Green Packet Annual Report 2019

greenpacket

EVERY HUMAN MUST THRIVE WITH
LIFE IMPROVING DIGITAL INNOVATIONS

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OUR MTP

Every Human Must Thrive with Life Improving Digital Innovations.

At Green Packet, we have adopted a Massive Transformative Purpose ('MTP') to drive and remind us of our existence. By committing to an outrageously huge and aspirational goal, we believe that for whatever we do today, it is something worthwhile for us to pursue in serving the communities at large.

greenpacket

OUR CORE VALUES

Core values set the parameters on the way we work, operate and engage.
At Green Packet, our core values are:

1. Believe in Grit

- Never give up
- Dedicated to the long-term vision
- Going the distance

2. Let's Collaborate

- Believe in diversity and working together
- Share expertise, experience and resources
- Form partnerships with internal and external stakeholders

3. Innovate for a Difference

- Build things that impact others
- Open to new ideas
- Explore, discover, experiment

4. Feel Empathy

- Seek to understand others
- Show care through our actions
- Provide meaningful experiences

5. Be Courageous

- Nothing is impossible
- Embrace new ways of doing things
- Speak up, confront challenges

About greenpacket

Green Packet Berhad ("**Green Packet**") is an international telecommunications and technology company that is committed to ensuring every human thrives with life-improving digital innovations.

Founded in the heart of California's Silicon Valley in 2000 and subsequently listed on the Malaysian Stock Exchange in 2005, Green Packet started as a pure software platform targeting telecommunications businesses and enterprises. Then, we ventured into the wireless connectivity device business, where we have developed many firsts in the industry including the world's first Multi-Mode LTE Modem and WiMAX Mode that allows users to experience the best 4G-connection on a single device at anytime, anywhere.

For more information about Green Packet, please visit www.greenpacket.com

Along the way, we have built hundreds of interconnections with global telecommunications operators which enable us to be one of the largest voice wholesale operators in South East Asia.

Besides, Green Packet has also ventured into digital services under the shared Kiple brand. Primarily, it is made up of e-wallet (KiplePay) for student and merchant communities at the campuses and university towns, payment gateway solution (KipleBiz) for university vertical, enterprises and businesses, property technology solution (KipleHome) for condominiums, apartments, and townships and smart parking solution (KiplePark) that comes with license plate recognition for building owners.

Today, Green Packet's businesses are anchored in three key segments which are **Solution (cellular and mobility devices)**, **Communication (voice minutes and data)** and **Digital Services (comprising Financial Technology and Property Technology)**.

Green Packet is headquartered in Petaling Jaya, Malaysia with firmly anchored businesses worldwide and offices in Singapore, Taiwan, Hong Kong, and China. To date, Green Packet has served more than 100 clients in over 70 countries worldwide.

CORPORATE STRUCTURE

"Green Packet worked around the spectrum limitations in certain areas by providing customised enterprise level solutions to SMEs like us. We are happy with the product's reliability and great service level."

Slovakia

"Our customers in rural areas were ensured reliable internet service using Green Packet's outdoor CPE product that supports various band requirements and capability of operating in extreme temperatures ranging from 55°C to -40°C."

North America

"Philippines is a typhoon prone area, Green Packet's rugged built outdoor CPE was the perfect solution to connect subscribers across the 7,641 islands that makes up the archipelago."

Philippines

- **100%** Green Packet International Sdn Bhd [200601031915 (751674-V)]
- **100%** Kiple Media Sdn Bhd [201701031788 (1245958-T)]
- **100%** Enrich Bonus Sdn Bhd [201601009389 (1180317-H)]
  - **100%** Kiple Technology Co. Ltd. (91510100MA6CWC9R4E)
- **100%** Packet One Sdn Bhd [200601018937 (738690-H)]
- **100%** Worldline Enterprise Sdn Bhd [199101012020 (222332-T)]
  - **20%** Shenzhen Memo Technology Co. Ltd (914403003984004 41W)
- **100%** Packet Interactive Sdn Bhd [200701007787 (765789-H)]
  - **100%** Kiple Sdn Bhd [201601037315 (1208256-A)]
  - **100%** Mobiduu Solutions Sdn Bhd [201501027537 (1152861-X)]
  - **100%** Kiplepay Sdn Bhd [200001007771 (510377-P)]
  - **100%** Kiple ID Sdn Bhd [202001013477 (1369797-U)]
  - **100%** Kiple GO Sdn Bhd [202001014629 (1370949-V)]
- **70%** First Wireless Sdn Bhd [200601008484 (728234-V)]
- **28.2%** G3 Global Berhad [200201002733 (570396-D)]
- **18.9%** Webe Digital Sdn Bhd [200201003726 (571389-H)]
- **100%** Next Telecommunications Sdn Bhd [199601021209 (393561-A)]
  - **100%** NGT Networks Pte Ltd (200706773E)
    - **100%** NGT Networks Global Limited (2784928)
    - **40%** Packet Interactive Entertainment (M) Sdn Bhd [201801005565 (1267579-A)]
      - **100%** Funsea Interactive Entertainment (M) Sdn Bhd [201801005567 (1267581-D)]
      - **100%** Funsea Interactive Entertainment (Cambodia) Co Ltd (00038190)
      - **99.8%** Funsea Interactive Entertainment (Thailand) Co Ltd (0105561104976)
  - **60%** Vivohub Mobile Pte Ltd (201720482G)
- **100%** Green Packet (S) Pte Ltd (200919726H)
- **100%** Roadmio Technologies Pte. Ltd. (201912888M)
  - **100%** Roadmio Technologies Corporation (82953027)
- **100%** Green Packet Networks (Taiwan) Pte Ltd (28681597)
- **100%** Green Packet (Shanghai) Ltd (91310115761637268E)

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman
Chairman / Non-Independent Non-Executive Director

Puan Chan Cheong
Group Managing Director and Chief Executive Officer

Tan Kay Yen
Executive Director

A. Shukor Bin S.A. Karim
Senior Independent Non-Executive Director

Boey Tak Kong
Independent Non-Executive Director

Datuk Ng Soon Hong
Independent Non-Executive Director

AUDIT COMMITTEE

Boey Tak Kong
Chairman

Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman

A. Shukor Bin S.A. Karim

NOMINATION COMMITTEE

Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman
Chairman

Boey Tak Kong

A. Shukor Bin S.A. Karim

TALENT AND REMUNERATION COMMITTEE

Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman
Chairman

A. Shukor Bin S.A. Karim

Puan Chan Cheong

SUSTAINABILITY COMMITTEE

Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman
Chairman

Tan Kay Yen

Liew Kok Seong

COMPANY SECRETARY

Tai Siew May (MAICSA 7015823)

REGISTERED OFFICE / HEAD OFFICE

B-23A-3, The Ascent, Paradigm
No. 1, Jalan SS 7/26A, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No. : 603.2714 6288
Fax No.: 603.2714 6289

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya. Selangor Darul Ehsan, Malaysia
Helpdesk No. : +603.7890 4700
Fax No. :+ 603.7890 4670
Helpdesk Email: BSR.Helpdesk@boardroomlimited.com

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
2 Leboh Ampang
50100 Kuala Lumpur, Malaysia

Alliance Bank Malaysia Berhad
Menara Multi-Purpose,
Capital Square, 8 Jalan Munshi Abdullah
50100 Kuala Lumpur, Malaysia

AUDITORS

Messrs Crowe Malaysia PLT
Chartered Accountants
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia
Tel No.: 603.2788 9999
Fax No.: 603.2788 9998

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Sector : Telecommunications & Media

Stock Name : GPACKET
: GPACKET-WB

Stock Code : 0082
0082WB

WEBSITE

www.greenpacket.com

WIRELESS
CONNECTIVITY

Green Packet is mainly involved in creating seamless and unified platforms by supplying indoor and outdoor devices for fixed and mobile wireless internet connectivity to clients from all over the world. As the world's top 5 CPE providers, Green Packet provides the flexibility in customizing the devices while optimizing for better performance and cost-effectiveness, leading to greater and valuable users' digital experiences.

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5-YEAR **FINANCIAL HIGHLIGHTS**

	2015* MYR '000	2016 MYR '000	2017 MYR '000	2018 MYR '000	2019 MYR '000
Profitability					
Revenue	587,892	366,251	358,944	**398,682**	**608,181**
Profit/(Loss) after taxation	(25,484)	70,664	(16,578)	**(62,504)**	**(51,507)**
Key Balance Sheet Items					
Total Assets	346,294	460,625	555,176	**569,417**	**713,212**
Total Liabilities	288,003	330,483	385,694	**400,803**	**460,061**
Total Equity	58,291	130,142	169,482	**168,614**	**253,151**
No. of Shares in Issue	690,447	690,447	758,721	**908,923**	**933,533**
Segmental Information					
Revenue					
- Solution	252,397	153,290	126,323	**78,848**	**78,397**
- Broadband Services	61,617	-	-	**-**	**-**
- Communication/VoiceServices	318,438	234,499	256,458	**351,511**	**840,858**
- Digital Services	-	-	2,327	**2,936**	**6,237**
- Elimination	(44,560)	(21,538)	(26,164)	**(34,613)**	**(317,311)**
	587,892	366,251	358,944	**398,682**	**608,181**
Profit Before Taxation by Pillar					
- Solution	(8,042)	(7,031)[3]	(2,584)	**(15,817)**	**(18,304)**
- Broadband Services	108,793	-	-	**-**	**-**
- Communication/Voice Services	15,283	7,034	1,309	**(10,748)**	**(9,133)**
- Digital Services	-	-	(5,946)	**(11,676)**	**(29,138)**
- Finance Cost	(30,036)[1]	(16,081)[1]	(17,667)[1]	**(19,431)[1]**	**(21,028)**
- Share of Results of Associates	(116,961)[2]	(56,617)[2]	(2,620)	**(6,506)**	**(5,017)**
- Gain/(loss) on dilution and fair value adjustments	-	147,638	10,082	**534**	**30,471[4]**
	(30,963)	74,943	(17,426)	**(63,644)**	**(52,149)**

* *18 months financial period ended 31 December 2015*

1 *Notional finance costs due to interests cost imputed on Irredeemable Convertible Preference Shares-deferred liabilities Component. For 2015 and 2016, the notional finance cost was due to interest for Exchangeable Medium Term Notes; Guaranteed Redeemable Convertible Exchangeable Bonds ("GCEB"); term loan and vendor financing.*

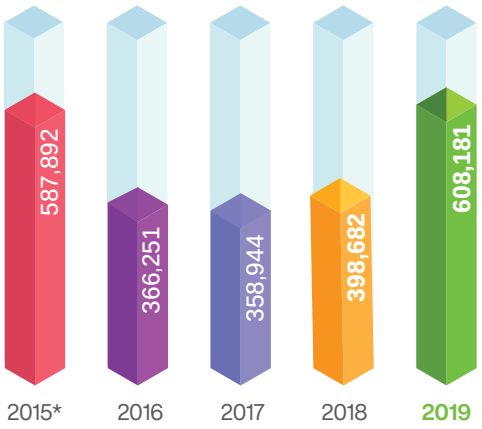
2 *For 2015, the share of loss of associate is from Packet One Networks Sdn Bhd (now known as Webe Digital Sdn Bhd ("Webe"). For 2016, the share of loss of associates are from Webe and Yen Global Berhad (now known as G3 Global Berhad).*

3 *For 2016, there is impairment of development costs, goodwill, intellectual property and inventories of RM12,566,000.*

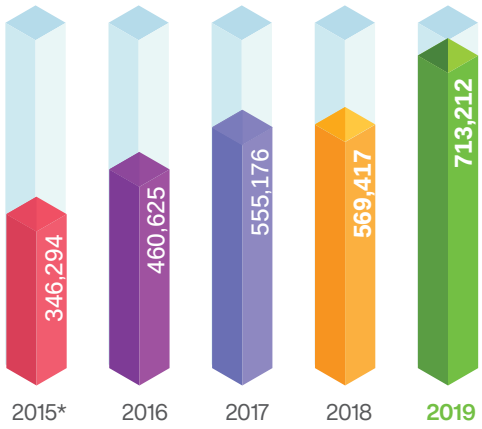
4 *For 2019, there is gain on fair value of warrant in G3 Global Berhad ("G3") of RM31,822,000.*

