the Audit Committee (“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 plan and any subsequent changes during the AC meeting each year. The scope of internal audit covers the audits of units and operations as stated in the letter of engagement.

During the financial year under review, the internal auditors, in discharging their responsibilities, carried out the following activities: To evaluate the adequacy and effectiveness of control procedures and staff members’ compliances of operating instructions in the Fulfilment function and Call Centre in the subsidiary of the Group, the following work has been carried out:

- i) Reviewed the user access control on system in Fulfilment function;
- ii) Reviewed the procedures of monitoring, receiving, recording and issuing of orders in Fulfilment function;
- iii) Reviewed the delivery tracking, fulfilment of orders and reconciliation of order fulfilled with clients in Fulfilment function;
- iv) Reviewed the safeguarding and recording of stock in Fulfilment function;
- v) Reviewed the compliance of standard operating procedures, job description and key performance indicators achievement in Call Centre;
- vi) Reviewed employees’ skills and training in the Call Centre; and
- vii) Reviewed the Call Centre’s operations, monitoring of performance, invoice billing and collection and the system user’s access.

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

The cost incurred for the Internal Audit function in respect of the financial year ended 31 December 2020 is approximately RM20,000 (FY2019: RM20,000).

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Bursa’s Guidelines, the management is responsible to the Board for identifying risks relevant to the business of the Group, implementing strategies, maintaining sound systems of risk management and internal control, and monitoring and reporting to the Board on significant control deficiencies and changes in risks that could significantly affect the Group from achieving its objectives and performance.

The responsibilities of management in respect of risk management include:

- identify the risks relevant to the business of the Group and the achievement of the Group’s objectives and strategies;
- design, implement and monitor the risk management framework in accordance with the Group’s strategic vision and overall risk appetite; and
- identify changes to risk or emerging risks, take actions as appropriate, and promptly bring these to the attention of the Board.

When producing this Statement, the Board has received assurance from the Executive Director and Group CEO that to the best of their knowledge, the Group’s risk management and internal control systems are operating adequately and effectively, in all material aspects.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONCLUSION

For the financial year under review, the Board is satisfied that the existing level of risk management and internal control systems are effective to enable the Group to achieve its business objectives and there were no material losses arising from significant control weaknesses that require additional disclosure in the Annual Report.

The Board has worked together with the management in respect of the following:-

- Determining the Group's risk appetite and tolerance, and ensuring that this is communicated appropriately;
- Understanding and ensuring the adequacy of the risk management practices;
- Reviewing the current level of risks in relation to risk appetite as an integral part of monitoring and measuring performance; and
- Ensuring that actions are taken in a timely manner when risks are outside tolerable range.

When assessing the adequacy of the risk management and internal control system, the Board is to ensure the following:-

- The processes for establishing the Group's longer and shorter-term objectives and strategies, and whether they give appropriate consideration of risk;
- The processes for determining the Group's risk appetite, and communicating them appropriately;
- The Group's risk policies and procedures;
- The management's processes for identifying, analyzing, evaluating, and treating risks including communication of risk and control information across the business;
- Management's processes for monitoring internal control and risk management provides reasonable assurance that the continuation to operate as intended and are modified as business conditions or risks change; and
- Management's reporting of risk to provide the Board with sufficient visibility of risks across the organization, and also to consider whether necessary actions are being taken promptly to remedy and significant failings or weaknesses.

REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2020, and reported to the Board that nothing has come to their attention that causes them to believe the statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the External Auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the Listing Requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The External Auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

This Statement was presented and approved by the Board of Directors on 23 April 2021.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

The amounts of audit and non-audit fees paid/payable to UHY by the Company and by the Group respectively for the financial year ended 31 December 2020 were as follows:

	Company	Group
Audit Services Rendered	RM50,000	RM87,195
Non-Audit Services Rendered		
(a) Review of Statement on Risk Management and Internal Control	RM5,000	RM5,000

2. REVALUATION POLICY

The Company does not have a revaluation policy on landed properties.

3. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

There was no other material contract and/or contracts relating to loan entered into by the Company and/or its subsidiary companies involving Directors and Major Shareholders' interests.

4. UTILISATION OF PROCEEDS

There was no proceeds raised by the Company from any corporate proposal during the financial year ended 31 December 2020.



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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 2020.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

Financial Results

	Group RM	Company RM
Loss for the financial year, attributable to owners of the parent	3,795,220	3,339,011

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.

Dividends

There were no dividends 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

There was no issuance of shares or debentures during the financial year.

Treasury Shares

As at 31 December 2020, the Company held 24,090,500 treasury shares out of the total issued ordinary shares. Further relevant details of the treasury shares are disclosed in Note 16 to the financial statements.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS' REPORT

Directors

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

Dato' Ir Lim Siang Chai*

Mak Siew Wei*

Ang Huat Keat*

Azizullaili Bin Haji Jalaluddin*

Lee Kean Teong

Dato' Kang Chez Chiang

(Appointed on 5.3.2021)

Roger Chin Chew Choy

(Resigned on 5.3.2020)

* *Director of the Company and its subsidiary companies*

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 in Malaysia 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 shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	Number of Ordinary Shares			
	At 1.1.2020	Bought	Sold	At 31.12.2020
Interests in the Company				
Direct Interests				
Mak Siew Wei	16,000,000	-	-	16,000,000
Indirect Interests				
Ang Huat Keat #	47,378,822	-	-	47,378,822

deemed interest by virtue of his shareholdings in CG Assets Pte. Ltd. pursuant to Section 8 of the Companies Act 2016 in Malaysia.

By virtue of his interests in the shares of the Company, Ang Huat Keat is 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 in Malaysia.

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

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 as shown in Note 32(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 32(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 officers of the Company were RM3 million and RM7,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or 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.
-

DIRECTORS' REPORT

Other Statutory Information (continued)

- (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; 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.

Significant Event During the Financial Year and Subsequent Event

The details of the significant event during the year and subsequent event are disclosed in Note 37 to the financial statements.

Auditors

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

The details of auditors' remuneration are disclosed in Note 25 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 23 April 2021.

DATO' IR LIM SIANG CHAI

AZIZULLAILI BIN HAJI JALALUDDIN

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 41 to 108 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 23 April 2021.

DATO' IR LIM SIANG CHAI

AZIZULLAILI BIN HAJI JALALUDDIN

KUALA LUMPUR

STATUTORY DECLARATION

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

I, YEOH SIOK CHEN (MIA membership No: 8916), being the officer primarily responsible for the financial management of Advance Information Marketing Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 41 to 108 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)
Federal Territory on 23 April 2021)

YEOH SIOK CHEN

Before me,

NO. W790
ZAINUL ABIDIN BIN AHMAD
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADVANCE INFORMATION MARKETING BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Advance Information Marketing Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 41 to 108.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Emphasis of Matter

We draw attention to Note 36(a) of the financial statements, which describes the uncertainty relating to the outcome of the lawsuit filed against the Company by Customer Loyalty Solutions Sdn. Bhd. (In Liquidation). Our opinion is not modified with respect to this matter.

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. We have determined that there are no key audit matters to communicate in our report.

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 the fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADVANCE INFORMATION MARKETING BERHAD

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the 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 of 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 ADVANCE INFORMATION MARKETING BERHAD

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

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

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 compiled with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguard applied.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary company 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 purposes. We do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

CHONG YEW HONG
Approved Number: 03532/10/2022 J
Chartered Accountant

KUALA LUMPUR
23 April 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	6,156,771	6,584,644	1,380	152,993
Investment property	5	-	-	-	-
Intangible assets	6	36,821	6,806	-	-
Investments in subsidiary companies	7	-	-	541,694	871,611
Other investments	8	9,229,622	5,621,804	9,229,622	5,621,804
Deferred tax assets	9	82,087	41,993	-	-
Amount due from a subsidiary company	10	-	-	1,100,966	-
		15,505,301	12,255,247	10,873,662	6,646,408
Current assets					
Inventories	11	599,061	1,088,248	-	-
Trade receivables	12	2,100,508	853,065	-	-
Other receivables	13	141,371	356,142	10,647	9,570
Amount due from subsidiary companies	10	-	-	-	1,573,716
Deposits, bank and cash balances	14	3,969,451	7,955,311	3,115,286	5,533,011
		6,810,391	10,252,766	3,125,933	7,116,297
Total assets		22,315,692	22,508,013	13,999,595	13,762,705
EQUITY					
Share capital	15	28,051,999	28,051,999	28,051,999	28,051,999
Treasury shares	16	(4,057,844)	(4,057,844)	(4,057,844)	(4,057,844)
Reserves	17	(4,426,711)	(4,075,779)	(10,077,473)	(10,387,571)
Total equity		19,567,444	19,918,376	13,916,682	13,606,584
LIABILITIES					
Non-current liabilities					
Loans and borrowings	18	1,524,942	1,525,132	-	-
Lease liabilities	19	8,916	81,973	-	46,235
Employee benefits	20	317,416	224,765	-	-
		1,851,274	1,831,870	-	46,235
Current liabilities					
Loans and borrowings	18	38,799	63,832	-	-
Lease liabilities	19	26,324	61,474	-	31,134
Trade payables	21	545,285	171,767	-	-
Other payables	22	263,061	456,812	82,913	78,752
Provision for taxation		23,505	3,882	-	-
		896,974	757,767	82,913	109,886
Total liabilities		2,748,248	2,589,637	82,913	156,121
Total equity and liabilities		22,315,692	22,508,013	13,999,595	13,762,705

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	23	10,851,054	4,943,846	-	-
Cost of sales		(9,808,042)	(4,502,427)	-	-
Gross profit		1,043,012	441,419	-	-
Other income		453,983	527,626	363,444	792,807
Net gain/(loss) on impairment of financial instruments		-	11,590	(1,095,574)	(711,286)
Administrative expenses		(5,098,349)	(4,871,543)	(2,604,415)	(2,367,323)
Distribution costs		(98,267)	(149,773)	-	-
Other expenses		(21,757)	(3,062)	-	-
Loss from operations		(3,721,378)	(4,043,743)	(3,336,545)	(2,285,802)
Finance costs	24	(99,825)	(53,866)	(2,466)	(1,991)
Loss before tax	25	(3,821,203)	(4,097,609)	(3,339,011)	(2,287,793)
Taxation	26	25,983	14,361	-	-
Loss for the financial year		(3,795,220)	(4,083,248)	(3,339,011)	(2,287,793)
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability	20	(65,392)	30,441	-	-
Income tax relating to remeasurement of defined benefit liability	26	14,585	(7,610)	-	-
		(50,807)	22,831	-	-
Items that are or may be reclassified subsequently to profit or loss					
Equity instruments measured at fair value through other comprehensive income		3,649,109	(409,240)	3,649,109	(409,240)
Exchange translation differences for foreign operations		(154,014)	465,277	-	-
		3,495,095	56,037	3,649,109	(409,240)
Other comprehensive income/(loss) for the financial year		3,444,288	78,868	3,649,109	(409,240)
Total comprehensive (loss)/income for the financial year		(350,932)	(4,004,380)	310,098	(2,697,033)
Loss for the financial year attributable to:					
Owners of the parent		(3,795,220)	(4,083,248)	(3,339,011)	(2,287,793)
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(350,932)	(4,004,380)	310,098	(2,697,033)
Loss per share (sen)					
Basic and diluted loss per share	27	(1.57)	(1.69)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Attributable to owners of the parent					
	Non-distributable			Distributable		
	Share capital RM	Treasury shares RM	Fair value reserve RM	Foreign currency translation reserve RM	Accumulated losses RM	Total equity RM
At 1 January 2020	28,051,999	(4,057,844)	615,252	(642,094)	(4,048,937)	19,918,376
Loss for the financial year	-	-	-	-	(3,795,220)	(3,795,220)
Other comprehensive income/(loss) for the financial year	-	-	3,649,109	(154,014)	(50,807)	3,444,288
Total comprehensive income/(loss) for the financial year	-	-	3,649,109	(154,014)	(3,846,027)	(350,932)
At 31 December 2020	28,051,999	(4,057,844)	4,264,361	(796,108)	(7,894,964)	19,567,444
At 1 January 2019	28,051,999	(4,057,844)	1,024,492	(1,107,371)	(39,321)	23,871,955
Loss for the financial year	-	-	-	-	(4,083,248)	(4,083,248)
Other comprehensive (loss)/income for the financial year	-	-	(409,240)	465,277	22,831	78,868
Total comprehensive (loss)/income for the financial year	-	-	(409,240)	465,277	(4,060,417)	(4,004,380)
Transactions with owners:						
Disposal of a subsidiary company	-	-	-	-	50,801	50,801
At 31 December 2019	28,051,999	(4,057,844)	615,252	(642,094)	(4,048,937)	19,918,376