5-YEAR **FINANCIAL HIGHLIGHTS**
cont'd

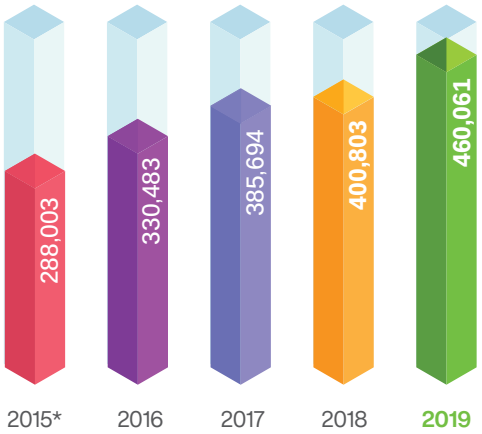
REVENUE
(MYR'000)



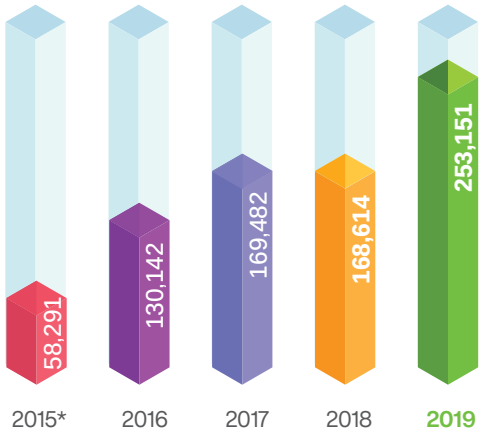
TOTAL ASSETS
(MYR'000)



TOTAL LIABILITIES
(MYR'000)



TOTAL EQUITY
(MYR'000)

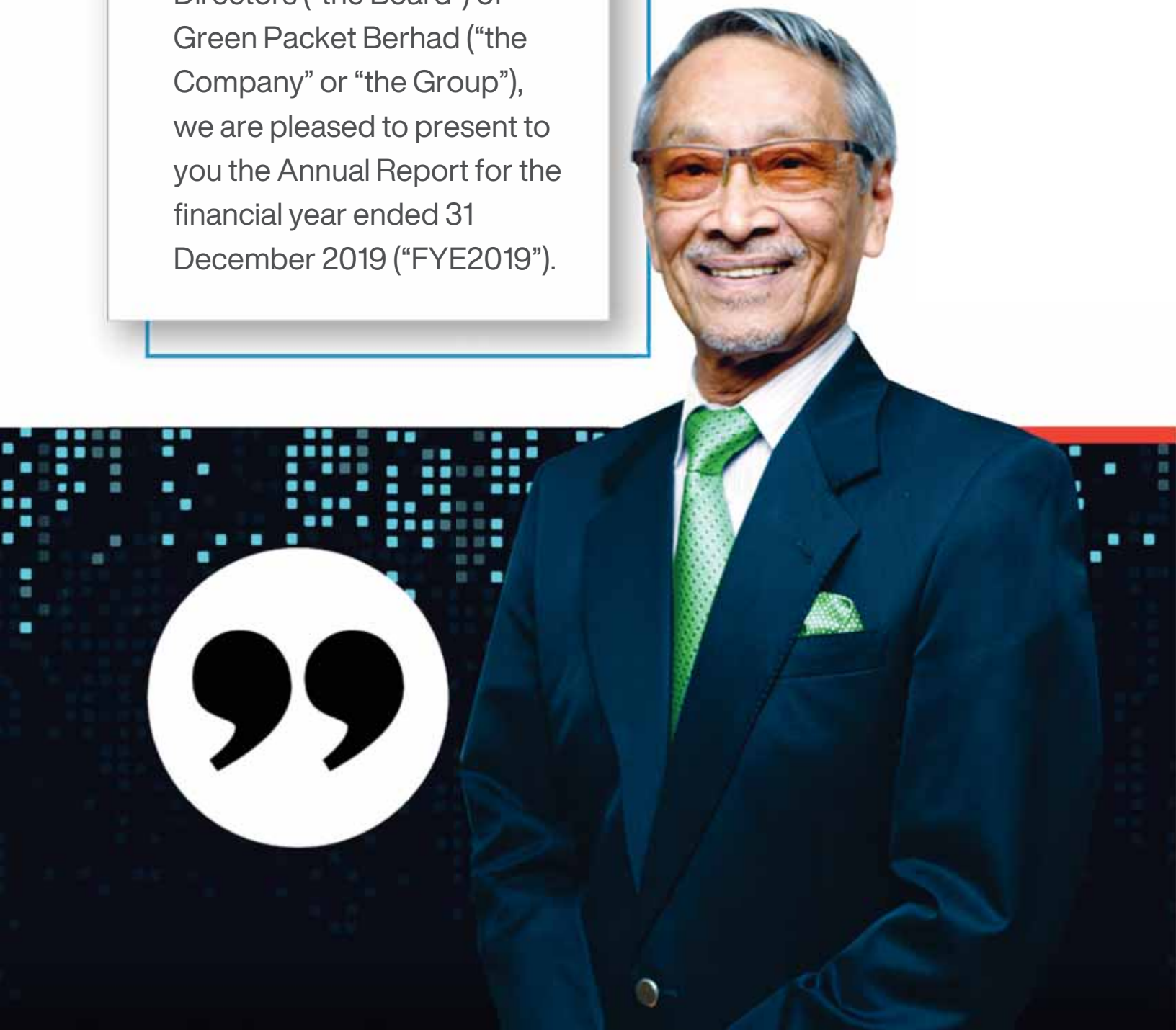


* *18 months financial period ended 31 December 2015*

MESSAGE FROM THE **CHAIRMAN**

Dear Shareholder,

On behalf of the Board of Directors ("the Board") of Green Packet Berhad ("the Company" or "the Group"), we are pleased to present to you the Annual Report for the financial year ended 31 December 2019 ("FYE2019").



MESSAGE FROM THE CHAIRMAN
cont'd

ECONOMIC & PERFORMANCE REVIEW

The global economy in FYE2019 grew at its weakest pace since the global financial crisis in 2009. Malaysia was also affected, having achieved the lowest annual gross domestic product (GDP) at 4.3% growth. The ongoing spread COVID-19 pandemic has impacted our global economy further. Just in early March 2020, the Organisation for Economic Co-operation and Development (OECD) predicted that COVID-19 will lower global GDP growth by one-half a percentage point for 2020 (from 2.9 to 2.4 percent).

Amidst the challenging business landscape and environment, the Company's performance in FYE2019 is creditable. We have achieved a revenue of RM608.1 million in FYE2019, an increase of 53% from FYE2018. We recognised a loss after tax of RM51.5 million in FYE2019.

The Company's revenue had increased due to better contributions from all segments, led by digital services and solution. We will prioritize our investment in our people, both in talent recruitment and retention. Besides, we will continue to invest in new digital content as well as marketing activities to increase our competitiveness across all the business pillars.

While most perceive the COVID-19 pandemic as a threat, we see immense opportunities to make real impact that will benefit the consumers, especially when consumers today are taking a safer route to keep their families safe by getting their necessities online including food, grocery, education, healthcare, etc.

From our investment in digital space for the past few years, we are well positioned to benefit from the accelerated growth in digital economy. In our digital services business, we have set ourselves apart from the rest by taking a different approach with clear differentiation and focus. Rather than targeting the mass market, our e-wallet serves the education sector whereas the payment gateway solution helps the enterprises and businesses in cashless transactions.

KEY CORPORATE/BUSINESS DEVELOPMENT

The Company conducted a few corporate exercises and business activities in FYE2019 as follow:

Green Packet entered into a Memorandum of Understanding ("MOU") with Bank Islam Malaysia Berhad ("Bank Islam") in July 2019 in which both parties work together in providing e-payment and cashless payment services. Progressing from that, on 17 February 2020, we launched KipleUNI, a key partnership programme with Bank Islam tailored to drive financial technologies for students, universities and merchant partners.

On 10 September 2019, the Company announced a proposed placement of new ordinary shares ("Placement Shares") in the Company representing up to 10% of the issued and paid-up share capital of the company ("Proposed Placement") to Bursa Malaysia Securities Berhad. Bursa Malaysia Securities Berhad had in its letter dated 25 September 2019 approved the listing and quotation of up to 135,182,314 Placement Shares to be issued pursuant to the Proposed Placement. The Company is targeting to implement the proposed placement in the third quarter of 2020.

MESSAGE FROM THE **CHAIRMAN**
cont'd

The Company also entered into a strategic partnership with China Mobile which enabled us to promote, sell and distribute each other's products and services. This partnership holds many benefits, amongst which is to leverage each other's expertise, resources, and technology capabilities to develop innovations in digital services.

On top of that, Kiplepay Sdn Bhd ("KiplePay"), a wholly-owned subsidiary of Green Packet, became the one of the first fintech players in Malaysia to obtain and provide a white-labelled e-wallet solution with Bank Negara Malaysia's ("BNM") approval on 22 January 2020. This solution allows businesses to set up their e-wallet while eliminating the high cost and long lead time of developing an e-wallet. Coupled with a payment gateway service, the white-labelled e-wallet solution is a key strategic thrust to the company's overall fintech play where it will provide a new revenue stream for the Group.

MOVING FORWARD

Green Packet will continue to invest heavily in the fintech and proptech eco-segments, knowing that investing today into tomorrow is the most significant way we can impact the future for the better. Although facing a turbulent and uncertain economic environment, we are confident that we will continue to make steady progress, further cementing our position in the market.

This year, we will further enhance our core business pillars and expand our new business segments. We will continue to work hard, uphold our quality of services, pursue innovation and efficiency to stay ahead and thrive – just like our MTP *(Every Human Must Thrive with Life Improving Digital Innovations).*

Where we also see our responsibilities in making a true impact to the ecosystem in which we operate, we continue to remain committed to ensure high standards of governance across all our entire business operations, promote responsible practices, manage environmental impacts as well as meeting the social needs of the community and nation. Details on these initiatives are made available in Green Packet's Sustainability Report on pages 33 to 55.

In addition, with the introduction of the corporate liability provision under the MACC Act 2009, we are in all readiness to implement the policies and procedures. Starting from 1 June 2020, we have a ready system to ensure that the level of compliance is adhered to.

MESSAGE FROM THE **CHAIRMAN**
cont'd

APPRECIATION

I would like to take this opportunity to extend our heartfelt gratitude to our fellow Board members for their unceasing contributions towards the Company's continued success thus far.

I would like to extend a special note to Tan Sri Dato' Kok Onn and Dato Lai Yit Loong who had resigned from the board on 28 February 2020 and 15 May 2020 respectively. Over the years, Tan Sri Dato' Kok Onn and Dato Lai Yit Loong showed great dedication, commitment and support to Green Packet. And for that, we can't thank them enough for their valuable contributions, time and efforts through serving on this Board.

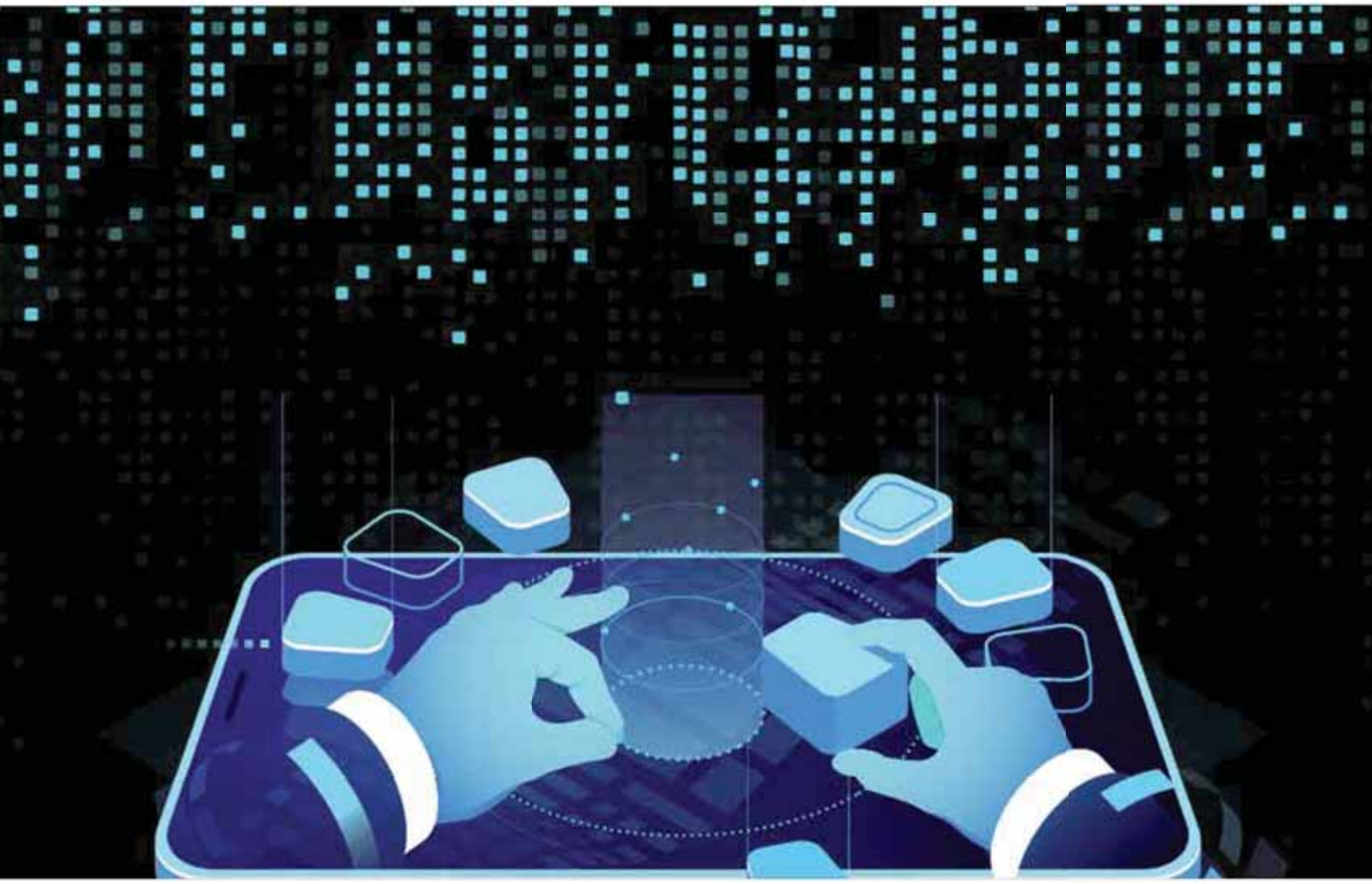
Sadly also, our fellow director, Mr. Boey Tak Kong had expressed his intention to step down from the Board after the forthcoming Annual General Meeting. We wish to thank him in advance for his valuable services during his tenure in office, especially for his role as the chair of our Audit Committee.

On a happier note, I would like to welcome Datuk Ng Soon Hong who has joined the board since 22 May 2020. With more than 20 years of experience in property, investment, and club management, Datuk Ng will make valuable contributions to the development and management of the Group, moving forward.

Finally, I wish to express my gratitude to our valued customers, business associates, partners, bankers and staff for the hard work, dedication, commitment, and continuous support in Green Packet throughout the years and I wish also to convey my heartfelt gratitude to our shareholders for your unwavering support and for placing your trust upon us. I am confident that with your continuing support, we will make significant progress in the months ahead and achieve our corporate goals and enhanced shareholders value.

Yours faithfully,
Tan Sri Datuk Dr. Haji Omar bin Abdul Rahman
Chairman

29 June 2020



BRINGING YOU CLOSER

As one of the largest wholesale voice carriers for international voice traffics and data, Green Packet provides reliable and cost-effective voice and data interconnection services to telecommunications operators from international and local carriers. Focusing on quality voice services and mobile content platforms in Asia, Green Packet offers a myriad of services to the users namely Mobile Virtual Network Operator (MVNO), pay bills, mobile reload, games, video content, remittance and data bundles.

MANAGEMENT DISCUSSION **AND ANALYSIS**

"EVERY HUMAN MUST THRIVE WITH LIFE IMPROVING DIGITAL INNOVATIONS"

ENABLED BY GREEN PACKET 4.0

Driven by the Company's purpose that is *Every Human Must Thrive with Life Improving Digital Innovations*, Green Packet has repositioned all its facets within and outside of the company which encompasses its entire business portfolio, partner ecosystem, company culture, and internal operating systems that are now focused towards delivering daily and useful digital innovations for our customers.

As an international telecommunications and technology company, we embrace deep digital transformation to enable the success of Green Packet 4.0 initiatives.

Internally, we are passionate about delivering innovation and results through the Green Packet Operating System ('GPOS') which serves as the guiding principle in how and why we are doing the business. The GPOS enables an efficient intersection between our core values, our employees, and our businesses.

MANAGEMENT DISCUSSION **AND ANALYSIS**
cont'd

Last year, we placed top priorities and commitments to shape the culture of Green Packet. These include the practice of *4 Disciplines of Execution (4DX)* and *Design Thinking.*

From these practices, it has allowed the team members to deliver continuous innovation that is relevant to our customers and business partners in an orderly and agile fashion. Such practices include performing daily huddles, weekly team meetings and one-on-one engagement where one can highlight successes and address any challenges with immediate actions.

Externally, we are dedicated to looking at what our customer wants to achieve and the life-improving innovation that we can bring forth in each of our products and solutions to better deliver our Green Packet 4.0 initiatives. This is curated through a mix of current and proven business tools like the lean methodology, agile and market acceleration principles before, during, and after any product or solution launch. Along the way, we have implemented various systems, processes, and operational cadences to enable speed and agility. We remain focused on creating products that people want in alignment with our purpose.

These practices are tied to our strongly held conviction that transformation can only be sustained if it is inclusive. To guide us better, our core values become the driving culture in which we believe that every human must thrive with life improving digital innovations.

With Green Packet's culture that we undertake to build over time, the Group aims to become one of the most desired digital companies to work in South East Asia.

GROUP'S BUSINESS STRUCTURE

Green Packet Berhad ("Green Packet") and its subsidiaries (collectively referred to as "the Group") are principally engaged in the business of developing, manufacturing, marketing and distribution of wireless devices, communication services, financial technology, property technology, investment holdings, and other high technology products and services that enable the delivery of valuable digital experiences to all its users.

Overview of The Group's Business

The Group is organised into 3 main reportable segments which are:-

(i) Solution Division – Research and development, marketing and distribution of wireless networks, Internet-of-Things ("IoT"), Artificial Intelligence ("AI") and telecommunication products and solutions.

(ii) Communication Division – Provision of total communication services, solutions, and products.

(iii) Digital Services Division – Provision of Financial Technology ("Fintech") and Property Technology ("Proptech").

The staple Solution and Communication divisions continue to be the main contributors to the Group's revenue and earnings for the year ended 31 December 2019 ("FYE2019"). The Digital Services division showed promising traction with its businesses achieving important product-market fit and value creation milestones. This division is expected to contribute significantly to the Group's revenue base as well as the overall technology ecosystem in the years to come.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

FINANCIAL REVIEW

Group's Financial Performance

The Group recorded a massive 53% surge in revenue to RM608.18 million as compared to the year ended 31 December 2018 ("FYE2018"). The growth primarily came from the improvements in the Communication pillar, which recorded revenue growth of 60%. Additionally, the new Digital Services pillar demonstrated upward momentum with notable revenue growth of 112%.

Furthermore, the Group registered a significantly lower loss after tax ("LAT") of RM51.50 million in FYE2019 as compared to FYE2018's LAT of RM62.50 million.

The Group undertook continuous investments in building and expanding its Digital Services business which leads to higher business development costs as well as staff and sales/marketing costs.

In FYE2019, the Group recognized fair value gain on other quoted investment of RM31.82 million which mitigate the impairment of development costs, goodwill, investment in associate and other intangible assets of RM9.16 million and impairment of financial assets of RM2.12 million.

OPERATIONS REVIEW

Solution Business

The Solution business registered a revenue of RM43.95 million and LAT of RM24.48 million for FYE2019. Due to the weaker global market, devices shipment to customers in the Middle East and Europe in FYE2019 were marginally lower.

The Solution business, which is categorized into cellular, mobility, and AI devices and solutions, is expected to experience higher growth in the financial year ending 31 December 2020 ("FYE2020") given the new initiatives that took place last year. These included an internal management reconfiguration, stronger access into targeted markets and the leveraging of fresh strategic partnerships.

In November 2019, we signed a definitive collaboration agreement with China Mobile Group Device Company Limited ('CMGDC'), a wholly-owned subsidiary of China Mobile Limited ('China Mobile') to promote, sell and distribute each other's products and services.

The collaboration agreement opens up huge business opportunities for us to expand our regional markets by having our devices sold in China. This also enables us to leverage on each other's expertise, resources, and technology capabilities to develop innovations in digital services.

On new product developments, we launched a series of 5G New Radio (NR) products. Besides that, we continue to upgrade our product portfolio and features to the LTE product range such as 4G LTE Category 6 and LTE Advanced as well as WiFi Mesh product for our consumers.

Under mobility solutions, our fleet telematics offerings include vehicle IoT gateway, sensors, smartphone app, and cloud-based data analytics give high safety assurance to car drivers and owners.

Communication Business

The Communication business' revenue surged to RM557.99 million in FYE2019 as compared to FYE2018 where it had registered a revenue of RM349.69 million. This was mainly attributed to a substantial increase in sales from telecommunication carriers in ASEAN, Hong Kong, and China.

Over the last year, the Group constantly improved the wholesale international voice traffics and data business while enhancing its operational efficiency. The Group also continued to secure new customers and markets. In FYE2019, the Communication business set up a new wholly-owned subsidiary in Hong Kong, thus expanding its focus in both China and Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

As one of the large wholesale international voice and data providers in ASEAN, the Communication business will continue to leverage on its significant size and economies of scale to increase its market share in FYE2020.

Digital Services Division

The fintech business continues to show a strong growth in the gross transaction value ("GTV") of its online payment processing which resulted in a strong revenue of RM6.24 million, translating to a growth of 112% as compared to FYE2018's revenue of RM2.94 million. This was mainly attributed to our continuous focus and initiatives to serve the needs of the underserved markets mainly in education sector, eCommerce and enterprises with large users' base. To-date, Green Packet (*via Kiple brand*) offers a complete solution with e-wallet (*KiplePay*), payment gateway (*KipleBiz*) and wallet-as-a-service capabilities.

In FYE2019, we gained good traction in all the 3 areas with attributes of large customer base and high transaction volume. Besides that, KipleBiz received an award and recognition as Malaysia's Top E-Commerce Service Provider Payment Gateway 2019 by Selangor Information Technology and E-Commerce Council (SITEC).

On the digital innovation for proptech business, our smart parking solution which utilizes licence plate recognition technology (KiplePark) that serves as an authentication method for parking entry and exit has also seen a steep increase in the number of sites. To date, KiplePark is available at more than 42 operational sites.

While this strategy has proven to accelerate our business in the Digital Services division, the Group continues to invest in business development to strengthen its market penetration in fintech space which include staff and sales/marketing costs as well as developing a connected intelligent platform for property management, integrating both parking and building management application platform. These measures resulted in a LAT of RM28.44 million in FYE2019.

Strategic Investment in Internet of Thing ("IoT") and Artificial Intelligence ("AI") Solution

The Group's investment into IoT and AI solution businesses via its equity interest were diluted from 32% to 28% resulting from the conversion of G3 Global Berhad's ("G3") warrants to ordinary shares of G3 by other warrant holders. G3's wholly-owned subsidiary, Atilze Digital Sdn Bhd ("Atilze") focuses on developing and marketing AI and IoT solutions for smart agriculture, smart aquaculture, enterprises and smart cities.

At present, the IoT solutions have been widely deployed in various places in Malaysia like Cameron Highlands, Johor, Selangor, and Penang. It has also been marketed and installed across South East Asia including Indonesia.

In April 2019, G3 announced the setting up of the first AI park in Malaysia, in collaboration with SenseTime Group Ltd ("SenseTime") and China Harbour Engineering Company Ltd ("CHEC"). With a total targeted investment of more than US$1 billion over the next 5 years, the park will serve as the platform for the development of AI solutions in areas of computer vision, speech recognition, natural language, and humanoid/robot.

Capital Management

For an overview on the analysis of total assets, total liabilities, total equity and number of shares in issue over the last 5 years, they are available in the 5-year Financial Highlights on page 10. The Group has not declared any dividend over the last 5 years.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

Corporate Events

During the FYE2020, there were no issuances, cancellations, repurchases, resale, and repayment of debt and equity securities except for the announcement on the proposed private placement of new Green Packet ordinary shares, representing up to 10% of the issued and paid-up share capital of the company.

The private placement is expected to be completed in the Quarter 3 of FYE2020. With the completion of placement exercise, it will strengthen the Group's financial position and allows greater capacity for the Group to blitz-scaling and get its products to reach out to more people.

OUTLOOK

Although market conditions remain challenging, we believe that the core foundation and framework which we had established in 2019 will support Green Packet's goals in 2020.

Solution and Communication

Solution and Communication will continue to be the main revenue and earnings contributors to the Group in FYE2020.

For Solution, we will continue to enhance our product competitiveness as well as introducing the 5G Customer Premise Equipment (CPE) for both indoor and outdoor usage. These units will feature the New Radio technology that allows the spectrum to be used more efficiently with higher bandwidth.