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Company	Attributable to owners of the parent				
	Non-distributable		Distributable		Total equity RM
	Share capital RM	Treasury shares RM	Fair value reserve RM	Accumulated losses RM	
At 1 January 2020	28,051,999	(4,057,844)	615,252	(11,002,823)	
Loss for the financial year	-	-	-	(3,339,011)	(3,339,011)
Other comprehensive income for the financial year	-	-	3,649,109	-	3,649,109
Total comprehensive income/(loss) for the financial year	-	-	3,649,109	(3,339,011)	310,098
At 31 December 2020	28,051,999	(4,057,844)	4,264,361	(14,341,834)	13,916,682
At 1 January 2019	28,051,999	(4,057,844)	1,024,492	(8,715,030)	16,303,617
Loss for the financial year	-	-	-	(2,287,793)	(2,287,793)
Other comprehensive loss for the financial year	-	-	(409,240)	-	(409,240)
Total comprehensive loss for the financial year	-	-	(409,240)	(2,287,793)	(2,697,033)
At 31 December 2019	28,051,999	(4,057,844)	615,252	(11,002,823)	13,606,584

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash Flows From Operating Activities				
Loss before tax	(3,821,203)	(4,097,609)	(3,339,011)	(2,287,793)
Adjustments for:				
Amortisation of intangible assets	6,033	2,637	-	-
Defined benefit obligations	81,189	58,621	-	-
Depreciation of property, plant and equipment	463,009	433,269	107,722	128,618
Gain on modification of lease contracts	(1,384)	-	(1,384)	-
(Gain)/loss on disposal of:				
- investment in quoted shares	(62,191)	-	(62,191)	-
- investments in subsidiary company	-	(3,647)	-	154,167
Inventories written off	-	159,143	-	-
Impairment loss on:				
- amount due from subsidiary companies	-	-	1,115,574	1,387,197
- investments in subsidiary companies	-	-	329,917	460,067
Property, plant and equipment written off	-	6,659	-	-
Reversal of impairment loss on:				
- amount due from subsidiary companies	-	-	(20,000)	(675,911)
- trade receivables	-	(11,590)	-	-
Finance costs	99,825	53,866	2,466	1,991
Finance income	(195,290)	(437,649)	(131,918)	(181,627)
Unrealised loss/(gain) on foreign exchange	61	6	123,685	(450,407)
Waiver of amount due to a subsidiary company	-	-	-	(159,630)
Operating loss before working capital changes	(3,429,951)	(3,836,294)	(1,875,140)	(1,623,328)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Operating loss before working capital changes (cont'd)		(3,429,951)	(3,836,294)	(1,875,140)	(1,623,328)
Change in working capital:					
Inventories		489,187	(915,006)	-	-
Receivables		(1,032,672)	1,003,289	(1,077)	(170)
Payables		227,362	(254,895)	4,161	10,825
Cash used in operations		(3,746,074)	(4,002,906)	(1,872,056)	(1,612,673)
Employee benefits paid		(46,839)	(1,175)	-	-
Interest received		195,290	437,649	131,918	181,627
Interest paid		(99,825)	(53,866)	(2,466)	(1,991)
Tax refund		19,623	14,500	-	-
Tax paid		-	(135,302)	-	-
Net cash used in operating activities		(3,677,825)	(3,741,100)	(1,742,604)	(1,433,037)
Cash Flows From Investing Activities					
Acquisition of:					
- intangible assets	6	(36,255)	-	-	-
- property, plant and equipment	4(c)	(135,102)	(964,984)	(960)	-
(Advances to)/Repayment from subsidiary companies		-	-	(746,509)	566,196
Proceeds from disposal of investments in quoted shares		103,482	-	103,482	-
Net changes in deposits not for short-term funding requirement		2,551,963	826,977	2,551,963	(2,830,623)
Net cash inflows arising from disposal of subsidiary company	7(b)	-	2,128	-	-
Proceeds from disposal of investment in subsidiary company	7(b)	-	-	-	4,213
Net cash from/(used in) investing activities		2,484,088	(135,879)	1,907,976	(2,260,214)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Cash Flows From Financing Activities					
Drawdown of term loan		-	1,600,000	-	-
Repayment of term loan		(25,223)	(11,036)	-	-
Payment of lease liabilities		(60,862)	(44,073)	(31,134)	(17,609)
Net cash (used in)/from financing activities		(86,085)	1,544,891	(31,134)	(17,609)
Net (decrease)/increase in cash and cash equivalents					
		(1,279,822)	(2,332,088)	134,238	(3,710,860)
Cash and cash equivalents at the beginning of the financial year					
		2,892,862	4,780,523	470,562	4,181,422
Effect of exchange translation differences on cash and cash equivalents		(154,075)	444,427	-	-
Cash and cash equivalents at the end of the financial year					
		1,458,965	2,892,862	604,800	470,562
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances	14	355,389	1,293,837	101,824	169,537
Deposits with licensed banks	14	3,614,062	6,661,474	3,013,462	5,363,474
		3,969,451	7,955,311	3,115,286	5,533,011
Less: Deposits not for short-term funding requirements	14	(2,510,486)	(5,062,449)	(2,510,486)	(5,062,449)
		1,458,965	2,892,862	604,800	470,562

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

1. Corporate Information

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

The principal place of business of the Company is located at No. 18, Jalan Balam, 51100 Kuala Lumpur.

The registered office of the Company was located at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. With effect from 27 January 2021, the Company's registered office has been changed to Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activity of the Company is 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.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

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

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3 Definition of a Business

Amendments to MFRS 101 and MFRS 108 Definition of Material

Amendments to MFRS 9, MFRS 139, and MFRS 7 Interest Rate Benchmark Reform

Amendments to MFRS 4 Extension of the Temporary Exemption from applying MFRS 9

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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, IC Interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRSs Standards 2018 - 2020: • Amendments to MFRS 1 • Amendments to MFRS 9 • Amendments to MFRS 16 • Amendments to MFRS 141		1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. Basis of Preparation (Cont'd)

(b) 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.

(c) 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.

Judgements

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:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group includes the renewal period as part of the lease term for leases of warehouse, photocopy machine and motor vehicle with cancellable period included as part of the lease term as these are reasonably certain to include extension options in new leases to provide operational flexibility. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

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, right-of-use ("ROU") assets and investment properties

The Group regularly reviews the estimated useful lives of property, plant and equipment, right-of-use ("ROU") assets 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, ROU assets and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment, ROU assets and investment properties. The carrying amount at the reporting date for property, plant and equipment, ROU assets and investment properties are disclosed in Notes 4 and 5 respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Impairment of investments 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 are disclosed in Note 7.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 9.

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 11.

Determination of transaction prices

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

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

Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of its receivables, include trade and other receivables and amount due from subsidiary companies 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 Group and the Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 10, 12 and 13 respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Discount rate used in leases

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

Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries, however, the actual outcome may vary due to estimation uncertainties. The estimate is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of the Group's defined benefit obligations. The defined benefit liability of the Group at the reporting date is disclosed in Note 20.

Income taxes

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2020, the Group has provision for taxation of RM23,505 (2019: RM3,882).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. Significant Accounting Policies

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

(a) Basis of consolidation

(i) Subsidiary companies

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

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

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

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

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

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

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of the 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 the 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) to the financial statements on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

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

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

- (iii) Disposal of subsidiary companies

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

- (iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. 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 value may be impaired. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

(b) Foreign currency translation

- (i) Foreign currency transactions and balances

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(b) Foreign currency translation (Cont'd)

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

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

(ii) Foreign operations

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

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

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

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m)(i) to the financial statements on impairment of non-financial assets.

(i) Recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

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

(i) Recognition and measurement (Cont'd)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated.

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

Freehold buildings	2% - 10%
Furniture and fittings	10%
Computer system	20%
Office equipment	12.5% - 25%
Motor vehicles	12.5% - 20%
Plant and machinery	12.5% - 20%
Renovation	10%

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

(d) Leases

(i) As lessee

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(d) Leases (Cont'd)

(i) As lessee (Cont'd)

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land and buildings	Over the remaining lease period
Warehouse	33.33%
Office equipment	25%
Motor vehicle	12.5%

The ROU assets are subject to impairment.

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

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

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

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

(ii) As lessor

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(d) Leases (Cont'd)

(ii) As lessor (Cont'd)

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

(e) Investment properties

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

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

Freehold land is not depreciated. Other 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 rate of freehold building is 2% (2019: 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.

Transfers are made to (or from) investment property only when there is a change in use. Transfer between investment property, property plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

(f) Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(f) Intangible assets (Cont'd)

(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.

(g) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes 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 fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of its financial assets at initial recognition, and the categories include trade and other receivables, other investments measured at fair value through other comprehensive income, amount due from subsidiary companies and deposits, bank and cash balances.

(a) Financial assets 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 method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through other comprehensive income

Debt instruments

A debt security is measured at fair value through other comprehensive income ("FVTOCI") 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)

(b) Financial assets at fair value through other comprehensive income (Cont'd)

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 other comprehensive income on an investment-by-investment basis.

Financial assets categorised as FVTOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in other comprehensive income 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.

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

All financial assets not classified as measured at amortised cost or FVTOCI, 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 FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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 FVTOCI, are subject to impairment.

The Group and the Company have not designated any financial assets as 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 or sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

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

(h) Financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(h) Financial liabilities (Cont'd)

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

(i) Offsetting of financial instruments

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

(j) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(k) Inventories

Merchandise and trading goods are stated at the lower of cost and net realisable value.

Cost of merchandise and trading goods comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a weighted average 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 overdrafts 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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.

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

(ii) Financial assets

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

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

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 and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(n) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of 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 incremental transaction costs. Ordinary shares are classified as equity.

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

(ii) Treasury shares

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

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

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

(o) Provisions

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

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(p) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave is 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 Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plan is an approved fund independent of the Group's finances and defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past service cost. The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of reporting period.

The defined benefit obligation, calculated annually using the Projected Unit Credit Method, is determined by independent actuaries, considering the estimated future cash outflows using market yields at statements of financial position date of Government securities which have currency and terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. The actuarial gains and losses are not subsequently reclassified to profit or loss in subsequent period.

Past-service costs are recognised immediately in profit or loss.

The Group recognises gains and losses on the settlement of a defined benefit plan when settlement occurs.

(q) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or service 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(q) Revenue recognition (Cont'd)

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

The Group recognises revenue from the following major sources:

(a) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(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 payment for the services.

(ii) Dividend income

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

(iii) Interest income

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

(r) 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 their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(s) Income taxes

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

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

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

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. 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.

(t) Segments 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.

(u) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(v) Fair value measurement

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

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible.

Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

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

Level 3: Unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS

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4. Property, Plant and Equipment

Group 2020	Other property, plant and equipment										Right-of-use asset			Total RM
	Freehold land RM	Freehold buildings RM	Furniture and fittings RM	Computer system RM	Office equipment RM	Motor vehicles, plant and machinery RM	Renovation RM	Leasehold land and building RM	Warehouse RM	Office equipment, motor vehicle RM	Office equipment, motor vehicle RM	Office equipment, motor vehicle RM	Office equipment, motor vehicle RM	
Cost														
At 1 January	2,400,000	1,029,000	25,400	1,269,019	436,953	342,782	1,815,008	1,831,821	94,978	137,059	9,382,020			
Additions	-	-	1,410	2,141	38,836	-	92,715	-	-	-	135,102			
Lease modifications	-	-	-	-	-	-	-	-	(94,978)	-	(94,978)			
Foreign currency translation differences	-	-	-	-	(10,538)	(25)	(924)	(54,000)	-	(2,967)	(68,454)			
At 31 December	2,400,000	1,029,000	26,810	1,271,160	465,251	342,757	1,906,799	1,777,821	-	134,092	9,353,690			
Accumulated depreciation														
At 1 January	-	41,035	13,200	1,249,695	268,277	320,379	629,900	231,859	18,468	24,563	2,797,376			
Charge for the financial year	-	33,380	2,606	9,946	73,280	21,996	181,061	86,780	31,659	22,301	463,009			
Lease modifications	-	-	-	-	-	-	-	-	(50,127)	-	(50,127)			
Foreign currency translation differences	-	-	-	-	(6,522)	(25)	(60)	(6,166)	-	(566)	(13,339)			
At 31 December	-	74,415	15,806	1,259,641	335,035	342,350	810,901	312,473	-	46,298	3,196,919			
Carrying amount														
At 31 December	2,400,000	954,585	11,004	11,519	130,216	407	1,095,898	1,465,348	-	87,794	6,156,771			

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

Group 2019	Other property, plant and equipment										Right-of-use asset				Total RM		
	Freehold Land		Furniture and fittings		Computer system		Office equipment		Motor vehicles, plant and machinery		Leasehold land and building		Warehouse			Office equipment, motor vehicle	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM		RM	RM
Cost																	
At 1 January	-	1,789,821	21,900	1,681,501	412,420	437,555	600,000	-	-	-	-	-	-	-	-	-	4,943,197
Effect of adopting MFRS 16	-	(1,789,821)	-	-	-	(94,968)	-	1,789,821	-	-	-	-	-	-	-	94,968	-
At 1 January, as restated	-	-	21,900	1,681,501	412,420	342,587	600,000	1,789,821	-	-	-	-	-	-	-	94,968	4,943,197
Additions	-	112,000	3,500	2,445	61,529	-	785,510	-	94,978	-	-	-	-	-	-	39,783	1,099,745
Written off	-	-	-	(414,927)	(45,063)	-	-	-	-	-	-	-	-	-	-	-	(459,990)
Transfer from investment property (Note 5)	2,400,000	917,000	-	-	-	-	429,498	-	-	-	-	-	-	-	-	-	3,746,498
Foreign currency translation differences	-	-	-	-	8,067	195	-	42,000	-	-	-	-	-	-	-	2,308	52,570
At 31 December	2,400,000	1,029,000	25,400	1,269,019	436,953	342,782	1,815,008	1,831,821	94,978	137,059	9,382,020	-	-	-	-	-	-
Accumulated depreciation																	
At 1 January	-	141,424	10,689	1,652,849	231,214	270,511	485,001	-	-	-	-	-	-	-	-	-	2,791,688
Effect of adopting MFRS 16	-	(141,424)	-	-	-	(1,979)	-	141,424	-	-	-	-	-	-	-	1,979	-
At 1 January, as restated	-	-	10,689	1,652,849	231,214	268,532	485,001	141,424	-	-	-	-	-	-	-	1,979	2,791,688
Charge for the financial year	-	22,368	2,511	11,773	71,263	51,660	144,889	87,884	18,468	-	-	-	-	-	-	22,453	433,269
Written off	-	-	-	(414,927)	(38,404)	-	-	-	-	-	-	-	-	-	-	-	(453,331)
Transfer from investment property (Note 5)	-	18,667	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,667
Foreign currency translation differences	-	-	-	-	4,204	187	10	2,551	-	-	-	-	-	-	-	131	7,083
At 31 December	-	41,035	13,200	1,249,695	268,277	320,379	629,900	231,859	18,468	24,563	2,797,376	-	-	-	-	-	-
Carrying amount																	
At 31 December	2,400,000	987,965	12,200	19,324	168,676	22,403	1,185,108	1,599,962	76,510	112,496	6,584,644	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

Company 2020	Other property, plant and equipment						Right-of-use assets		Total RM
	Computer system RM	Furniture and fittings RM	Office equipment RM	Motor vehicles RM	Renovation RM	Warehouse RM	Warehouse RM	Warehouse RM	
Cost									
At 1 January	1,202,010	-	12,889	249,950	600,000	94,978	2,159,827		
Additions	-	960	-	-	-	-	960		
Lease modifications	-	-	-	-	-	(94,978)	(94,978)		
At 31 December	1,202,010	960	12,889	249,950	600,000	-	2,065,809		
Accumulated depreciation									
At 1 January	1,202,010	-	12,262	229,093	545,001	18,468	2,006,834		
Charge for the financial year	-	47	160	20,857	54,999	31,659	107,722		
Lease modifications	-	-	-	-	-	(50,127)	(50,127)		
At 31 December	1,202,010	47	12,422	249,950	600,000	-	2,064,429		
Carrying amount									
At 31 December	-	913	467	-	-	-	1,380		

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

Company 2019	Other property, plant and equipment					Right-of-use assets		Total RM
	Computer system RM	Office equipment RM	Motor vehicles RM	Renovation RM	Warehouse RM	Total RM		
Cost								
At 1 January	1,616,937	12,889	249,950	600,000	-	-	2,479,776	
Additions	-	-	-	-	94,978	-	94,978	
Written off	(414,927)	-	-	-	-	-	(414,927)	
At 31 December	1,202,010	12,889	249,950	600,000	94,978	-	2,159,827	
Accumulated depreciation								
At 1 January	1,616,937	12,102	179,103	485,001	-	-	2,293,143	
Charge for the financial year	-	160	49,990	60,000	18,468	-	128,618	
Written off	(414,927)	-	-	-	-	-	(414,927)	
At 31 December	1,202,010	12,262	229,093	545,001	18,468	-	2,006,834	
Carrying amount								
At 31 December	-	627	20,857	54,999	76,510	-	152,993	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

(a) Assets held under finance leases arrangement

As at 31 December 2020, the net carrying amount of leased motor vehicle of the Group was RM68,767 (2019: RM83,091).

Leased assets are pledged as securities for the related finance lease liabilities.

(b) Assets pledged as securities to licensed banks

The carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 18 are:

	Group	
	2020	2019
	RM	RM
Freehold land	2,400,000	2,400,000
Freehold building	954,585	987,965
	3,354,585	3,387,965

(c) Acquisition of property, plant and equipment

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Aggregate costs	135,102	1,099,745	960	94,978
Less: Lease liabilities recognised	-	(134,761)	-	(94,978)
Cash payments	135,102	964,984	960	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

5. Investment Property

Group 2019	Freehold land RM	Freehold building RM	Total RM
At cost			
At 1 January	2,400,000	1,346,498	3,746,498
Transfer to property, plant and equipment (Note 4)	(2,400,000)	(1,346,498)	(3,746,498)
At 31 December	-	-	-
Accumulated depreciation			
At 1 January	-	18,667	18,667
Transfer to property, plant and equipment (Note 4)	-	(18,667)	(18,667)
At 31 December	-	-	-
Carrying amount			
At 31 December	-	-	-

In the previous financial year, a property has been transferred from investment property to property, plant and equipment, since the freehold land and building was used by the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

6. Intangible Assets

	Group	
	2020	2019
Computer software acquired	RM	RM
Cost		
At 1 January	13,000	12,750
Additions	36,255	-
Foreign currency translation differences	(2,774)	250
At 31 December	46,481	13,000
Accumulated amortisation		
At 1 January	6,194	3,531
Amortisation for the financial year	6,033	2,637
Foreign currency translation differences	(2,567)	26
At 31 December	9,660	6,194
Carrying amount		
At 31 December	36,821	6,806

The cost of computer software acquired, including all directly attributable costs of preparing the assets for their intended use, is amortised on a straight-line basis over the estimated useful life of 4 years (2019: 4 years).

7. Investments in Subsidiary Companies

	Company	
	2020	2019
	RM	RM
In Malaysia:		
At cost		
Unquoted shares	3,888,422	3,888,422
Less: Accumulated impairment losses	(3,888,421)	(3,888,421)
	1	1
Outside Malaysia:		
At cost		
Unquoted shares	871,610	871,610
Less: Accumulated impairment losses	(329,917)	-
	541,693	871,610
	541,694	871,611

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

7. Investments in Subsidiary Companies (Cont'd)

Movements in the allowance for impairment losses of investments in subsidiary companies is as follows:

	Company	
	2020	2019
	RM	RM
At 1 January	3,888,421	3,428,354
Impairment loss recognised	329,917	460,067
At 31 December	4,218,338	3,888,421

During the financial year, the Company carried out a review of the recoverable amounts of certain subsidiary companies. An impairment loss on the investments amounting to RM329,917 (2019: RM460,067) was recognised in the statements of profit or loss and other comprehensive income.

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2020	2019	
Angkara Setia Development Sdn. Bhd.	Malaysia	100	100	Providing outsourced procurement and fulfilment services through local suppliers and mail order programmes, including warehousing and distribution services.
PT CLS System*	Indonesia	100	100	Providing integrated solutions in the management of customer loyalty services
Advanced Supply Chain Solutions Sdn. Bhd.	Malaysia	100	100	Dormant

* Subsidiary company audited by a member firm of UHY in Indonesia

(a) Additional investments in subsidiary companies

In the previous financial year, the Company subscribe for new ordinary shares in PT CLS System, ("PTCLS"), a wholly-owned subsidiary company of the Company, at an issued price of RM1.00 each for a total consideration of RM348,710 only by way of capitalisation against amount due from PTCLS to the Company, thereby increasing the Company's equity interest in PTCLS from 150,000 ordinary shares to 283,000 ordinary shares.