On top of that, we will continue to strengthen our existing partnerships with key stakeholders while securing greater geographical reach. We will also expand our sales arms to penetrate new markets.

For Communication business, we target to be the exclusive partners to selected large carriers in other regions for voice traffic to the South East Asian countries in addition to our FYE2020 plan that is to interconnect with more Tier 1 telco carrier in Asia Pacific and Middle East. Further to that, we will increase our wholesale data business and expand our product range to include other voice and data solutions.

Digital Services

In line with our nation's aspiration to transform the economy into a cashless and digital-driven society, the Group remains focused on building its digital services business under the shared Kiple brand.

Fintech

Predominantly, Kiple is made up of e-wallet (*kiplePay*) for student and merchant communities at campuses and university towns and payment gateway solution (*kipleBiz*) with custom functionalities to the university vertical, enterprises, and businesses.

In July 2019, KiplePay entered into a collaboration with Bank Islam Berhad to work together in providing e-payment and cashless payment services for the students, universities and higher learning institutions. This then led to the launch of KipleUNI program in February this year, to unify the campus ecosystem from the digitization of university platforms, cashless payment and digital lifestyle.

At present, the program is live at Universiti Utara Malaysia and Universiti Putra Malaysia with another 3 to 5 universities adopting it over the next few months. With the belief that going cashless is part of the digital lifestyle journey to cater to the unique needs of university life, we extend our e-wallet capabilities and integrate them under a single platform. This includes retail stores, food and beverages, laundry services, university payments, facilities booking and zakat fund disbursement.

Above all that, the Group became one of the first fintech players in Malaysia to provide a white-labeled e-wallet solution. This solution allows organizations particularly those with large users' base to set up their e-wallet. At the same time, it enhances the users' experience by incorporating a range of other functionalities like mobile payments, discounts, loyalty rewards, P2P money transfer, data top-ups, and bill payment.

In 2020, we will explore white-labelling services to more organizations with large customer bases in sectors like retail, medical, direct selling, and transportation. We will continue to strengthen KiplePay's positioning and become the leader in public universities as the sole e-wallet for students by establishing strong partnerships with various stakeholders in education space.

Thus, we are optimistic that our investment in the fintech area will contribute positively in the next 2-3 years.

Property Technology ('Proptech')

With the growing acceptance of proptech among the consumers today, the Kiple brand is extended to empower communities in more sites via the property technology solution (*KipleHome*) for condominiums, apartments, and townships and smart parking solutions (*KiplePark*) with license plate recognition for building owners.

Targeting commercial properties like retail and offices, KiplePark launched its license plate recognition technology in mid-2019. To date, this technology has been deployed in 42 various types of parking sites, from the valet, season to casual parking.

KipleHome, on the other hand, targets the residential properties. In 2019, it secured the first customer in Thailand. Over the last one year, KipleHome has been deployed in more than 100 properties around Klang Valley.

In 2020, the Group expects to see attractive upside potential for its proptech business where it sets to deliver greater experiences to property developers and community. In the next few years, the proptech business is expected to contribute positively to the Group.

Overall

2019 marked another key milestone for Green Packet where the Group's revenue hit the RM600 million mark. As we move forward, we will continue to focus on delivering valuable digital experiences to all our users. We will improve and expand our digital services offerings in both fintech and proptech which are complementary and synergistic to our core business pillars, Solution and Communication. Barring any unforeseen circumstances, we are confident that we will be able to improve our financial performance for the coming year.

As we go along, I would like to highlight that nothing is achieved without teamwork. I am grateful to our Board of Directors, shareholders and most importantly, Packeteers for their hard work and contribution for pushing our digital agenda ahead. Equally important is the trust and faith that our customers place in us, which serves as a great source of motivation for us to continue innovating.

Year 2020 is going to be a hallmark year for us. I am confident that we will thrive, where our businesses will deliver growth, consistent returns and value to all our stakeholders in due course.

Every Human Must Thrive with Life Improving Digital Innovations!

CC Puan
Group Managing Director and Chief Executive Officer

29 June 2020

FINANCIAL TECHNOLOGY

As Malaysia is transforming towards a digital society, more and more people are riding on a cashless journey. At present, **KiplePay** serves as an e-wallet for the business-to-business-to consumer segment ('B2B2C') whereas **KipleBiz** serves as a payment gateway for business-to-business segment ('B2B').

With Green Packet being the first few fintech players in Malaysia to obtain a fully approved white-labelled e-wallet solution, we can now enable and facilitate more businesses, be it for enterprises with a large customer base or small and medium enterprises (SME) to launch its own e-wallet. Besides, it will improve the brand discernibleness and provide better opportunities for business owners to interact with their customers and better anticipate the customers' needs and desires.

INANCIAL

BOARD OF **DIRECTORS' PROFILE**

TAN SRI DATUK DR. HAJI OMAR BIN ABDUL RAHMAN

Chairman/Non-Independent Non-Executive Director

Gender	**:** Male
Nationality	**:** Malaysian
Age	**:** 87
Date of Appointment	**:** 25 June 2004
Length of Service	**:** 15 years
Board Attendance in FYE 2019	**:** 9/9
Date of last Re-election	**:** 31 May 2017

Membership of Board Committees:
Sustainability Committee (Chairman)
Talent and Remuneration Committee (Chairman)
Nomination Committee (Chairman)
Audit Committee

Qualification:
Tan Sri Omar graduated in veterinary science from the University of Sydney (1958); obtained a Certificate in Pathology from the University of Queensland (1959) and a Ph.D. from the University of Cambridge (1966). In addition, he was awarded the following honorary degrees:

Hon DVSc (Melbourne, 1985); Hon Doctor of the University (Stirling, 1986); Hon Doctor of Laws (Guelph, 1989); Hon Doctor of Laws (Bristol, 1993); Hon DSc (Queensland, 1995); Hon DSc (UTM, 1996); Hon DSc (UKM, 1998); Hon DSc (UPM, 1999).

Working Experience:
Tan Sri Omar started work as a Research Officer in the Veterinary Research Institute, Ipoh in 1960 and was promoted to Senior Research Officer in 1966.

In 1972, he was appointed the Founding Dean of the Faculty of Veterinary Medicine and Animal Sciences and the first professor at the newly established Universiti Pertanian Malaysia (UPM), now University Putra Malaysia. He played a major role in the establishment phase of the university. His last position was as Deputy Vice Chancellor Academic Affairs. He is now Professor Emeritus of the University.

In 1984, Tan Sri Omar was appointed to the new position of Science Advisor in the Prime Minister's Department. As Science Advisor, he served on a number of national committees and initiated many programmes for enhancing technology management, increasing funding for Research & Development ("R&D") and for commercialization of the results of research. He was the founder chairman of Technology Park Malaysia Corporation ("TPM"), the Malaysian Industry-Government Group for High Technology (MIGHT), Composite Technology (Research) Malaysia Sdn Bhd (CTRM) and Malaysian Technology Development Corporation (MTDC).

Tan Sri Omar is the founding and current chairman of the London-based Commonwealth Partnership for Technology Management Ltd (CPTM), Founding Fellow of the Islamic World Academy of Sciences, a Fellow of the World Academy of Sciences (TWAS), an Honorary Fellow of the Academy of Sciences of Kyrgyzstan. He was a member of the United Nations Advisory Committee on Science and Technology for Development, the Executive Committee for OIC Ministerial Standing Committee on Scientific and Technological Cooperation and of the UNESCO's International Scientific Council for Science and Technology Policy Development. He is the past President of the Federation of Asian Scientific Academies and Societies (FASAS), the past President of The Science Council of Asia and a former member of UNESCO Committee on Ethics of Science and Technology (COMEST).

Tan Sri Omar was the Founding President and current Senior Fellow of the Academy of Sciences Malaysia. He also is currently a member of the External Advisory Council of MAHSA University and a member of the Council of UCSI University.

Present Directorship in Public Company and Listed Entity:
Nil

Declaration:
- No family relationship with any director and/or major shareholder of the Company.
- No conflict of interest with the Company.
- No conviction of offences within the past five years.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF **DIRECTORS' PROFILE**
cont'd

PUAN CHAN CHEONG
Group Managing Director and Chief Executive Officer

Gender	**:** Male
Nationality	**:** Malaysian
Age	**:** 51
Date of Appointment	**:** 1 November 2003
Length of Service	**:** 16 years
Board Attendance in FYE 2019	**:** 6/9
Date of last Re-election	**:** 31 May 2017

Membership of Board Committee:
Talent and Remuneration Committee

Qualifications:
Puan Chan Cheong (better known as CC Puan) holds a Bachelor of Science in Business Administration with a double major in Management Information Systems and Finance from University of Nebraska-Lincoln, USA.

Working Experience:
Puan is the founder and Group Managing Director and CEO of Green Packet Berhad ("GPB"/"Green Packet"/ "Group"). Established in the Silicon Valley in the year 2000, GPB is now headquartered in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad (the Malaysian Bourse).

Green Packet is an international technology company with four core businesses namely connectivity (broadband devices), communications (wholesale voice and data), cashless commerce (Fintech) and community living (Proptech).

Since Puan founded Green Packet, he served as Group Managing Director for 14 years before relinquishing the role to lead Webe Digital Sdn Bhd ("Webe") as CEO from 2014 to 2016. Webe, formerly Packet One Networks Malaysia Sdn Bhd and the Group's telecom subsidiary, was acquired by Telekom Malaysia Berhad, Puan provided leadership during the post-acquisition transition phase, establishing Webe's future blueprint and driving key strategic transformations across product development, brand & culture, people strategy, and operational readiness. During his initial role as Group Managing Director for Green Packet, he steered the start-up into a commercially viable and internationally recognised software platform and broadband device provider. He successfully listed Green Packet on MESDAQ (ACE market), followed by a Main Market listing on KLSE, which at peak had a market capital of about RM3 billion.

Puan continued to participate in GPB at a strategic level as a non-executive director until he returned in July 2019 to lead the charge on delivering the Group's new strategic vision for long-term sustainable growth. Beyond broadband connectivity and wholesale voice, Puan will drive accelerated market traction for new growth areas in Financial Technology and Property Technology. He will champion the Group's belief that 'Every Human Must Thrive with Life-Improving Digital Innovations' which underpins the Group's transformative journey since his return.

Puan is an astute entrepreneur and a visionary with more than 30 years of diversified business experience. Prior to Green Packet, he found early success in consulting and the development and management of large-scale infrastructure and property projects internationally. His personal accolades include Malaysia's coveted PIKOM Technopreneur of the Year award.

He sits on the board of Green Packet and several of its subsidiaries where he plays an active advisory role especially in the shaping of the Group's digital agenda.

Present Directorship in Public Company and Listed Entity:
G3 Global Berhad

Declaration:
- No family relationship with any director and/or major shareholder of the Company.
- No conflict of interest with the Company.
- No conviction of offences within the past five years.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF **DIRECTORS' PROFILE**
cont'd

TAN KAY YEN
Executive Director

Gender	**:** Male
Nationality	**:** Malaysian
Age	**:** 48
Date of Appointment	**:** 7 October 2014
Length of Service	**:** 5 years
Board Attendance in FYE 2019	**:** 8/9
Date of Re-election	**:** 4 June 2018

Membership of Board Committee:
Sustainability Committee

Qualification:
Graduated from the University of Nebraska-Lincoln, USA with a Bachelor of Science degree in Business Administration, with a double major in Finance and Management Information System in 1993.

Working Experience:
Mr Kay Tan has more than 24 years of experience in sales, operations and management holding positions in the financial, IT, telecommunications and technology sector. He started his career with the Arab Malaysian Group in the financial sector. Following that he joined the IBI group of companies, a diverse IT firm in 1996 to hold a range of leadership positions. He was appointed as the Company's Group Chief Operating Officer in 2006 and also acting Group Chief Financial Officer from 2013 until 31 October 2014. He was appointed Chief Executive Officer cum Executive Director of Green Packet in 2014. In July 2019, he was redesignated as Executive Director and CEO of kiplePay Sdn Bhd, to focus on and drive the group's financial technology (fintech) business.

Present Directorship in Public Company and Listed Entity:
G3 Global Berhad

Declaration:
- No family relationship with any director and/or major shareholder of the Company.
- No conflict of interest with the Company.
- No conviction of offences within the past five years.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF **DIRECTORS' PROFILE**
cont'd

A. SHUKOR BIN S.A KARIM
Senior Independent Non-Executive Director

Gender	**:** Male
Nationality	**:** Malaysian
Age	**:** 63
Date of Appointment	**:** 21 May 2008
Length of Service	**:** 12 years
Board Attendance in FYE 2019	**:** 9/9
Date of last Re-election	**:** 19 June 2019

Membership of Board Committees:
Audit Committee
Nomination Committee
Talent and Remuneration Committee

Qualifications:
He graduated with a B.Sc. (Hons) in Computation from the University of Manchester, Institute of Science and Technology, UK.