(b) Disposal of a subsidiary company

In the previous financial year, the Company disposed of 100% equity interest in Pride Group Limited for a total cash consideration of RM4,213. The Group and the Company recognised a gain and loss of RM3,647 and RM154,167 respectively in profit or loss. The subsidiary company was previously reported as part of the other segment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

7. Investments in Subsidiary Companies (Cont'd)

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

The effect of the disposal of a subsidiary company on the financial position of the Group as at the date of disposal was as follows:

	2019 RM
Cash and bank balances	2,114
Amount due from holding company	158,082
Total net assets disposed	160,196
Less: Waiver of amount due from holding company	(159,630)
Gain on disposal of subsidiary company	3,647
Proceed from disposal of subsidiary company	4,213
Realisation of foreign currency translation reserve	29
Less: Cash and bank balance disposed	(2,114)
Net cash inflows from disposal of subsidiary company	2,128

8. Other Investments

	Group and Company	
	2020 RM	2019 RM
At fair value		
Financial assets measured at fair value through other comprehensive income		
Quoted shares in Malaysia	9,184,622	5,576,804
At cost		
Golf club membership	45,000	45,000
	9,229,622	5,621,804
Market value of quoted shares	9,184,622	5,576,804

The fair value of the listed equity securities was determined by reference to the quoted price in an active market.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

9. Deferred Tax Assets

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
At 1 January	41,993	34,650	-	-
Recognised in profit or loss	25,983	14,361	-	-
Recognised in other comprehensive income	14,585	(7,610)	-	-
Effect of changes in exchange rates	(474)	592	-	-
At 31 December	82,087	41,993	-	-

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Deferred tax assets	116,104	49,932	331	6,654
Deferred tax liabilities	(34,017)	(7,939)	(331)	(6,654)
	82,087	41,993	-	-

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

Group	Unabsorbed capital allowances		
	Deferred tax assets	Others	Total
	RM	RM	RM
2020			
At 1 January		7,939	41,993
Recognised in profit or loss		26,078	25,983
Recognised in other comprehensive income		-	14,585
Effect of changes in exchange rates		-	(474)
At 31 December		34,017	82,087
2019			
At 1 January		72	34,650
Recognised in profit or loss		7,867	14,361
Recognised in other comprehensive income		-	(7,610)
Effect of changes in exchange rates		-	592
At 31 December		7,939	41,993

NOTES TO THE FINANCIAL STATEMENTS

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9. Deferred Tax Assets (Cont'd)

The components and movements of deferred tax assets and liabilities prior to offsetting are as follows: (Cont'd)

	Group	
	2020	2019
Deferred tax liabilities	RM	RM
Accelerated capital allowances		
At 1 January	(7,939)	(72)
Recognised in profit or loss	(26,078)	(7,867)
At 31 December	(34,017)	(7,939)

	Company	
	2020	2019
Deferred tax assets	RM	RM
Unabsorbed capital allowances		
At 1 January	6,654	-
Recognised in profit or loss	(6,323)	6,654
At 31 December	331	6,654
Deferred tax liabilities		
Accelerated capital allowances		
At 1 January	(6,654)	-
Recognised in profit or loss	6,323	(6,654)
At 31 December	(331)	(6,654)

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Unabsorbed capital allowances (no expiry period)	607,459	556,527	520,395	492,671
Unused tax losses (expiring within 10 years)	8,227,855	8,130,995	2,727,433	2,727,433
	8,835,314	8,687,522	3,247,828	3,220,104

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.

The Malaysia Finance Act gazetted on 21 December 2018 has imposed a time limit to restrict the carry forward of the unused tax losses. With effect from year of assessment 2019, unused tax losses are allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. The unabsorbed capital allowances do not expire under current tax legislation.

The foreign unused tax losses and unabsorbed capital allowances applicable to foreign incorporated subsidiary company are subject to the tax legislation of the country.

NOTES TO THE FINANCIAL STATEMENTS

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10. Amount Due from Subsidiary Companies

	Company	
	2020	2019
	RM	RM
Amount due from subsidiary companies		
Non-Current		
<u>Non-trade related</u>		
Non-interest bearing	3,936,160	-
Less: Accumulated impairment losses	(2,835,194)	-
	1,100,966	-
Current		
<u>Trade related</u>		
Non-interest bearing	780,000	780,000
<u>Non-trade related</u>		
Non-interest bearing	6,339,685	9,653,021
	7,119,685	10,433,021
Less: Accumulated impairment losses	(7,119,685)	(8,859,305)
	-	1,573,716

Movements in the allowance for impairment losses of amount due from subsidiary companies is as follows:

	Company	
	2020	2019
	RM	RM
At 1 January	8,859,305	8,148,019
Impairment loss recognised	1,115,574	1,387,197
Impairment loss reversed	(20,000)	(675,911)
At 31 December	9,954,879	8,859,305

During the financial year, the Company carried out a review of the recoverable amounts of certain subsidiary companies. An impairment loss on the amount due from subsidiaries companies amounting to RM1,115,574 (2019: RM1,387,197) was recognised in the in statements of profit or loss and other comprehensive income.

Non-Current

These represent unsecured, non-interest-bearing advances and repayable after twelve months.

Current

These represent unsecured, non-interest-bearing advances and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

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11. Inventories

	Group	
	2020	2019
	RM	RM
Merchandise and trading goods	599,061	1,088,248
Recognised in profit or loss:		
Inventories recognised as cost of sales	8,966,634	3,678,243
Inventories written off	-	159,143

12. Trade Receivables

	Group	
	2020	2019
	RM	RM
Trade receivables	2,102,642	855,266
Less: Accumulated impairment losses	(2,134)	(2,201)
	2,100,508	853,065

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2019: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Group	
	2020	2019
	RM	RM
At 1 January	2,201	13,543
Impairment loss reversed	-	(11,590)
Foreign currency translation differences	(67)	248
At 31 December	2,134	2,201

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.

NOTES TO THE FINANCIAL STATEMENTS

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12. Trade Receivables (Cont'd)

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

	Group	
	2020	2019
	RM	RM
Not past due	951,994	127,836
Past due:		
Less than 30 days	729,901	422,187
31 to 60 days	308,521	155,555
61 to 90 days	112,226	149,688
	1,150,648	727,430
Gross amount	2,102,642	855,266
Loss allowance, individual impaired	(2,134)	(2,201)
Net amount	2,100,508	853,065

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

As at 31 December 2020, trade receivables of RM1,148,514 (2019 : RM725,229) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM2,134 (2019: RM2,201), relate to customers that are in financial difficulties, have defaulted on payments and/or has disputed on the billings. These balances are expected to be recovered through the debts recovery process.

13. Other Receivables

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Other receivables	18,493	9,055	3,777	-
Refundable deposits	20,665	23,718	6,340	9,570
Prepayments	102,213	323,369	530	-
	141,371	356,142	10,647	9,570

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

14. Deposits, Bank and Cash Balances

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash and bank balances	355,389	1,293,837	101,824	169,537
Fixed deposits with licensed banks	3,614,062	6,661,474	3,013,462	5,363,474
	3,969,451	7,955,311	3,115,286	5,533,011
Less: Deposits with tenures of more than 3 months	(2,510,486)	(5,062,449)	(2,510,486)	(5,062,449)
	1,458,965	2,892,862	604,800	470,562

The effective interest rates and maturities of fixed deposits of the Group and of the Company ranged from 1.90% to 7.50% (2019: 2.90% to 7.50%) and 1.90% to 3.75% (2019: 3.15% to 4.20%) and 1 to 12 months (2019: 1 to 12 months) respectively.

15. Share Capital

	Group and Company			
	Number of Ordinary Shares		Amount	
	2020	2019	2020	2019
	Units	Units	RM	RM
Ordinary shares with no par value				
Issued and fully paid:				
At 1 January/31 December	266,058,666	266,058,666	28,051,999	28,051,999

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company. All ordinary shares rank equally with regards to the Company's residual assets. In respect of the treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

16. Treasury Shares

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 26 June 2020, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

The total number of treasury shares held by the Company as at 31 December 2020 was 24,090,500 (2019: 24,090,500).

None of the treasury shares were resold or cancelled during the current and previous financial year. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 in Malaysia.

As at 31 December 2020, the number of the Company's shares in issue after deducting treasury shares is 241,968,166 (2019: 241,968,166) ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

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17. Reserves

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable					
Fair value reserve	(a)	4,264,361	615,252	4,264,361	615,252
Foreign currency translation reserve	(b)	(796,108)	(642,094)	-	-
Distributable					
Accumulated losses		(7,894,964)	(4,048,937)	(14,341,834)	(11,002,823)
		(4,426,711)	(4,075,779)	(10,077,473)	(10,387,571)

The nature of reserves of the Group and of the Company is as follows:

(a) Fair value reserve

Fair value reserve represents the cumulative net change in the fair value of investment in securities measured at FVTOCI until they are derecognised or impaired.

(b) 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. Loans and Borrowings

	Group	
	2020 RM	2019 RM
Secured		
Term loan	1,563,741	1,588,964
Non-current		
Term loan	1,524,942	1,525,132
Current		
Term loan	38,799	63,832
	1,563,741	1,588,964

The term loan is secured by the following:

- (i) Legal charge over the freehold land and building of the Group as disclosed in Note 4.
- (ii) Corporate guarantee by the Company.

The average effective interest rates per annum are as follows:

	Group	
	2020 %	2019 %
Term loan	5.6	6.6

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19. Lease Liabilities

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
At 1 January	143,447	-	77,369	-
Effect of adopting MFRS 16	-	51,507	-	-
At 1 January, restated	143,447	51,507	77,369	-
Additions	-	134,761	-	94,978
Lease modifications	(46,235)	-	(46,235)	-
Payments	(60,862)	(44,073)	(31,134)	(17,609)
Foreign exchange translation differences	(1,110)	1,252	-	-
At 31 December	35,240	143,447	-	77,369
Represented by:				
Non-current	8,916	81,973	-	46,235
Current	26,324	61,474	-	31,134
	35,240	143,447	-	77,369

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Within one year	27,250	67,024	-	33,600
Later than one year and not later than two years	9,000	61,368	-	33,600
Later than two years and not later than five years	-	23,000	-	14,000
	36,250	151,392	-	81,200
Less: Future finance charges	(1,010)	(7,945)	-	(3,831)
Present value of lease liabilities	35,240	143,447	-	77,369

The Group leases various building and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

20. Employee Benefits

	Group	
	2020	2019
	RM	RM
Retirement benefits plans		
Present value of unfunded defined benefit obligations	317,416	224,765

The Group recognises liabilities for employee benefits in respect of its overseas subsidiary company, PT CLS System in accordance with the Indonesian Labour Law No. 13 Year 2003 dated 25 March 2003 ("Labour Law"). Under this Labour Law, the employee benefits are payable upon dismissal of employees.

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20. Employee Benefits (Cont'd)

The movements in the present value of defined benefits obligations is as follows:

	Group	
	2020	2019
	RM	RM
At 1 January	224,765	192,884
Recognised in profit or loss:		
- Current service costs	63,976	41,689
- Interest on obligations	17,213	16,932
Benefits paid by the plan	(46,839)	(1,175)
Remeasurement recognised in other comprehensive income:		
- Effects of changes in financial assumptions	65,392	(30,441)
- Foreign exchange translation differences	(7,091)	4,876
At 31 December	317,416	224,765

Actuarial assumptions

The principal actuarial assumptions at the end of the reporting period are as follows:

	Group	
	2020	2019
	%	%
Discount rate	7.55	7.81
Future average salary increases	9.00	9.00

Sensitivity analysis

The effect of changes in the principal actuarial assumptions on the present value of unfunded obligations as at 31 December 2020 are as follows:

	Group	
	+1%	-1%
	RM	RM
(Decrease)/Increase of present value of the unfunded obligations		
- Discount rate	(61,555)	79,648
- Expected salary	75,039	(61,326)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

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21. Trade Payables

	Group	
	2020	2019
	RM	RM
Trade payables	545,285	171,767

Credit terms of trade payables of the Group ranged from 30 to 60 days (2019: 30 to 60 days) depending on the terms of the contracts.

22. Other Payables

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Other payables	112,184	347,492	3,022	1,007
Accruals	150,877	109,320	79,891	77,745
	263,061	456,812	82,913	78,752

23. Revenue

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Revenue form contracts with customers:				
Sales and services under customer loyalty programme	10,851,054	4,943,846	-	-
Timing of revenue recognition:				
At a point in time/Total revenue from contracts with customers	10,851,054	4,943,846	-	-

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

	2020	2019
	RM	RM
Managed customer loyalty services		
Geographical market:		
Malaysia	1,282,105	702,681
Indonesia	9,568,949	4,241,165
Total revenue from contracts with customers	10,851,054	4,943,846

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24. Finance costs

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Interest expenses on:				
Lease liabilities	5,501	7,910	2,466	1,991
Term loan	94,324	45,956	-	-
	99,825	53,866	2,466	1,991

25. Loss Before Tax

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Auditors' remuneration:				
- statutory audits				
- UHY	62,000	62,000	50,000	50,000
- member firms of UHY International	25,195	25,516	-	-
- non-audit services	5,000	5,000	5,000	5,000
Amortisation of intangible assets	6,033	2,637	-	-
Defined benefit obligations	81,189	58,621	-	-
Depreciation of property, plant and equipment	463,009	433,269	107,722	128,618
Gain on modification of lease contracts	(1,384)	-	(1,384)	-
Lease expenses relating to short-term leases	119,931	72,532	-	-
Lease expenses relating to low-value assets	5,214	48,892	2,497	-
Foreign exchange loss/(gain):				
- realised	-	350,079	-	350,079
- unrealised	61	6	123,865	(450,407)
(Gain)/Loss on disposal of				
- investment in quoted shares	(62,191)	-	(62,191)	-
- investments in subsidiary company	-	(3,647)	-	154,167
Inventories written off	-	159,143	-	-
Interest income from fixed deposits with licensed banks	(195,290)	(437,649)	(131,918)	(181,627)

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25. Loss Before Tax (Cont'd)

Loss before tax is determined after charging/(crediting) amongst other, the following items: (Cont'd)

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Non-executive Directors' remunerations				
- fees	180,000	210,000	180,000	210,000
- other benefits	19,000	35,000	19,000	35,000
Net (gain)/loss on impairment of financial instruments:				
- impairment loss on amount due from subsidiary companies	-	-	1,115,574	1,387,197
- reversal of impairment loss on amount due from subsidiary companies	-	-	(20,000)	(675,911)
- reversal of impairment loss on trade receivables	-	(11,590)	-	-
	-	(11,590)	1,095,574	711,286
Impairment loss on investments in subsidiary companies	-	-	329,917	460,067
Property, plant and equipment written off	-	6,659	-	-
Waiver of amount due to a subsidiary company	-	-	-	(159,630)

26. Taxation

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Tax expense recognised in profit or loss				
Current tax	-	-	-	-
Deferred tax (Note 9)				
- Origination and reversal of temporary differences	(25,983)	(14,361)	-	-
	(25,983)	(14,361)	-	-
Income tax relating to items of other comprehensive income that will not be reclassified to profit or loss				
Income tax relating to remeasurement of defined benefit liability	(14,585)	7,610	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

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26. Taxation (Cont'd)

A reconciliation of income tax expenses applicable to loss before tax at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Loss before tax	(3,821,203)	(4,097,609)	(3,339,011)	(2,287,793)
At Malaysian statutory tax rate of 24% (2019: 24%)	(917,089)	(983,426)	(801,363)	(549,070)
Effects of different tax rates in other jurisdictions	(15,157)	(16,246)	-	-
	(932,246)	(999,672)	(801,363)	(549,070)
Expenses not deductible for tax purposes	925,886	1,098,189	849,804	518,350
Deferred tax assets not recognised	35,272	356,408	6,454	231,250
Income not subject to tax	(54,895)	(469,286)	(54,895)	(200,530)
	(25,983)	(14,361)	-	-

The unabsorbed capital allowances and unused tax losses which are available to be carried forward to offset against future chargeable income as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Unabsorbed capital allowances	749,197	589,605	521,775	520,395
Unused tax losses	8,227,855	8,130,995	2,727,433	2,727,433
	8,977,052	8,720,600	3,249,208	3,247,828

27. Loss Per Share

(a) Basic loss per shares

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of shares in issue during the financial year. The weighted average number of shares in issue excludes the weighted average number of treasury shares held by the Company.

	Group	
	2020	2019
	RM	RM
Loss attributable to owners of the parent	(3,795,220)	(4,083,248)
Weighted average number of ordinary shares in issue (Units)		
Issued ordinary shares at 1 January	266,058,666	266,058,666
Less: Treasury shares	(24,090,500)	(24,090,500)
Weighted average number of ordinary shares at 31 December	241,968,166	241,968,166
Basic loss per share (sen)	(1.57)	(1.69)

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27. Loss Per Share (Cont'd)

- b) Diluted loss per share

The diluted earnings per shares of the Group is equal to the basic earnings per share as the Group does not have any dilutive potential ordinary shares in issue.

28. Staff Costs

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Salaries, wages and other emoluments	2,804,320	2,627,451	641,565	681,500
Defined contribution plans	133,145	137,031	66,493	69,264
Social security contributions	77,483	66,028	4,132	4,171
Other benefits	55,063	55,467	11,172	15,486
Defined benefit obligations	81,189	58,621	-	-
	3,151,200	2,944,598	723,362	770,421

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Directors of the Company				
Salaries and other emoluments	95,215	296,000	95,215	296,000
Defined contribution plans	12,481	34,740	12,481	34,740
Social security contributions	922	1,731	922	1,731
	108,618	332,471	108,618	332,471
Directors of the subsidiary companies				
Salaries and other emoluments	216,932	247,658	-	-
	325,550	580,129	108,618	332,471

29. Financial Guarantee

	Company	
	2020	2019
	RM	RM
Unsecured		
Corporate guarantee given to financial institutions for banking facilities granted to subsidiary companies		
- Limit of guarantees	1,600,000	1,600,000
- Amount utilised	1,563,741	1,588,964

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30. Reconciliation of Liabilities Arising from Financing Activities

The table below show the 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	Effect of adoption of MFRS 16	Non-cash changes				Financing cash flows	At 31 December
			RM	RM	RM	RM		
Group								
2020								
Lease liabilities	143,447	-	-	(1,110)	(46,235)	(60,862)	35,240	
Term loan	1,588,964	-	-	-	-	(25,223)	1,563,741	
	1,732,411	-	-	(1,110)	(46,235)	(86,085)	1,598,981	
Group								
2019								
Finance lease liabilities	51,507	(51,507)	-	-	-	-	-	
Lease liabilities	-	51,507	134,761	1,252	-	(44,073)	143,447	
Term loan	-	-	-	-	-	1,588,964	1,588,964	
	51,507	-	134,761	1,252	-	1,544,891	1,732,411	
Company								
2020								
Lease liabilities	77,369	-	-	-	(46,235)	(31,134)	-	
Company								
2019								
Lease liabilities	-	-	94,978	-	-	(17,609)	77,369	

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31. Commitments

	Group	
	2020	2019
	RM	RM
Capital expenditure		
Authorised and contracted for:		
- Property, plant and equipments	-	50,100

32. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. 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 the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
(i) Transactions with a former Director of corporate shareholder				
- Rental of motor vehicle	54,000	54,000	-	-
(ii) Transactions with subsidiary company				
- Investment in subsidiary company	-	-	-	348,710

NOTES TO THE FINANCIAL STATEMENTS

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32. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

The remuneration of key management personnel is same as the Directors' remuneration as disclosed in Notes 25 and 28 respectively.

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Salaries and other emoluments	511,147	788,658	294,215	541,000
Defined contribution plans	12,481	34,740	12,481	34,740
Social security contributions	922	1,731	922	1,731
	524,550	825,129	307,618	577,471

33. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

Managed customer loyalty services	<ul style="list-style-type: none"> • Sales and marketing services. • Client relationship management. • Outsourced contact centre management.
Distribution of health and beauty products	<ul style="list-style-type: none"> • Distribution of HABA brand of health and beauty care products from Japan, whereby the Group through its subsidiary Advanced Supply Chain Solutions Sdn. Bhd., holds the exclusive distribution rights for Malaysia. This business segment has discontinued due to the expiry of Distribution Agreement with HABA, Japan.
Others	<ul style="list-style-type: none"> • Outsourced procurement services, investment holding and corporate level activities.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

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.

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33. Segment Information (Cont'd)

(a) Business segment

2020	Managed customer loyalty services RM	Others RM	Consolidated RM
Revenue			
Total revenue - external customers	10,851,054	-	10,851,054
Results			
Segment results	(1,974,614)	(1,942,054)	(3,916,668)
Finance income	63,372	131,918	195,290
Finance costs	(97,359)	(2,466)	(99,825)
Loss before tax	(2,008,601)	(1,812,602)	(3,821,203)
Taxation	25,983	-	25,983
Loss for the financial year	(1,982,618)	(1,812,602)	(3,795,220)
Assets and liabilities			
Segment assets	9,929,750	12,385,942	22,315,692
Including in the measurement of segment assets are:			
Capital expenditure relating to:			
- property, plant and equipment	134,142	960	135,102
- intangible assets	36,255	-	36,255
Segment liabilities	2,657,335	90,913	2,748,248
Other information			
Amortisation of intangible assets	6,033	-	6,033
Defined benefit obligations	81,189	-	81,189
Depreciation of property, plant and equipment	342,238	120,771	463,009
Gain on modification of lease contracts	-	(1,384)	(1,384)
Gain on disposal of investment in quoted shares	-	(62,191)	(62,191)

NOTES TO THE FINANCIAL STATEMENTS

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33. Segment Information (Cont'd)

(a) Business segment (Cont'd)

2019	Managed customer loyalty services RM	Distribution of health and beauty care products RM	Others RM	Consolidated RM
Revenue				
Total revenue				
- external customers	4,943,846	-	-	4,943,846
Results				
Segment results	(2,590,280)	(114,343)	(1,776,769)	(4,481,392)
Finance costs	(51,875)	-	(1,991)	(53,866)
Finance income	255,972	-	181,677	437,649
Loss before tax	(2,386,183)	(114,343)	(1,597,083)	(4,097,609)
Taxation	14,361	-	-	14,361
Loss for the financial year	(2,371,822)	(114,343)	(1,597,083)	(4,083,248)
Assets and liabilities				
Segment assets	11,144,181	-	11,363,832	22,508,013
Including in the measurement of segment assets are:				
Capital expenditure relating to:				
- property, plant and equipment	1,004,767	-	94,978	1,099,745
Segment liabilities	2,424,016	-	165,621	2,589,637
Other information				
Amortisation of intangible assets	2,637	-	-	2,637
Defined benefit obligations	58,621	-	-	58,621
Depreciation of property, plant and equipment	304,651	-	128,618	433,269
Gain on disposal of investment in subsidiary company	-	-	(3,647)	(3,647)
Inventories written off	-	159,143	-	159,143
Unrealised loss on foreign exchange	-	-	6	6
Property, plant and equipment written off	6,659	-	-	6,659
Reversal of impairment loss of trade receivables	(11,590)	-	-	(11,590)

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33. Segment Information (Cont'd)

(b) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follow:

	Revenue		Non-current assets	
	2020	2019	2020	2019
	RM	RM	RM	RM
Malaysia	1,282,105	702,681	4,485,743	4,715,286
Indonesia	9,568,949	4,241,165	1,707,849	1,876,164
	10,851,054	4,943,846	6,193,592	6,591,450

Non-current assets for this purpose consist of property, plant and equipment, investment property and intangible assets.