Working Experience:
He began his career with the Government of Malaysia, Statistics Department in 1979. He later join Sapura Group in 1982 where he was one of the founding members of Sapura Information Technology (IT) and developed Sapura's IT business to be one of Malaysia's biggest IT company with more than 1,000 employees in ASEAN and revenues exceeding RM600 million per annum in the late nineties with more than 20 subsidiaries involved in various aspects of the IT industry, from sales and distribution, systems integration to software development and IT education.

He was involved in many high profile IT projects in Malaysia and abroad. Amongst others, he was the Managing Director of STH Consortium which implemented the Total Airport Management System in KLIA. He was also involved in the Design and Implementation of the Cable plant for KLCC and in E-Government projects for the implementation of Generic Office Environment for the Government of Malaysia.

He was also an Executive Director in Telecom Smart School Sdn Bhd, which implemented the Smart School Project for the Ministry of Education in Malaysia. He was directly involved in the setting up of the Asia Pacific Institute of Information Technology (APIT) [now known as Asia Pacific University (APU)] which is today one of Malaysia's biggest IT education institute. He also was highly involved in the development of the IT Industry in Malaysia and served as Chairman of Persatuan Industri Komputer Dan Multimedia, Malaysia (PIKOM) from 1993 to 1995. He also served as Director in the Multimedia Development Corporation (now MDEC) for 2 years in the mid 1990s.

He was the Chairman of Packet One Networks (Malaysia) Sdn Bhd, [now known as Webe Digital Sdn Bhd ("Webe")], a wholly owned subsidiary of Green Packet from 2011 to 2014.

Present Directorship in Public Company and Listed Entity:
Theta Edge Berhad

Declaration:
- No family relationship with any director and/or major shareholder of the Company.
- No conflict of interest with the Company.
- No conviction of offences within the past five years.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF **DIRECTORS' PROFILE**
cont'd

BOEY TAK KONG
Independent Non-Executive Director

Gender	**:** Male
Nationality	**:** Malaysian
Age	**:** 66
Date of Appointment	**:** 11 March 2005
Length of Service	**:** 15 years
Board Attendance in FYE 2019	**:** 6/9
Date of last Re-election	**:** 4 June 2018

Membership of Board Committees:
Audit Committee (Chairman)
Nomination Committee

Academic / Professional Qualifications:
- Chartered Accountant of the Malaysian Institute of Accountants
- Fellow of the Association of Chartered Certified Accountants (UK)
- Associate of the Institute of Chartered Secretaries & Administrators (UK)
- Member of the Institute of Marketing Malaysia
- Member of the Malaysian Institute of Management

Working Experience:
He has over 23 years of broad senior management experience in financial management, internal audit, general management, corporate affairs and regional business development with 5 major listed groups with listings in Malaysia, Singapore, United Kingdom, Australia and New Zealand.

His industry knowledge covers financial services, industrial equipment assembly and distribution, general insurance, textile manufacturing, property development, infrastructure project management and integrated timber processing and marketing business.

Presently, he is the Managing Director of Terus Mesra Sdn Bhd, a governance and leadership development training company.

Present Directorship in Public Company and Listed Entity:
Censof Holdings Berhad
Gadang Holdings Berhad
Ho Hup Construction Company Berhad
IJM Plantations Berhad

Declaration:
- No family relationship with any director and/or major shareholder of the Company.
- No conflict of interest with the Company.
- No conviction of offences within the past five years.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF **DIRECTORS' PROFILE**
cont'd

DATUK NG SOON HONG
Independent Non-Executive Director

Gender	**:** Male
Nationality	**:** Malaysian
Age	**:** 51
Date of Appointment	: 22 May 2020

Membership of Board Committees:
None

Qualifications:
Completed Year 11 from Knoxfield College, Melbourne, Australia

Working Experience:
Datuk Ng started his career with Hiap Teck Group and Huatraco Industry Sdn Bhd since 1993-1998. In year 2000, he joined Waz Lian Group which involved business in development, construction, property, investment holding, hotel, club management and various businesses. He held in the position as Executive Director since 2008.

Throughout 27 years of experiences especially in the field in property, investment and club management, Datuk Ng possessed significant skills from many aspects which identify his style of visionary leadership and effective management, with his depth knowledge and wide public relationship and presentation skills. He is coaching and mentoring other board members and supporting their professional development to ensure that the company strategy is geared towards success. He sits on the board of several private limited companies.

Present Directorship in Public Company and Listed Entity:
Oakleaf Club Berhad

Declaration:
- No family relationship with any director and/or major shareholder of the Company.
- No conflict of interest with the Company.
- No conviction of offences within the past five years.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY **SENIOR MANAGEMENT**

LIEW KOK SEONG
Chief Financial Officer

Gender	**:** Male
Nationality	**:** Malaysian
Age	**:** 51
Date of Appointment	**:** 1 June 2016

Qualification:
Liew is a member of the Malaysian Institute of Accountants

Working Experience:
Liew started his career in 1992 with KPMG. Between 1997 and 2001, he joined a construction company for a brief period and subsequently joined an IT company as a Senior Manager of Finance. In 2001, he joined The Store Corporation Berhad as Assistant General Manager of Finance. In 2006 to September 2012, he was with Green Packet. He joined Cuscapi Berhad as CFO in 2012. Subsequently, he was appointed as CFO of OCK Group Berhad in 2014.

Liew has over 25 years of experience in the areas of corporate finance, management accounting and reporting, business planning, treasury affairs and taxation. Throughout his career, he has served in various public listed companies and industries including IT, telecommunication, retail, property and construction and audit.

Present Directorship In Public Company and Listed Entity:
G3 Global Berhad

Declaration:
- No family relationship with any director and/or major shareholder of the Company.
- No conflict of interest with the Company.
- No conviction of offences within the past five years.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

SUSTAINABILITY **STATEMENT**

OUR COMMITMENT TO BUSINESS SUSTAINABILITY

This Sustainability Statement ("the Statement") is prepared in accordance with Sustainability Reporting Guide issued by the Bursa Malaysia Securities Berhad ("Bursa Malaysia"). This Sustainability Statement covers our sustainability performance of the operations of Green Packet Berhad ("Green Packet" or "the Company") and its subsidiaries ("the Group", "we" or "our") in the financial year ("FY") ended 31 December 2019 ("FY2019").

We recognise Bursa Malaysia's efforts towards improving sustainability disclosures. Challenging business environment, climate change, social disruption and rapid technological changes are some of the challenges impacting stakeholders. We take cognisant on these challenges and various initiatives and programmes were established related to sustainability. This report is our third year of reporting sustainability in accordance with the requirement under Bursa Malaysia's Sustainability Reporting Guide 2018, 2nd Edition ("SRG") and Global Reporting Initiative ("GRI") Guidelines 4.0.

Sustainability is now core to our operation and this statement highlights the way in which we identified the economic, environmental, social ("EES") risks and opportunities considered material to our business by us and our stakeholders as well as to inform our stakeholders the initiatives which we have taken to improve our policies, processes, procedures and sustainability database information covering for the financial year ended 31 December 2019. This Sustainability Statement consists of three (3) main pillars i.e. Economic, Environmental, and Social across the three (3) business divisions: - Solutions, Communications, and Digital Services for the following active subsidiaries:

1. Green Packet (S) Pte Ltd
2. Green Packet International Sdn Bhd
3. NGT Networks Pte Ltd
4. Kiplepay Sdn Bhd

SUSTAINABILITY GOVERNANCE

Our sustainability governance structure and clear lines of accountability provides a strong platform for developing and anchoring sustainability strategy and targets. It ensures that we focus on embedding sustainability into the business by implementing decisions in the relevant business areas. All our divisions have different roles to play and duties in order to deliver our commitment in Green Packet.

Our management structures for sustainable business are integrated into our organisational framework. Key elements include:

Board Level – Governance and oversight	**The Board of Green Packet** ● The Board of Directors has the overall responsibility to oversee the sustainability objectives and strategies set and monitor the implementation of sustainability-related policies by the Sustainability Committee ● The Board comprises of Chairman, Group Managing Director and Chief Executive Officer ("CEO"), Executive Director and 3 Independent Non-Executive Director.

SUSTAINABILITY STATEMENT
cont'd

Green Packet's Sustainability Committee ("SC") – Strategic development of Green Packet's goals	● The SC is led by the Sustainability Committee Chairman, who is the Board Chairman, and assisted by the Executive Director and Chief Financial Officer ("CFO"). ● Responsible to guide and create sustainability awareness within the Group, develop measures and action plans in achieving Green Packet's sustainability goals and achievements, oversee the process of integrating sustainability practices into Green Packet's daily operations including setting strategic sustainability direction, and recommending the approach to manage material matters for approval by the Board. ● Reports to the Board of Directors on delivering the growth and business expansion.
Senior Management ("SM") - Implementation	● Solutions, Communications and Digital Divisions ● Led by CFO to execute the established sustainability policies, action plans and provide progress updates to SC.

A Sustainability Committee's Term of Reference was issued during the year. The SC functions and responsibilities are as follows:

- to manage and set sustainability objectives, strategies, key indicators and performance measures;
- to provide advices and coordinate the sustainability strategies across the Group; and
- to monitor the sustainability matters across various businesses, divisions and units in line with the Sustainability Policy established.

Sustainability Policy

A Sustainability Policy is developed within the framework of the Economic, Environmental and Social ("EES") Sustainability principles. This policy ensures sustainability and ethical practices of the Green Packet's financial performance, management and operation with the view to contributing to the overall environmental sustainability and creating value from sustainable practices.

We envisage to promote our six sustainability EES principles and practices: Awareness, Comprehension, Commitment, Action, Evaluation and Reporting among the management and staff and all our business partners, intermediaries and customers.

In the longer term, we see the benefit to develop a comprehensive set of actionable sustainable practices for Green Packet within the EES framework and to uphold sustainable culture within the Group.

SUSTAINABILITY STATEMENT
cont'd

OUR SUSTAINABILITY VISION

Economic Sustainability

We pursue business activities that create economic values in the most equitable and fiscally sound way possible without sacrificing other aspects of sustainability. This will be achieved through an effective governance compliance and improved sustainability competency.

Environmental Sustainability

We continue to be in business where our focus will be on minimizing environmental impact and our production processes, products and services will have no damaging effect to the environment.

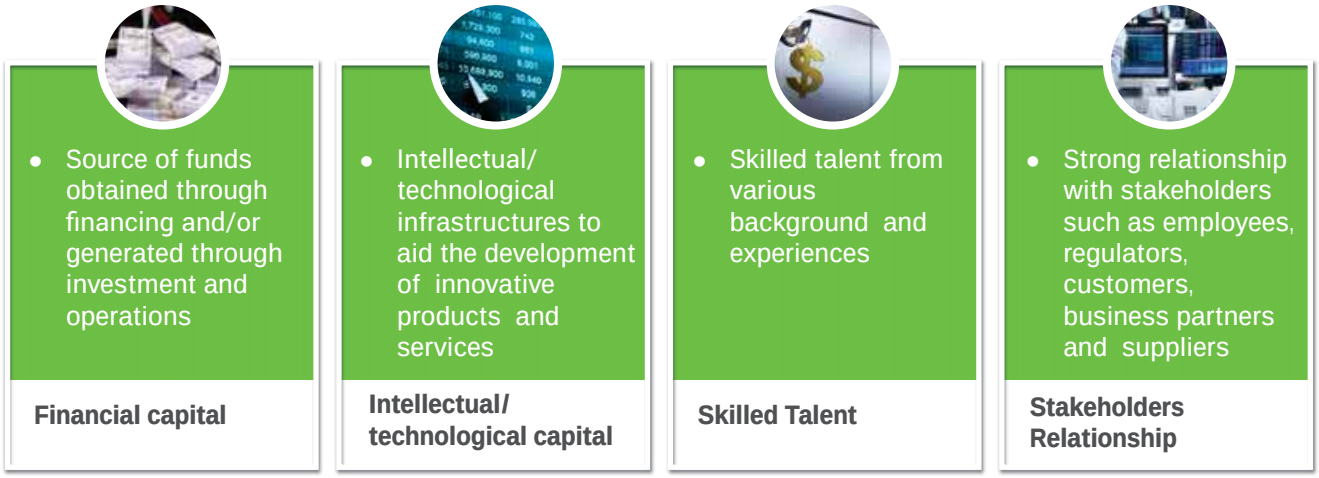
Social Sustainability

We champion the welfare of our employees through inspiring workplace and conducive environment with opportunities for career improvement while instilling our employees the understanding and appreciation of EES principles and adoption of sustainable practices.