(c) Major customers

Revenue from transactions with major customers who individually accounted for 10 percent or more of Group's revenue are summarised below:

	Revenue		Segment
	2020	2019	
	RM	RM	
Customer A	1,771,052	-	Managed customer loyalty services
Customer B	1,343,844	-	Managed customer loyalty services
Customer C	-	585,521	Managed customer loyalty services
Customer D	-	933,606	Managed customer loyalty services
Customer E	-	674,007	Managed customer loyalty services

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34. 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	At FVTOCI RM	Total RM
2020			
Financial assets			
Group			
Other investments	-	9,184,622	9,184,622
Trade receivables	2,100,508	-	2,100,508
Other receivables	39,158	-	39,158
Deposits, bank and cash balances	3,969,451	-	3,969,451
	6,109,117	9,184,622	15,293,739
Financial assets			
Company			
Other investments	-	9,184,622	9,184,622
Other receivables	10,117	-	10,117
Amount due from subsidiary companies	1,100,966	-	1,100,966
Deposits, bank and cash balances	3,115,286	-	3,115,286
	4,226,369	9,184,622	13,410,991
2020			
Financial liabilities			
Group			
Loans and borrowings	1,563,741	-	1,563,741
Lease liabilities	35,240	-	35,240
Trade payables	545,285	-	545,285
Other payables	263,061	-	263,061
	2,407,327	-	2,407,327
Company			
Other payables	82,913	-	82,913

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34. Financial Instruments (Cont'd)

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

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: (Cont'd)

	At amortised cost RM	At FVTOCI RM	Total RM
2019			
Financial assets			
Group			
Other investments	-	5,576,804	5,576,804
Trade receivables	853,065	-	853,065
Other receivables	32,773	-	32,773
Deposits, bank and cash balances	7,955,311	-	7,955,311
	8,841,149	5,576,804	14,417,953
Company			
Other investments	-	5,576,804	5,576,804
Other receivables	9,570	-	9,570
Amount due from subsidiary companies	1,573,716	-	1,573,716
Deposits, bank and cash balances	5,533,011	-	5,533,011
	7,116,297	5,576,804	12,693,101
2019			
Financial liabilities			
Group			
Loans and borrowings	1,588,964	-	1,588,964
Lease liabilities	143,447	-	143,447
Trade payables	171,767	-	171,767
Other payables	456,812	-	456,812
	2,360,990	-	2,360,990
Company			
Other payables	78,752	-	78,752
Lease liabilities	77,369	-	77,369
	156,121	-	156,121

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34. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operation whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies. There are no significant changes as compared to previous financial year.

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 deposits with banks 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 loans and 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 of 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 represents the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM1,563,741 (2019: RM1,588,964), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary companies would default on repayment as at the end of the reporting period.

There are no significant changes as compared to previous financial year.

Credit risk concentration

As at the end of the financial year, the Group had 3 customers (2019: 3 customers) that owed and accounted for approximately 65% (2019: 75%) of all the receivables outstanding. The Company has no significant concentration of credit 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.

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31 DECEMBER 2020

34. 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.

Group	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
2020						
<u>Non-derivative financial liabilities</u>						
Term loan	156,588	156,588	469,764	1,580,503	2,363,443	1,563,741
Lease liabilities	27,250	9,000	-	-	36,250	35,240
Trade payables	545,285	-	-	-	545,285	545,285
Other payables	263,061	-	-	-	263,061	263,061
	992,184	165,588	469,764	1,580,503	3,208,039	2,407,327
2019						
<u>Non-derivative financial liabilities</u>						
Term loan	170,976	170,976	512,928	1,679,095	2,533,975	1,588,964
Lease liabilities	67,024	61,368	23,000	-	151,392	143,447
Trade payables	171,767	-	-	-	171,767	171,767
Other payables	456,812	-	-	-	456,812	456,812
	866,579	232,344	535,928	1,679,095	3,313,946	2,360,990

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

34. 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. (Cont'd)

Company	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
2020						
<u>Non-derivative financial liabilities</u>						
Other payables	82,913	-	-	-	82,913	82,913
Financial guarantee*	1,563,741	-	-	-	1,563,741	-
	1,646,654	-	-	-	1,646,654	82,913
2019						
<u>Non-derivative financial liabilities</u>						
Other payables	78,752	-	-	-	78,752	78,752
Lease liabilities	33,600	33,600	14,000	-	81,200	77,369
Financial gusarantee*	1,588,964	-	-	-	1,588,964	-
	1,701,316	33,600	14,000	-	1,748,916	156,121

* Being corporate guarantee granted for banking facilities of certain subsidiary companies which will only crystallise in the event of default by these company.

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD), Singapore Dollar (SGD), Japanese Yen (JPY) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

34. Financial Instruments (Cont'd)

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

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

The carrying amounts of the Group's and of the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in			Total RM
	USD RM	SGD RM	JPY RM	
Group				
2020				
Deposits, bank and cash balances	3,015	20	23	3,058
2019				
Deposits, bank and cash balances	3,364	20	23	3,407

	Denominated in				Total RM
	USD RM	SGD RM	IDR RM	Others RM	
Company					
2020					
Deposits, bank and cash balances	-	20	-	23	43
Amount due from subsidiary companies	-	-	1,100,966	-	1,100,966
	-	20	1,100,966	23	1,101,009
2019					
Deposits, bank and cash balances	15	20	-	23	58
Amount due from subsidiary companies	-	-	1,573,716	-	1,573,716
	15	20	1,573,716	23	1,573,774

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

34. Financial Instruments (Cont'd)

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

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's and of the Company's loss before tax to a reasonably possible change in the USD, SGD, JPY, IDR and others exchange rates against RM, with all other variables held constant.

	Change in currency rate	2020 Effect on loss before tax	2019 Effect on loss before tax
	RM	RM	RM
Group			
USD	Strengthened 5% (2019: 5%)	151	168
	Weakend 5% (2019: 5%)	(151)	(168)
SGD	Strengthened 5% (2019: 5%)	1	1
	Weakend 5% (2019: 5%)	(1)	(1)
JPY	Strengthened 5% (2019: 5%)	1	1
	Weakend 5% (2019: 5%)	(1)	(1)
Company			
USD	Strengthened 5% (2019: 5%)	-	1
	Weakend 5% (2019: 5%)	-	(1)
SGD	Strengthened 5% (2019: 5%)	1	1
	Weakend 5% (2019: 5%)	(1)	(1)
IDR	Strengthened 5% (2019: 5%)	55,048	78,686
	Weakend 5% (2019: 5%)	(55,048)	(78,686)
Others	Strengthened 5% (2019: 5%)	1	1
	Weakend 5% (2019: 5%)	(1)	(1)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks are exposed to a risk of change in their fair value due to changes in interest rates. The Group'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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

34. Financial Instruments (Cont'd)

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

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

The Group and the Company manage their interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group and the Company constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group and the Company do 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:

	2020	2019
	RM	RM
Group		
Fixed rate instruments		
Financial assets	3,614,062	6,661,474
Financial liabilities	(35,240)	(143,447)
	3,578,822	6,518,027
Floating rate instrument		
Financial liabilities	(1,563,741)	(1,588,964)
Company		
Fixed rate instruments		
Financial assets	3,013,462	5,363,474
Financial liabilities	-	(77,369)
	3,013,462	5,286,105

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's loss before tax by RM15,640 (2019: RM15,890), arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

34. Financial Instruments (Cont'd)

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

The table below analyses financial instruments carried at fair value and 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.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
2020										
Group										
Financial asset										
Quoted shares	9,184,622	-	-	9,184,622	-	-	-	-	9,184,622	9,184,622
Company										
Financial asset										
Quoted shares	9,184,622	-	-	9,184,622	-	-	-	-	9,184,622	9,184,622
2019										
Group										
Financial asset										
Quoted shares	5,576,804	-	-	5,576,804	-	-	-	-	5,576,804	5,576,804
Company										
Financial asset										
Quoted shares	5,576,804	-	-	5,576,804	-	-	-	-	5,576,804	5,576,804

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

35. Capital Management

The Group's and the Company's objective when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitor capital using a gearing ratio. The Group's and the Company's policy are to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Loans and borrowings	1,563,741	1,588,964	-	-
Less: deposits, cash and bank balances	(3,969,451)	(7,955,311)	(3,115,286)	(5,533,011)
	(2,405,710)	(6,366,347)	(3,115,286)	(5,533,011)
Total equity	19,567,444	19,918,376	13,916,682	13,606,584
Gearing ratio	N/A*	N/A*	N/A*	N/A*

* The gearing ratio is not applicable as the Group's and the Company's have sufficient deposits, cash and bank balances to settle the liabilities as at financial year end.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

36. Material Litigations

- (a) The Company had, on 20 January 2017, been served with a Writ (Kuala Lumpur High Court Suit No.: WA-22NCC-17-01/2017) issued by Customer Loyalty Solutions Sdn. Bhd. (in liquidation) ("the Plaintiff", hereby known as "CLS") claiming that the payment of RM6,524,652 from the Plaintiff to the Company are void or voidable. The Claim included two (2) other defendants i.e. a current and a former director of the Company to be jointly and severally liable to pay the Plaintiff the sum of RM6,524,652. On 7 July 2011, the Plaintiff was no longer a subsidiary company of the Company.

The trial was concluded on 16 January 2019. The Court fixed 20 February 2019 for oral submissions and had fixed 4 March 2019 for further submissions. The Court had on 4 March 2019 heard further submissions by the Defendants and then fixed 10 May 2019 for further clarification/decision and it was then postponed to 30 September 2019 for decision.

On 30 September 2019, the Court had dismissed the Plaintiff's claim against all the Defendants with costs of RM15,000 to each Defendant (subject to allocatur fee of 4%). On 29 October 2019, the Plaintiff had filed a Notice of Appeal against the decision of the Kuala Lumpur High Court. The Court of Appeal has now fixed the next case management on 24 May 2021 pending the grounds of judgment from the Kuala Lumpur High Court.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

36. Material Litigations (Cont'd)

- (b) The Company together with five other defendants ("the Defendants"), the current Directors and chief executive officer of the Company had, on 2 November 2020, been served with a Writ (Kuala Lumpur High Court Suit No.: WA-22NCC-537- 11/2020) issued by Mak Siew Wei ("the Plaintiff"), a current Director of the Company, via its solicitors, Messrs. Chong+Kheng Hoe. The Plaintiff's suit relates to possible breach of Ace Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code on Take-Overs and Mergers 2016, Rule on Take-Overs, Mergers and Compulsory Acquisitions read in conjunction with the Capital Market and Services Act 2007 and the Companies Act 2016 by the Defendants. On 3 November 2020, the Board of the Company had announced the details related to the Material Litigation.

During the case management held on 10 November 2020, the Plaintiffs sought for an Ad-interim in junction order to restrain, inter-alia, the 1st, 2nd, 3rd & 4th Defendants from being Directors or holding office as Directors or as the chief executive officer of the Company pending the disposal of this suit. The Court did not grant the order sought by the Plaintiff.

On 26 November 2020, the Judge after having read the respective parties' submissions, directed the parties to file a Rebuttal Submissions by end of December 2020. The Judge also fixed a hearing on 11 January 2021 for the decision and clarification on the Rebuttal Submissions. In view of the amended Statement of Claim served by the Plaintiff on 25 November 2020, the Judge had also directed the Company to file the amended Defense accordingly. The Court's directions have been complied by the parties. The Hearing of the Plaintiff's application for interim injunction and case management is now fixed on 6 May 2021.

37. Significant Event During the Financial Year and Subsequent Event

- (a) Impact of COVID-19 Pandemic

On 11 March 2020, the World Health Organisation declared the Covid-19 outbreak as a pandemic in recognition of its rapid spread across the globe. The COVID-19 outbreak has resulted in travel restrictions, quarantines, lockdowns and other precautionary measures imposed by various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operates.

On 16 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") from 18 March 2020 and subsequently entered into various phases of the MCO until 31 March 2021 to curb the spread of the COVID-19 pandemic in Malaysia.

Due to implementation of the MCO, the Group has temporary shut down its premises from 18 March 2020 till 3 May 2020 in alignment with the MCO policy. Subsequently, on 4 May 2020, the Group resumes its operations with proper standard operating procedures put in place. The financial performance of the Group during the financial year has been impacted by the disruption of its operations during the period of various MCOs and increase in the number of COVID-19 cases. Fortunately, the Group and the Company manage to obtain a total wage subsidy of RM62,400 and RM5,400 respectively under Prihatin Wage Subsidy Programme. All the relevant financial impact have been taken into account in the current year's financial results of the Group and of the Company.

As the COVID-19 pandemic situation is still evolving as at the date of authorisation of the financial statements, the ultimate impact of the COVID-19 is highly uncertain and subject to change. The Group and the Company will continuously monitor the impact of COVID-19 on their operations and their financial performance. The Group and the Company will also be taking appropriate and timely measures to minimise the potential impact of the outbreak on the Group's and the Company's operation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

37. Significant Event During the Financial Year and Subsequent Event (Cont'd)

(b) Conditional Voluntary Take-Over Offer

On 14 October 2020, the Company announced that it had received a notice of conditional voluntary take-over offer ("Notice") from Mercury Securities Sdn. Bhd., on behalf of Datuk Chai Woon Chet ("Offeror"), to acquire all the ordinary shares in the Company or AIM ("AIM Shares") (excluding treasury shares) which were not held by the Offeror ("Offer Shares") for a cash offer price of RM0.13 per Offer Share ("Offer"). The Offeror does not hold any shares in AIM at the time of the Offer.

On 4 January 2021 which is the closing date of the Offer, the Offeror which does not hold any AIM Shares had received valid acceptances for 101,904,614 Offer Shares, representing approximately 42.11% of the total issued AIM Shares (excluding treasury shares). The Offeror did not receive valid acceptances of the Offer Shares which would result in the Offeror holding more than 50% of the voting shares in AIM. As such, the acceptance condition had not been fulfilled.

Accordingly, the Offeror should have returned all AIM Shares which have been transferred into the CDS account of the Offeror pursuant to the Offer to the respective accepting holders, and the Offeror will thereafter cease to be bound by any such prior acceptances of the Offer.

(c) Proposed private placement

On 22 March 2021, the Company announced that it proposed to undertake the private placement of new ordinary shares in AIM ("AIM Shares" or "Shares") ("Placement Shares"), representing not more than 20% of the total number of issued AIM Shares (excluding any treasury shares) pursuant to the general mandate obtained from the Company's shareholders ("Proposed Private Placement"), at an issue price to be determined and fixed at a future date.

As at the date of this report, the proposed private placement is conditional upon approval by Bursa Malaysia Securities Berhad.

38. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 April 2021.

LIST OF PROPERTIES

Summary of Landed Properties

The Summary of the information on properties owned by our Group is as follows:-

Postal Address	Description of Property / Existing Use	Status / Registered Owner	Audited Net Book Value as at 31 December 2020 (RM)	Approximate age of Building (Years) / Date of Acquisition	Tenure / Expiry Date of Lease	Approximate Land Area / Approximate Total Build-up Area (Sq metre)
Ruko Hayam Wuruk Jalan Kebon Jeruk VII No.2 E Rt.010 RW 004 Maphar, Tamansari Jakarta Barat	Office Unit	Owned / PT CLS System	1,465,348	4 / 20 December 2017	20 years / 29 November 2037	112 / 366
No. 18, Jalan Balam, 51100 Kuala Lumpur	Office Unit	Owned / Angkara Setia Development Sdn Bhd	3,354,585	42 / 30 October 2017	Freehold	312 / 1252

ANALYSIS OF SHAREHOLDINGS

AS AT 6 APRIL 2021

Total Number of Issued Shares : **266,058,666** (including 24,090,500 treasury shares)
 Class of Shares : Ordinary Shares
 Voting Rights : One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 6 APRIL 2021

Size of Holding	No. of shareholders	%	No. of Shares	%
Less than 100	301	39.86	13,235	0.01
100 - 1,000	101	13.38	28,541	0.01
1,001 - 10,000	146	19.34	874,291	0.36
10,001 - 100,000	160	21.19	5,995,262	2.48
100,001 - Less than 5% of Issued Shares	44	5.83	102,937,409	42.54
5% and above of Issued Shares	3	0.40	132,119,428	54.60
Total#	755	100.00	241,968,166	100.00

Remark:

Excluding 24,090,500 ordinary shares bought back by the Company and retained as treasury shares.

SUBSTANTIAL SHAREHOLDERS AS AT 6 APRIL 2021

(As per Register of Substantial Shareholders)

No.	Name of Substantial Shareholders	No. of Shares held		%	No. of Shares held		%
		Direct			Indirect		
1	Mak Siew Wei	71,743,416		29.65	-		-
2	CG Assets Pte Ltd	47,378,822		19.58	-		-
3	Ang Huat Keat	-		-	47,378,822*		19.58*
4	Ngai Yoon Fatt	-		-	47,378,822*		19.58*

Remark:

* Deemed interested through his shareholdings in CG Assets Pte Ltd pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS AS AT 6 APRIL 2021

(As per Register of Directors' Shareholdings)

No.	Name of Directors	No. of Shares held		%	No. of Shares held		%
		Direct			Indirect		
1	Dato' Ir Lim Siang Chai	-		-	-		-
2	Azizullaili Bin Haji Jalaluddin	-		-	-		-
3	Ang Huat Keat	-		-	47,378,822*		19.58*
4	Mak Siew Wei	71,743,416		29.65	-		-
5	Lee Kean Teong	-		-	-		-
6	Dato' Kang Chez Chiang	-		-	-		-

Remark:

* Deemed interested through his shareholdings in CG Assets Pte Ltd pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS

AS AT 6 APRIL 2021

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS
 (According to the Record of Depository as at 6 April 2021)

No.	Name of Shareholders	No. of Shares	%
1	M & A NOMINEE (TEMPATAN) SDN BHD SANSTON FINANCIAL GROUP LIMITED FOR MAK SIEW WEI	71,743,416	29.6499
2	CG ASSETS PTE LTD	47,378,822	19.5806
3	UOBM NOMINEES (ASING) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED	12,997,190	5.3714
4	LEE YEE THIAN	12,070,500	4.9885
5	CHEONG BEE LEE	12,008,200	4.9627
6	TOO SIEW WOON	11,995,800	4.9576
7	DESTINASI SEHATI SDN. BHD.	11,537,600	4.7682
8	HSBC NOMINEES (ASING) SDN BHD CREDIT SUISSE (HONG KONG) LIMITED	9,900,000	4.0914
9	LOW KENG YEE	8,571,450	3.5424
10	TAN CHIN YEN	8,398,500	3.4709
11	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR NOMURA PB NOMINEES LTD	4,544,410	1.8781
12	JOSEPH YEO	4,000,000	1.6531
13	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW LEE KHOON (CEB)	2,469,545	1.0206
14	TAN LAY PENG	2,041,600	0.8437
15	CHUNG SHAN HUI	1,889,000	0.7807
16	TAN LEI ENG	1,290,000	0.5331
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PIONG YON WEE (6000652)	1,056,300	0.4365
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG INN LAI	1,041,006	0.4302
19	HOW SOW YIN	900,700	0.3722
20	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LI LI (6000361)	898,100	0.3712
21	LOW LAY PING	815,700	0.3371
22	CHONG SHAO VOON	740,633	0.3061
23	TEE TEH SDN. BERHAD	666,166	0.2753
24	LIEW KHAI CHYI	649,200	0.2683
25	LAI YEE VOON	620,900	0.2566
26	LAI THIAM POH	443,100	0.1831
27	JASON CHING CHOU-YI	338,400	0.1399
28	TAN KAH SENG @ TAN KAH EI	333,333	0.1378
29	CHAN WAN SOON	317,700	0.1313
30	NG BOO KEAN @ NG BEH KIAN	297,600	0.1230

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth (17th) Annual General Meeting (“AGM”) of the Company will be held at Seminar Room 1, Kelab Golf Negara Subang, Jalan SS 7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor on Thursday, 27 May 2021 at 2.00 p.m. or at any adjournment thereof to transact the following business:

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and the Auditors thereon. *(refer to Note A)*
2. To approve the payment of Directors’ fees and other benefits up to RM215,000 to be divided amongst the Directors in such manner as the Directors may determine for the period from the conclusion of the 17th AGM until the conclusion of the next AGM 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) Dato’ Ir Lim Siang Chai
 - ii) Mak Siew Wei*(Ordinary Resolution 2)*
(Ordinary Resolution 3)
4. To re-elect Dato’ Kang Chez Chiang who is retiring by rotation pursuant to Clause 114 of the Company’s Constitution and being eligible, has offered himself for re-election. *(Ordinary Resolution 4)*
5. To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 5)*

As Special Business

To consider and, if thought fit, to pass the following resolutions:

6. **PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY** *(Special Resolution 1)*

“THAT the proposed amendments to the Constitution of the Company as set out in the Appendix A, be approved and adopted AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said Proposed Amendments for and on behalf of the Company.”
7. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** *(Ordinary Resolution 6)*

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”), Additional Temporary Relief Measures to Listed Corporations for COVID-19, issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) on 16 April 2020 and the ACE Market Listing Requirements (“AMLR”) of Bursa Securities 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 20% of the issued share capital of the Company for the time being (“20% General Mandate”) and that the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued.

AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until 31 December 2021, as empowered by Bursa Securities pursuant to its letter dated 16 April 2020 to grant additional temporary relief measures to listed corporations, notwithstanding Section 76(3) of the Act, duly varied and adopted by the Directors of the Company pursuant to Section 76(4) of the Act.”

NOTICE OF ANNUAL GENERAL MEETING

8. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE OF ITS OWN ORDINARY SHARES**

(Ordinary Resolution 7)

“THAT subject to the compliance with Section 127 of the Act and all other applicable laws, 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 ten per centum (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 the Statement to Shareholders dated 30 April 2021.

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 AMLR of Bursa Securities 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 AMLR of Bursa Securities and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company.”

9. To transact any other business for which due notice shall have been given pursuant to the Act.

BY ORDER OF THE BOARD,

Tan Tong Lang (MAICSA 7045482 / SSM PC No. 201908002253)
Thien Lee Mee (LS0009760 / SSM PC No. 201908002254)
Company Secretaries

Selangor Darul Ehsan
30 April 2021

NOTICE OF ANNUAL GENERAL MEETING

Notes:-

- A. *This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.*
- (i) *For the purpose of determining who shall be entitled to attend this meeting, only members whose names appear in the Record of Depositors as at 20 May 2021 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote this meeting or appoint a proxy to attend, speak and vote on his/her behalf.*
- (ii) *A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.*
- (iii) *A member of the Company entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies to attend, speak and vote at the meeting in his/her stead. Where a member appoints one (1) or more proxies, such appointment shall not be valid unless he specifies the proportion of his holdings to be presented by each proxy.*
- (iv) *Where a member of the Company is an authorised nominee defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- (v) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- (vi) *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 seal or under the hand of an officer or attorney duly authorised.*
- (vii) *The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.*
- (viii) *Pursuant to Rule 8.31A of the AMLR of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.*

COVID-19 Outbreak Measure notes the health and safety of our members and staff who will attend the 17th AGM are the top priority of the Company. Hence, the following precautionary measures will be taken for the conduct of the 17th AGM:

- a. *Members or proxies are required to abide by the current regulations in place and enforced by the Ministry of Health and Government of Malaysia at the time deciding on whether or not to attend the 17th AGM in person.*
- b. *Members are encouraged to appoint the Chairman of the Meeting (or any other person) to act as proxy to attend and vote at the 17th AGM on their behalf by submitting the proxy form with predetermined voting instruction.*
- c. *Members or proxies who are feeling unwell or have been placed on quarantine orders or stay-at-home notices are to refrain from attending the 17th AGM in person.*
- d. *Members or proxies who had been in physical contact with a person infected with COVID-19 are to refrain from attending the 17th AGM in person.*
- e. *In the interest of the public health including the well-being of our members, members must cooperate with the precautionary measures put in place by the Company should members (or your proxies) wish to attend the 17th AGM in person.*
- f. *Members/proxies must sanitise their hands and to wear a face mask if they are attending the Meeting in person.*
- g. *Members or proxies are required to observe/maintain social distancing throughout the Meeting.*
- h. *NO door gift will be provided to the Members or proxies.*

In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 17th AGM at short notice. Kindly check Bursa Securities's and Company's website at www.aim-net.com.my for the latest updates on the status of the said meeting.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes to Special Business: -

SPECIAL RESOLUTION 1 PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

The Proposed Amendments to the Constitution of the Company is primarily to provide further clarification on certain terms of the Constitution and provide more flexibility for the Company and to ensure the compliance with the Act, AMLR of Bursa Securities. The Proposed Amendments to be made to the Constitution are listed as per Appendix A, which is circulated together with the Notice of 17th AGM dated 30 April 2021.