SUSTAINABILITY **STATEMENT**
cont'd

OUR VALUE CREATION

Our approach to achieving sustainable business operations is through injecting our capitals in 4 major forms, namely: financial capital, intellectual/technological capital, our skilled talent and our strong relationship with stakeholders, into our business operations to create value for various stakeholder groups as depicted in the diagram below.



Moving forward, our plans are focused on these areas:

1. Increase awareness amongst internal stakeholders to continuously deploy the sustainability practices across the Group wide.

2. Enforcing best practices within business operation in reducing our greenhouse gas emissions.

GOVERNANCE COMPLIANCE

Anti-corruption

Ethic and integrity in conducting business are vital as our practices to ensure a sustainable and ethical business conduct within the Group. To adhere to the highest standards, all Directors and employees are to comply with the Code of Conduct for Directors, Code of Ethical Conduct and Conflicts of Interest (the "Code") in Green Packet's employee handbook. The Code sets out the fundamental principles and guidelines for all employees to uphold high ethical business standards, and apply these values in all aspects of the Group's business and its shareholders. Each employee, upon employment in Green Packet, signed on their appointment letter pledging their agreement on the ethical business conduct.

Whistleblowing Policy

A Whistleblowing policy is in place with the aim to provide a platform for our employees and any concerned stakeholders to report on any suspected misconduct, wrongdoings, corruption, corporate misbehaviour and fraudulent activities. Complaints can be made verbally or in writing to Audit Committee with the email address tkboey@greenpacket.com as stipulated in the Whisteblowing Policy. Whistle-blowers' identities are kept in confidence to the extent possible to facilitate independent investigations for appropriate remedial and follow-up actions.

The whistle-blowing policy is available on our corporate website https://www.greenpacket.com/investors-relations/governance.

SUSTAINABILITY STATEMENT
cont'd

STAKEHOLDERS' ENGAGEMENT

Green Packet interact with a large group of stakeholders, who have direct and indirect involvement, various concerns and objectives, and whose interest that may be influenced arising from the Group's business activities, whether positively or negatively. We value our stakeholders' view and seek to build stronger relationships via our engagement platform to understand their concern and expectations to enhance our business operations and sustainability performance

The communication channel we engaged with stakeholders include conventional documents, electronic documents, web-based media platforms and face-to-face communications as follows:

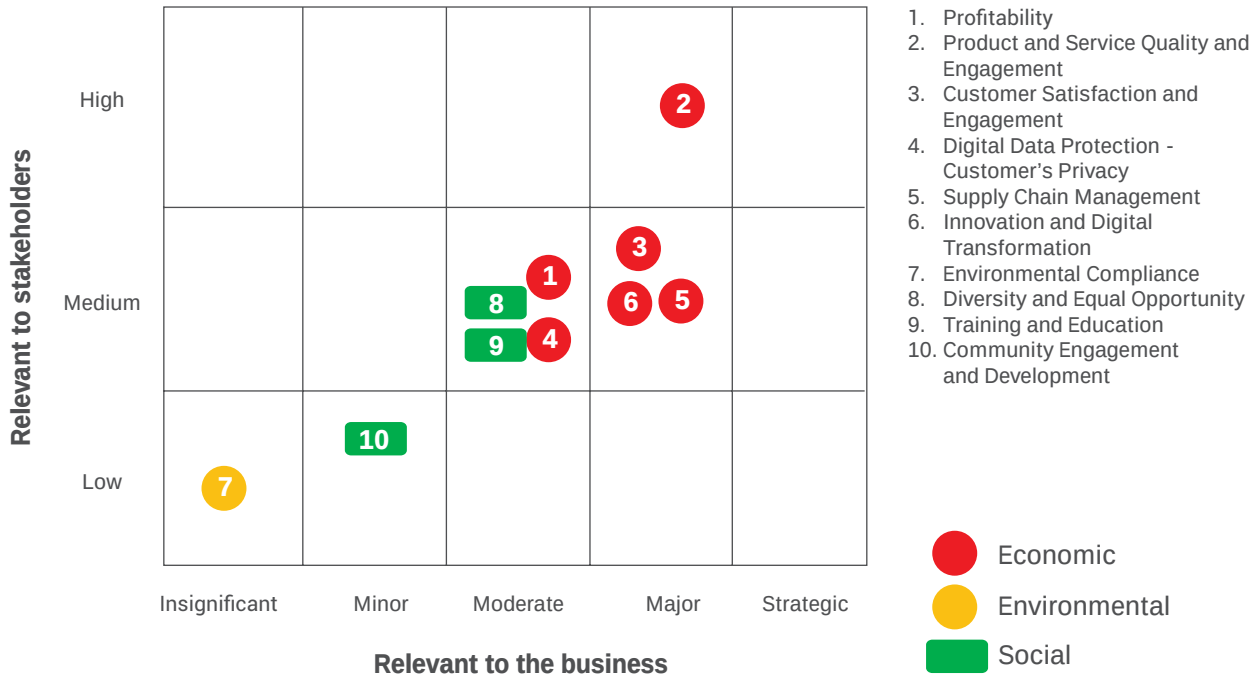
No.	Key Stakeholders	Stakeholder's Concern	Communication Channels
1	**Investors/ Shareholders**	● Financial performance ● Return on investment/ equity	● General meetings ● Corporate announcement ● Analysts briefings & media releases ● Corporate website
2	**Customers/ Consumers**	● Product quality, performance and pricing ● New product and services	● Direct engagement ● Exhibitions ● Customer satisfaction surveys
3	**Business Partners/ Suppliers/ Joint Ventures**	● Sustainable procurement system	● Direct engagements ● Ongoing dialogue sessions ● Periodic performance evaluation ● Meetings, discussion and business communication
4	**Regulatory Authorities & Government agencies**	● Compliance with laws and regulations	● Regular consultation and meetings ● Reporting ● Certification and licenses
5	**Media/ Analyst**	● Latest development of the Group's business ● New products and services	● Press conference ● Media releases ● Media interview ● Corporate website
6	**Employees**	● Career development ● Employee welfare, health and wellness	● Quarterly town hall session ● Events and activities ● Employee engagement surveys ● Development programmes and training ● Meeting and discussion session
7	**Local Communities**	● Community living ● Personal well-being	● Corporate website ● Community development programmes and contributions

SUSTAINABILITY **STATEMENT**
cont'd

Materiality Assessment and Key Sustainability Matters

We regularly assess previous identified material sustainability matters as part of our continuous efforts to ensure the applicability and relevance to our business operation and stakeholders due to rapidly changing environment. A discussion meeting was convened with the Sustainability Committee during the year to review the materiality assessment results with the inputs from Senior Management of each business division. We assess materiality based on two dimensions: relevant to Green Packet and relevant to stakeholders.

A total of 10 material sustainability matters were deliberated and approved by the Sustainability Committee as outlined below:



The following table highlights our material sustainability matters and the mapping of our sustainability matters to UNSDG:

No.	Sustainability matters	UNSDG reference
A.	**ECONOMIC**	
1	Profitability – Economic Performance	SDG#1 SDG#8

SUSTAINABILITY **STATEMENT**
cont'd

No.	Sustainability matters	UNSDG reference
2	Product and Service Quality	SDG#1 SDG#9
3	Customer Satisfaction and Engagement	SDG#1 SDG#9
4	Digital Data Protection –Customers' Privacy	SDG#16
5	Supply Chain Management	SDG#12
6	Innovation and Digital Transformation	SDG#9
B.	**ENVIRONMENT**	
7	Environmental Compliance	SDG#12

SUSTAINABILITY **STATEMENT**
cont'd

No.	Sustainability matters	UNSDG reference
C.	**SOCIAL**	
8.	Diversity and Equal Opportunity	SDG#1 SDG#5 SDG#8
9.	Training and Education	SDG#4
10.	Community Engagement and Development	SDG#3 SDG#4 SDG#11

SUSTAINABILITY STATEMENT
cont'd

We define each of the sustainability matters and mapped it to GRI sustainability standards as follows:

Pillar	Material Issue under GRI	Material Sustainability Matters	Definition
Economic	Economic Performance	• Profitability	• Generate sustainable financial and economic returns
	Economic Performance	• Product and Service Quality • Digital Data Protection – Customers' privacy	• Generate sustainable financial and economic returns for stakeholders • Protection of Green Packet's information (includes confidential business data, employee information) and customers' data privacy
	Customers' Engagement	• Customer Satisfaction and Engagement	• Assessment and response to customers' needs to enhance satisfaction
	Supply Chain Management	• Supply Chain Management	• Relations with suppliers • Strategic partnerships and joint ventures
	Innovation and Digital Transformation	• Innovation and Digital Transformation	• New products and services • Identify business processes and improvements
Environmental	Regulatory Compliance	• Environmental Compliance	• Comply with legal and other core operational regulations
Social	Talent Management	• Training and Education	• Provide training and education to employees to expand their knowledge base for career development
	Employees' Engagement	• Diversity and Equal Opportunity	• Diverse and equal opportunity for employees
	Employee Talent	• Training and Education	• Enhancement of employee skills • Talent Development
	Community Engagement	• Community Engagement and Developments	• Improve quality of life within the community the Green Packet operates in, through our digital innovations and various forms of corporate social responsibility activities

A. ECONOMIC

Profitability

The principles of sustainability are integral in our pursuit of economic growth. In the long-term, our focus is to build long-term value for stakeholders by maintaining strong financial results. Going forward the Group will rely on its Digital Services to drive future sustainable growth. Financial performance enable us to elevate our employees financial position through better compensation and benefits. For details of our financial results, please refer to Management Discussion & Analysis in pages 18 to 23 of this Annual Report.

SUSTAINABILITY STATEMENT
cont'd

Product and Services Quality

Our customers are the core of our operations. We work hard to ensure that our products and services remain highly relevant to their requirement and affordable while embody the sustainability features when designing our products and services.

Solution Division

There is no doubt that our lives now revolve around digital technology and services, the accelerating demand for internet and connectivity should never be underestimated. We take pride in providing uninterrupted connectivity using the most advanced technologies and enhancing its competitive advantages and opportunities for telecommunications operators while allowing the end-users to enjoy the best user experience.

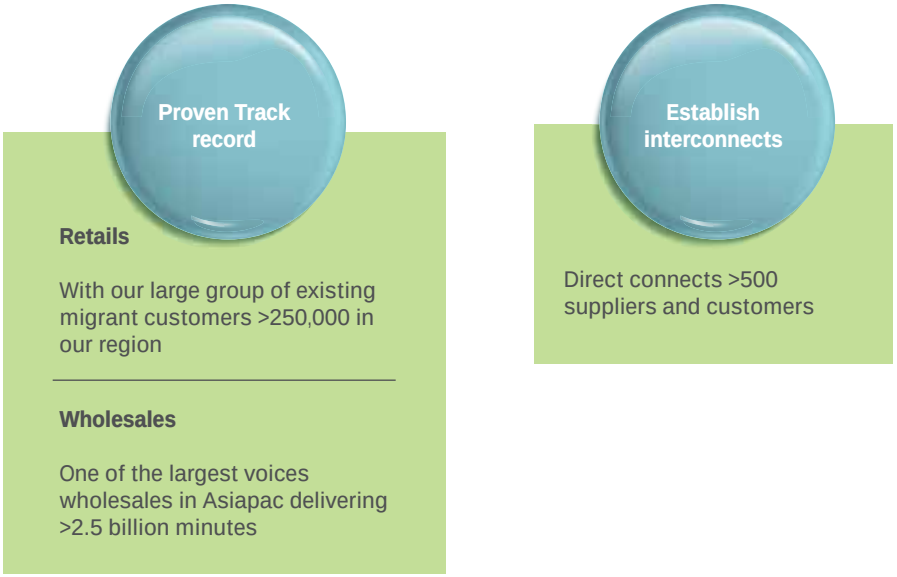
As mentioned in "Customer Satisfaction and Engagement" section, our customers are supported by our dedicated teams providing a professional and personalised services in addressing their requirements and inquiries.

As highlighted in the "Supply Chain Management" section, the certification obtained from the 2 major standard bodies for electronic devices – Conformity European ("CE") and Federal Communication Commission ("FCC") certificates, both from Europe and United States respectively represent our commitment in offering quality and safe product to our customers.

Communications Division

We help to improve connectivity and accessibility between rural and urban communities and reduce "digital divide" whilst promoting "green growth" – through which these communication bridge reduces travel requirement and indirectly, minimise impact to the environment.

We continuously focus on sourcing and building reliable interconnection of the highest level of quality to our customers.



SUSTAINABILITY **STATEMENT**
cont'd

NGT has been preferred gateway of many reputable Tier 1 carrier like Zain, Du, Oreedo, Telenor, etc into our region.

A cloud-based full suite of a platform for wholesale voice operatots that provides secure network infrastructure and routing and bill management.

Customer's valued voice traffic are supported with a proven million dollar's IP/TDM switching

We have POPs linked up with dedicated International Private Lease Line ("IPLC") all the way down from Hong Kong, Thailand, Malaysia, Singapore to Indonesia.

One-stop service centre for all migrants in Asiapac

Tailor-made voice product specifically designed to meet the fast changing requirements of our valued customers in different countries

SUSTAINABILITY STATEMENT
cont'd

Digital Services

With the growing adoption level of digital technology and the push for a cashless society from Bank Negara Malaysia, business owners and customers today are more open and receptive to use mobile payment. KiplePay's eWallet helps business owners, consumers, service providers and governments conduct cashless transaction across online, retail, vending machine IVR and mobile platforms, to maximise convenience, security and optimise business operation. We seek to redefine convenience on a higher scale as well as keeping processes in monetary transaction secured.

Green Packet also ventured into the university vertical, which is a relatively underserved segment, through collaboration with Universiti Utara Malaysia ("UUM") and Bank Islam this year. Bank Islam is one of the main banks servicing local universities in Malaysia. KiplePay was the first to launch the cashless community in UUM to empower the cashless communities, particularly in the education sector, and support the huge growth in payments for the e-commerce industry.

Awards and Certifications

We are pleased to highlight that we were recognised as one of the Malaysia Top E-Commerce service provider Award 2019 in Payment by Selangor Information Technology & Ecommerce Council ("SITEC") in recognition of our achievement and performance in the industry.

Customer Satisfaction and Engagement

Communications Division

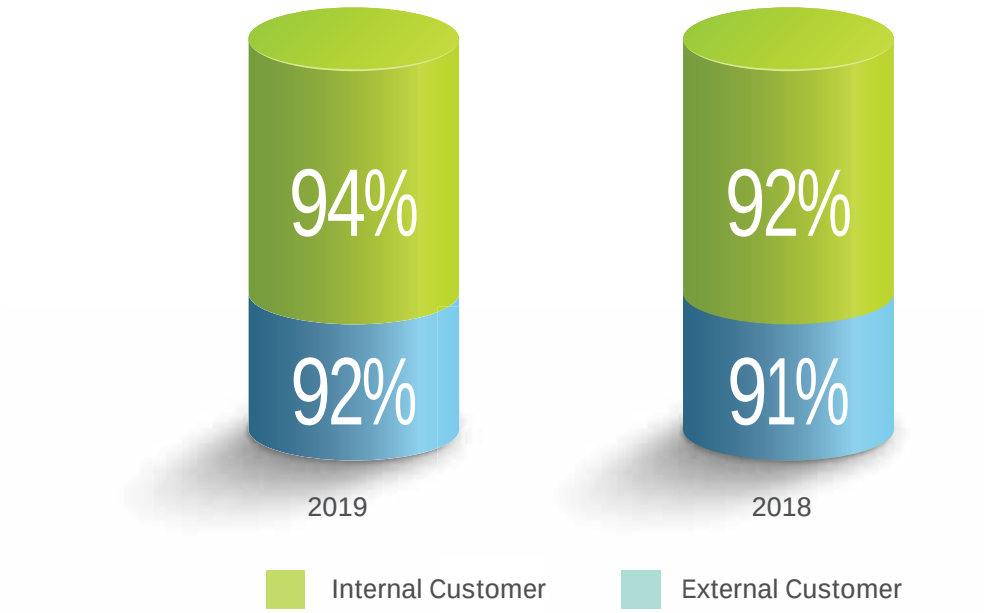
Our customer is the heart of our business operation. As an airtime wholesaler, we enforce stringent network monitoring to prevent hardware or network failures. We established a Network Operation Centre ("NOC") comprising of teams of experienced and competent technicians and they are guided by the NOC's Standard Operating Procedures ("SOP") and Guidelines. This SOP outlines procedures in assisting all our customers' enquiries and managing airtime traffic of our complex network of telecommunication infrastructure to deliver optimal network performance.

Solutions Division

Business and Technical Support Teams are dedicated to engage with our customers, responding to their enquiries and obtain feedback from customers on their responses. We listen to our customers' feedback as it helps us improve the way we do things via Customer Satisfaction Survey exercise. This 2-way feedback processes enable us to identify development of new and customised products and enhancement of existing services for our customers. Assessment criteria of the Customer Survey Satisfaction include availability, responsiveness, reliability and technical capability in meeting customers' requirement. Our customer satisfaction for our internal customers have increased to 94% from 92% in FYE2018 whilst our external customers satisfaction index increased to 92% from 91% in FYE2018 as the Group embarks in business transformation to becoming an exponential organization.

SUSTAINABILITY **STATEMENT**
cont'd

Customer Satisfaction Survey



The very first step we took was adopting a strategy execution framework called 4DX in which every employee defines their Key Result Area and a scoreboard is maintained to ensure each employee is focused and steadfast to achieve excellent customer service and provide consistent customer experience while meeting the requirement within the Service Level Agreement.

Secondly, the management initiative on growing and empowering the operation teams such as technological and product knowledge, to allow them to better serve our customers efficiently.

SUSTAINABILITY STATEMENT
cont'd

Digital Data Protection – Customers' Privacy

In the era of digital technology, safeguarding customer privacy is vital with the increasing trend of cybersecurity risk and privacy concerns as enormous sensitive and confidential data being transmitted across telecommunication networks.

We have continuously enhanced our systems, policies and procedures for hardware and software security for all our products and services. We reviewed and improved our Information Security Policies to ensure that our products and services are reliable and protected.

Our Kiplepay Sdn Bhd has been awarded with ISO/IEC 27001:2013 certification in Information Security Management Systems for EMoney Services as of the date of this report. This certification specifies a set of standardised requirements for establishing, implementing, maintaining and continually improving an information security management system within Green Packet.

To provide reliable and robust security protection to our ICT products and services, we implement stringent requirements from development and design to the operation of the systems, products and services. Our suppliers are required to adhere the same strict standards that we set in accordance with the ICT security industry's best practices.

Supply Chain Management

Our commitment towards meeting customers' requirement while providing consistent quality product and services are supported by our supply chain. Our approach is to integrate the sustainability criteria into supplier selection and evaluation, and our expectations regarding integrity, labour and human rights, supplier inclusion, health, safety and the environment are clearly outlined.

Solutions Division

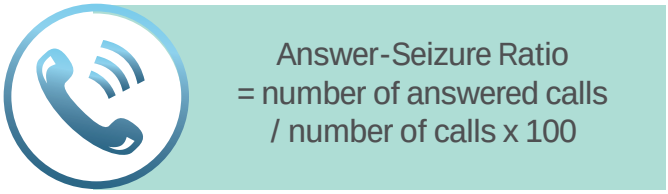
We work with our suppliers on the use of safe materials in our products and processes. This is to ensure Green Packet complies with the market industry and customers' requirement while being sustainable to the environment. Further explanation on this is provided in the "Environmental Compliance" section.

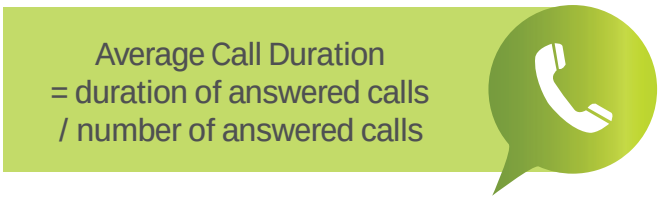
We have our Product Development and Logistics Team and Order Fulfilment Team, based in Taiwan. Both the teams work with our suppliers closely to ensure production of our devices comply with the expected standards and quality, which starts from the product concept development stage.

Supplier's performance is assessed based on the Product Development milestone, i.e. from concept planning up to after sales services in terms of product functionality, quality control, cost, assurance system and delivery time as guided by the Product Lifecycle Management Standard Operating Procedures.

Communications Division

The suppliers' voice traffic performance was monitored by our NOC team based on the indicators established by individual customer requirement, Answer Seizure Ratio ("ANS") and Average Call Duration ("ACD"), to ensure good and consistent voice quality maintained by our suppliers.





Innovation and Digital Transformation

Driven by technology, internet and mobile revolution, society has become increasingly digital and inter-connected. Green Packet has to respond, adapt and transform in this rapid and dynamic digital world through identifying new ways and new product offerings.

We aspire to continuously embrace innovation and invest in research and development for new technologies (i.e. 5G, new generation of broadband, cloud services) of our ICT-related product and services while addressing the customer needs and requirements, enriching the lives of society and being sustainable to the environment.

B. ENVIRONMENTAL

Environmental Compliance

We strictly adhere to the highest standards of governance practices to ensure compliance with all applicable laws and regulations as we are mindful that any material breach of law or regulation could have irrevocable reputational damage or lead to other costly liabilities.

Our Solutions Division's product complied with various certification standards and this is the industry or customers requirement. Certification such as CE mark is a compliance scheme imposed which indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area and Federal Communication Commission ("FCC") requirements is required for radio frequency devices in United Stated. Beyond this, we also complied with Restriction of Hazardous Substances ("RoHS") certification where manufacturers, retailers and suppliers of electrical and electronic product are banned or restricted to use hazardous substances.

In FYE2019, there was no material breach of relevant local laws and regulations (FYE 2018: NIL).

SUSTAINABILITY **STATEMENT**
cont'd

We always aware the environmental impacts arising from our business operations and continue working towards mitigating our impact on the environment while improving the energy efficiency. Initiatives taken include:

3R strategy – Reuse, Reduce and Recycle. We promote reduction of paper consumption by encouraging paperless communication, use of double-sided printing, private code control of printing document and only authorised personnel could print in colour.

Reduce of carbon emission - Employees are encouraged to use public transportation, car pooling and practicing flexible working hours, allowing them to plan their travel to office – reducing petrol consumption by avoiding traffic congestion.

Where possible, our employees optimise the use of audio, web and video–conferencing to avoid or reduce of travelling hassle. Also, air-conditioners are centrally controlled and switched off after working hours, while, wash rooms are equipped with dual flush preventing excessive water consumption. Some practices may seem to be trivial actions, but we believe such practices do contribute to reduce the carbon emission.

Additionally, we always consider for opportunities to digitalise our existing processes and improve our products and services incorporating sustainability features when we research and design our products and services.

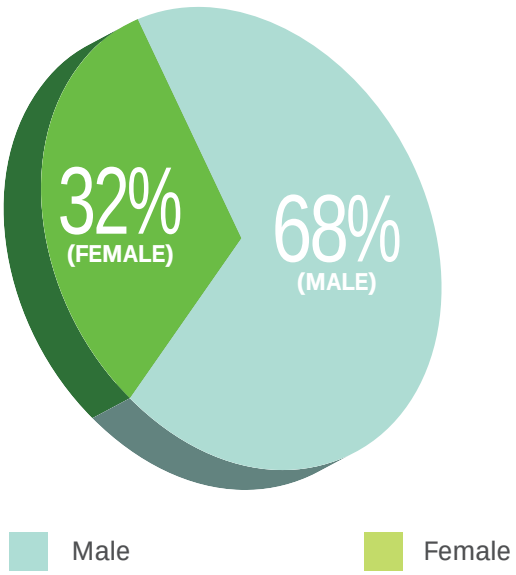
C. SOCIAL

Diversity and Equal Opportunities

Employment opportunities in Green Packet are equal to all applicants as we strive to cultivate a harmonious working environment and towards building an equitable society. We believe a diverse and inclusive workforce at all levels of Green Packet would broaden our perspective and skillset to remain agile and better understanding of customers' needs. Through interaction of differences, sharing of ideas and knowledge is one of our strategies to attract and retain talent ensuring innovation development of products and services. We also encourage open communications from our employees to share their constructive ideas on operational and process improvements via an email or Employee Feedback Form to our Management for Company's future success.