ORDINARY RESOLUTION 6 AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

The proposed Ordinary Resolution 6 is intended to renew the authority granted to the Directors at the Sixteenth Annual General Meeting held on 26 June 2020 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company for the time being (hereinafter referred to as "**Previous Mandate**"). As at the date of this notice, the Previous Mandate was not utilised and accordingly no proceed was raised.

In view of the challenging time due to the COVID-19 pandemic, Bursa Securities has via its letter dated 16 April 2020 empowered the listed issuer to issue new securities up to 20% of the total number of issued shares (excluding treasury shares) until 31 December 2021 ("20% General Mandate"). After that, the 10% General Mandate will be reinstated according to Rule 6.04 of the AMLR of Bursa Securities.

The Board would like to procure approval for the 20% General Mandate pursuant to Section 76(4) of the Act, from its shareholders at the 17th AGM of the Company.

The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to allot and issue ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2021.

The 20% General Mandate may be utilised by the Company to issue and allot new ordinary shares until 31 December 2021 and thereafter, the 10% General Mandate will be reinstated with effect from 1 January 2022. This authorisation will expire at the conclusion of next Annual General Meeting of the Company.

After having considered all aspects of the 20% General Mandate, the Board is of the opinion that the adoption of the 20% General Mandate would be in the best interest of the Company and its shareholders, on the basis that it is the most optimum and cost efficient method of fund raising for the Company.

ORDINARY RESOLUTION 7 PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE OF ITS OWN ORDINARY SHARES

This proposed Ordinary Resolution 7 is intended to allow the Company to purchase its own shares up to 10% of the total number of issued shares in the ordinary share capital of the Company at any time within the time period stipulated in the AMLR of Bursa Securities.

Please refer to the Statement to Shareholders dated 30 April 2021 for further information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The profiles of the Directors who are standing for re-election at the 17th AGM are set out in the Directors' Profile on pages 4 to 5 of this Annual Report 2020.

No individual seeking for election as a Director other than the Directors seeking for re-election and retention as a Director at the 17th AGM.

The Company will seek shareholders' approval on the general meeting for issue of securities in accordance with Rule 6.04(3) of the AMLR of Bursa Securities. Please refer to the Proposed Ordinary Resolution 6 as stated in the Notice of the 17th AGM of the Company for details.

APPENDIX A

Proposed Amendments to the Constitution of the Company

The existing Constitution is to be amended by way of alterations, modifications, deletions and/or additions, where necessary, to reflect the proposed amendments thereto. The affected provisions of the existing Clauses are reproduced below with the proposed amendments highlighted alongside the respective Clauses:

Clause No.	Existing Clauses	Clause No.	Proposed Clauses
3(1)	None	3(1)	“Documents” means any document required to be sent under the Listing Requirements to every member.
21	Subject to the Listing Requirement, the Central Depositories Act and or the Rules, and notwithstanding the existence of a resolution pursuant to the Act, the Company must ensure that it shall not issue any shares or convertible Securities if those shares or convertible Securities, when aggregated with any such shares or convertible Securities issued during the preceding twelve (12) months, exceeds ten per cent (10%) of the value of the issued and paid-up capital of the Company, except where the shares or convertible Securities are issued with the prior approval of the shareholders in general meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible Securities that may be issued by the Company, if the Security is a convertible Security, each such Security is counted as the maximum number of shares into which it can be converted or exercised.	21	Subject to the Listing Requirements and without limiting the generality of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares except where the shares or securities are issued with the prior shareholders’ approval in a general meeting of the precise terms and conditions of the issue.
62	The Company may alter its share capital by passing a special resolution to: <ul style="list-style-type: none"> (a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share, shall be the same as it was in the case of the share from which the subdivided share is derived; (b) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares; (c) subdivide its shares or any of the shares, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or (d) cancel any shares, which at the date of the passing of the resolution, which have been forfeited, and diminish the amount of its shares capital by the amount of the shares so cancelled. 	62	The Company may alter its share capital by passing an ordinary resolution to: <ul style="list-style-type: none"> (a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share, shall be the same as it was in the case of the share from which the subdivided share is derived; (b) subdivide its shares or any of the shares, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or (c) cancel any shares, which at the date of the passing of the resolution, which have been forfeited, and diminish the amount of its shares capital by the amount of the shares so cancelled.

APPENDIX A

Clause No.	Existing Clauses	Clause No.	Proposed Clauses
100	The instrument appointing a proxy and the power of attorney, or other authority (if any) under which it is signed, or a certified copy of such power or authority by a notary public shall be deposited at the Office or at such other place within Malaysia, as is specific for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority.	100	The instrument appointing a proxy and the power of attorney, or other authority (if any) under which it is signed, or a certified copy of such power or authority by a notary public shall be deposited at the Office or at such other place within Malaysia or by way of electronic means or in such other manner, as is specific for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority.
190	A notice or other document may also be served by the Company or the Secretary on any Director in hardcopy, in electronic form or partly in hard copy and partly in electronic form. Notices given in hard copy shall be sent to the Director personally or by post to the address supplied by the Director for such purpose, or if given in electronic form, transmitting to the electronic address provided by the Director for such purpose.	190	<p>(1) A notice or other Documents may also be served by the Company or the Secretary on any Director or members in hard copy, in electronic form or partly in hard copy and partly in electronic form. Notices given in hard copy shall be sent to the Director personally or by post to the address supplied by the Director for such purpose, or if given in electronic form, transmitting to the electronic address provided by the Director for such purpose.</p> <p>(2) A notice or other Documents:</p> <p>(i) served in hard copy shall be served either personally or by sending it through the post in a prepaid letter or wrapper addressed to such Member at his registered address entered in the Register of Members or Record of Depositors;</p> <p>(ii) publishing on a website of the Company provided that a notification of the publication of the notice or document on the website via hard copy or electronic mail or short messaging service has been given in accordance with the provision of the Act and the Listing Requirements; or</p> <p>(iii) using any other electronic communication platform maintained by the Company or third parties that can host the information in a secure manner for access by the Members provided that a notification of the publication or making available of the notice or document on such electronic communication platform via hard copy or electronic mail or short messaging service has been given to the Members accordingly.</p>

APPENDIX A

Clause No.	Existing Clauses	Clause No.	Proposed Clauses
190	<p>A notice or other document if served by the Company or the Secretary on any Director in hardcopy, in electronic form or partly in hard copy and partly in electronic form. Notices given in hard copy shall be sent to the Director personally or by post to the address supplied by the Director for such purpose, or if given in electronic form, transmitting to the electronic address provided by the Director for such purpose. (continued)</p>	190	<p>(3) The contact details of the Members as provided to the Depository shall be deemed as the last known registered address, mail address and contact number provided by the Members to the Company for purposes of communication with the Members.</p> <p>(4) Any notice or other Documents shall be deemed to be served by the Company to a Member:</p> <p>(i) where the notice or other Documents is sent in hard copy if by post, on the day the prepaid letter, envelope or wrapper containing such notice or documents is posted. In providing service by post, a letter from the Secretary certifying that the letter, envelope or wrapper containing the notice or document was so addressed and posted to the Member shall be sufficient to prove that the letter, envelope or wrapper was so addressed and posted; or</p> <p>(ii) where the notice or other Documents is sent by electronic means:</p> <ul style="list-style-type: none"> - via electronic mail, at the time of transmission to a Member's electronic mail address, provided that the Company has record of the electronic mail being sent and that no written notification of delivery failure is received by the Company; - via publication on the Company's website, on the date the notice or document is first made available on the Company's website, provided that the notification on the publication of notice or document on website has been given pursuant to this Clause; or - via electronic communication platform maintained by the Company or third parties, on the date the notice or document is first made available thereon provided the notification on the publication or making available of the notice or document on the relevant electronic platform has been given pursuant to this Clause. <p>In the event that service of a notice or other Documents pursuant to this Clause is unsuccessful, the Company must, within two (2) market days from discovery of delivery failure, make alternative arrangements for service by serving the notice or document in hard copy in accordance with third Clause hereof.</p> <p>(5) Where the Company provides its electronic address in a notice calling a meeting, any document or information relating to proceedings at the meeting including the appointment and termination of a proxy may be sent by the Members through electronic means to that address, subject to any conditions or limitations specified in the notice.</p>

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FORM OF PROXY
ADVANCE INFORMATION
MARKETING BERHAD
 200401006266 (644769-D)
 (Incorporated in Malaysia)

CDS Account No.	
No. of Shares Held	

I/We _____
 (FULL NAME IN BLOCK LETTERS)

NRIC No./Passport No./Company Registration No. _____
 of _____
 (FULL ADDRESS)

being a member/members of ADVANCE INFORMATION MARKETING BERHAD, hereby appoint _____
 (FULL NAME AND NRIC NO.)

of _____
 (FULL ADDRESS)

or failing him/her _____
 (FULL NAME AND NRIC NO.)

of _____
 (FULL ADDRESS)

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Seventeenth (17th) Annual General Meeting of the Company to be held at Seminar Room 1, Kelab Golf Negara Subang, Jalan SS 7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor on Thursday, 27 May 2021 at 2.00 p.m. or at any adjournment thereof.

No.	RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' fees and other benefits up to RM215,000 to be divided amongst the Directors in such manner as the Directors may determine for the period from the conclusion of the 17 th AGM until the conclusion of the next AGM of the Company.		
Ordinary Resolution 2	To re-elect Dato' Ir Lim Siang Chai as Director.		
Ordinary Resolution 3	To re-elect Mak Siew Wei as Director.		
Ordinary Resolution 4	To re-elect Dato' Kang Chez Chiang as Director.		
Ordinary Resolution 5	To re-appoint Messrs. UHY as Auditors for the ensuing year and to authorise the Directors to fix their remuneration.		
	As Special Business:		
Special Resolution 1	Proposed Amendments to the Constitution of the Company		
Ordinary Resolution 6	Authority to Issue and Allot Shares pursuant to Sections 75 And 76 of the Companies Act 2016		
Ordinary Resolution 7	Proposed Renewal of Share Buy-Back Authority for the Purchase of its own Ordinary Shares.		

Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast on the Resolutions specified in the Notice of Annual General Meeting. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.

*Strike out whichever is not applicable

Dated this _____ day of _____, 2021

 Signature of Member/Common Seal

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy
 No. of Shares: _____

Percentage : _____
 %

Second Proxy
 No. of Shares: _____

Percentage : _____
 %

Notes:-

- This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.
- For the purpose of determining who shall be entitled to attend this meeting, only members whose names appear in the Record of Depositors as at 20 May 2021 (General Meeting Record of Depositors") shall be eligible to attend, speak and vote this meeting or appoint a proxy to attend, speak and vote on his/her behalf.
- A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.
- A member of the Company entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies to attend, speak and vote at the meeting in his/her stead. Where a member appoints one (1) or more proxies, such appointment shall not be valid unless he specifies the proportion of his holdings to be presented by each proxy.
- Where a member of the Company is an authorised nominee defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- 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 seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
- Pursuant to Rule 8.31A of the AMLR of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.

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AFFIX
STAMP

The Share Registrar
ADVANCE INFORMATION MARKETING BERHAD
c/o: Boardroom.com Sdn. Bhd.

Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam, Selangor

Fold this flap for sealing

Advance Information Marketing Berhad

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