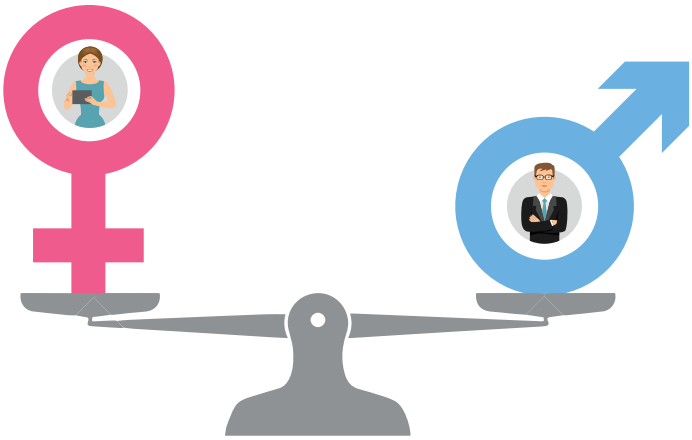
As at FYE2019, there are a total workforce of 159 (FYE2018: 106) employees, constituting 68% of male (FYE2018: 58%) and 32% female (FYE2018: 42%) respectively.

Employee by Gender FYE2019



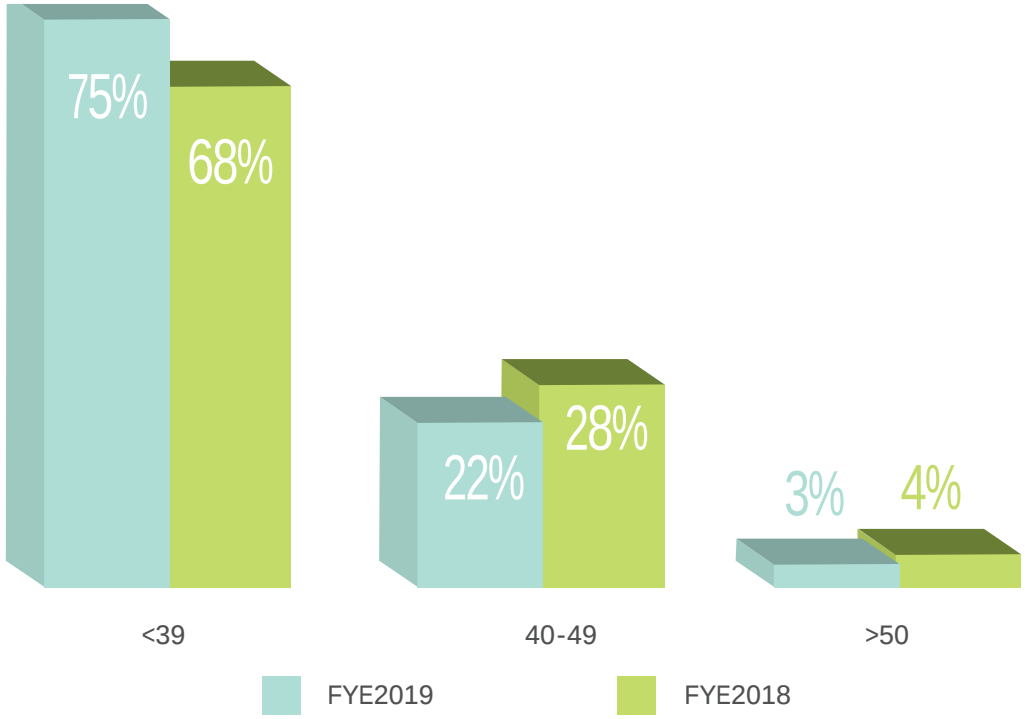
SUSTAINABILITY STATEMENT
cont'd

Closing the gender gap in management position correlates to stronger productivity on the corporate level. We encourage the increase of women's participation through management levels, by equipping them with trainings to ensure that candidates will be ready to take on greater roles and responsibility.



Gender Equality

We recognise that, in order to create innovations for Green Packet in a sustainable manner, it is essential to engage young talents. Given that the young talents can have impact on the sustainability agenda, Green Packet attracted young and vibrant workforce, with more than 75% (FYE 2018: 68%) aged below 39; while 22% (FYE 2018: 28%) of our manpower was between 40 to 49 years of age, and 3% (FYE 2018: 4%) comprising those experienced employees age above 50 years.



Age Group

We continue to engage potential candidates to join the Group and create a diverse workforce that is enthusiastic, ambitious and dynamic to work in a challenging and exciting environment.

SUSTAINABILITY STATEMENT
cont'd

Training & Education

We recognise that our employees are the driving force of Green Packet towards achieving our long-term goals and sustainable growth. In Green Packet, we provide our employees with opportunities to maximise their knowledge through a wide range of working experience, enhancing their skills, and unleash their potential to lead through identified training programmes.

Centered on the internal training for gaining practical experiences at workplace, we also encourage our employees to participate in the enrichment programs. We identified external training programs for our employees to ensure that we kept abreast with the rapid technological changes. During quarterly townhall engagements, we use these meeting points as a knowledge sharing platform and at the same time promoting teamwork and collaboration amongst ourselves.

In FYE 2019, we delivered a total of 3,815 training hours (FYE 2018: 2,133 training hours) and spent a total of RM 129,679 training costs (FYE 2018: Nil[1]) with a total of 124 (FYE 2018: 552) employees participated.

[1] *There was no cost incurred for training provided in year 2018 as these trainings were done internally.*

	FYE 2019	
Training Type	**Number of Pax**	**Training Hours**
Technical skills development training	71	2,195
Soft skills development training	51	1,596
Corporate governance	2	24
Total	**124**	**3,815**

Community Engagement and Developments

We are committed to contributing to the well-being of the local communities where we operate, and embedding such concept into our business operation while maintaining unwavering commitment to our employees and local communities. Our social contributions are divided into three areas of focus i.e. humanity; education; and environment.

MyIndustry AI Scholarship Program

We partnered with Malaysia Digital Economy Corporation (“MDEC”) to embrace MyIndustry AI Scholarship Program by sponsoring one (1) student for the program amounting to RM45,000. The objective of this program was to train more talent with Applied AI skillset solving real industry problem. The pilot scholarship focused on AI computer vision and the participating universities were University of Malaya, University of Technology Malaysia and Multimedia University.

SUSTAINABILITY **STATEMENT**
cont'd

Day with the kids of Siddharthan Care Centre

On 11 December 2019, a group of Packeteers visited Siddharthan Care Center at Petaling Jaya. Packeteers spent time with the kids by playing games, lunch together, and distributed some supplies for upcoming school term and festive season celebration.

This visit allowed us an opportunity to have an up-close understand about the children's needs besides spreading love and hope for the future within the kids. We believe the assistance (i.e. donation items, goodies an school suppplies) provided could improve the welfare of the kids. We will continue to create, grow and sustain opportunities for the needy and underprivileged.

Stepathon

In conjunction with World Health Day, Packeteers organised a one (1) million footsteps challenge on 10 April 2019, with the objective to raise awareness and understanding about health issues and mobilize support for action within our fellow colleagues.

Engagement within Packeteers

We listen to the voice of our people as part of our aspiration of becoming the employer of choice. We understand communication, engagement and connection are the most essential aspects to develop strong bonding among employees, achieve higher productivity and work efficiency, and for the growth of Green Packet in the long run. To instil this culture, we continuously plan and organise engagement sessions within employees throughout the financial year.

SUSTAINABILITY **STATEMENT**
cont'd

Monthly birthday celebration
- March, April, July, August, September, November, December

Festive celebration
- Chinese New Year, Hari Raya, Deepavali.
- In the spirit of Malaysia's multi-cultural identity, celebrate cultural festives regardless of race or belief.

Quarterly townhalls engagement
- January, May, July, October
- Briefing on Green Packet's directions, latest achievements and action plans. Employees are encouraged to express concerns or offer opinions

Supercharge morning team engagament
- Provide complimentary and healthy breakfast on every Monday, Wednesday and Friday. A networking platform to socialise with colleagues form all function.

Weekly badminton session
- Since November 2019
- To promote healthy lifestyle

World Health Day
- Sharing of tips and tricks on a weekly basis for the following topics:
  - Avoid digital eye-strain
  - Right posture in workplace
  - Have a Tech Neck

Through the above initiatives, we are promoting community investments that lead to the improvement of people's quality of life, development of local communities, and foster close ties between Green Packet and our employees.

SUSTAINABILITY STATEMENT
cont'd

GRI CONTENT INDEX – CORE OPTION

	GRI STANDARD	DISCLOSURE	REFERENCE
General Disclosures	102-1	Name of the organisation	Green Packet Berhad
	102-2	Activities, bands, products and services	■ Annual Report FYE2019 ("AR") – Pages 4-5 ■ AR, Management Discussion and Analysis – Pages 18-23
	102-3	Location of headquarters	AR, Corporate Information, Page 7
	102-4	Locations of operations	■ AR, Corporate Information, Page 7 ■ AR, Corporate Structure, Page 6
	102-5	Ownership and legal form	■ AR, Corporate Information, Page 7 ■ AR, Analysis of Securities and Substantial Shareholders' and Directors' Interest, Pages 228-232
	102-6	Markets served	■ AR, About Green Packet, Page 4-5 ■ AR, Message from the Chairman, Page 12-15 ■ AR, Management Discussion and Analysis – Pages 18-23
	102-7	Scale of the organisation	■ AR, Message from the Chairman, Page 12-15 ■ AR, Management Discussion and Analysis – Pages 18-23 ■ AR, Notes to the Financial Statement: Note 5 – Investment in subsidiaries; Note 6 – Investment in Associates; Note 7 – Investment in Joint Ventures
	102-8	Information on employees and other workers	■ AR, Board of Directors' Profile, Pages 26-31 ■ AR, Key Senior Management, Page 32 ■ AR, Sustainability Statement – Social: Diversity and Equal Opportunities, Pages 48-49
	102-9	Supply chain	■ AR, Management Discussion and Analysis – Page 18-23 ■ AR, Sustainability Statement – Supply Chain Management, Page 46-47
	102-10	Significant changes to the organisation and its supply chain	■ AR, Management Discussion and Analysis – Pages 18-23
	102-11	Precautionary principle or approach	Not applicable
	102-12	External initiatives	■ AR, Management Discussion and Analysis – Pages 18-23
	102-13	Membership of associations	Not applicable
	102-14	Statement from senior decision maker	■ AR, Message from the Chairman, Page 12-15 ■ AR, Management Discussion and Analysis – Pages 18-23

SUSTAINABILITY **STATEMENT**
cont'd

	GRI STANDARD	DISCLOSURE	REFERENCE
General Disclosures	102-18	Governance structure	■ AR, Corporate Structure, Page 6 ■ AR, Sustainability Statement, Governance Structure Section, Page 36
	102-40	List of stakeholder groups	AR, Sustainability Statement, Page 37
	102-42	Identifying and selecting stakeholders	AR, Sustainability Statement, Page 37
	102-43	Approach to stakeholder engagements	AR, Sustainability Statement, Page 37
	102-44	Key topic and concerns raised	AR, Sustainability Statement, Pages 38-41
	102-45	Entities included in the consolidated financial statements	■ AR, Corporate Structure, Page 6 ■ AR, Sustainability Statement, Page 33 ■ AR, Notes to the Financial Statement: Note 5 – Investment in subsidiaries; Note 6 – Investment in Associates; Note 7 – Investment in Joint Ventures
	102-46	Defining report content and topic boundaries	AR, Sustainability Statement, Scope and Overview Sections, Pages 33
	102-47	List of material topics	AR, Sustainability Statement, Pages 38-41
	102-48	Restatements of information	Not applicable – no restatement of information
	102-49	Changes in reporting	Not applicable – no changes to reporting
	102-50	Reporting period	AR, Sustainability Statement, About This Statement Section, Page 33
	102-51	Date of most recent report	AR, Sustainability Statement, About This Statement Section, Page 33
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	■ AR, Corporate Information, Page 7
	102-54	Claims of reporting in accordance with the GRI Standards	■ AR, Sustainability Statement, Overview Section, Page 33 ■ This report is guided by GRI Standards (Core Option)
	102-55	GRI content index	This table
	102-56	External assurance	The Company may consider seeking external assurance in the future.

SUSTAINABILITY **STATEMENT**
cont'd

GRI SPECIFIC INDEX – MATERIAL TOPICS

	Sustainability matters	GRI STANDARD	DISCLOSURE	REFERENCE
Specific Disclosures	**Economy**			
	Profitability	201-1	Direct economic value generated and distributed	Page 41
	Innovation and Digital Transformation	203-2	Significant Indirect Economic Impact	Page 47
	Customer Satisfaction and Engagement	203-2	Significant Indirect Economic Impact	Page 44-45
	Environment			
	Environmental Compliance	307	Environmental Compliance	Page 47-48
	Social			
	Supply Chain Management	308-1	Negative Environmental Effects and Action Taken	Page 46-47
	Diversity and Equal Opportunity	401-2	Employment benefits to full-time employees	Page 48-49
	Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	Pages 50
	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Page 48-49
	Community Engagement and Development	413-1	Operations with local community engagement, impact assessments, and development programs	Page 50-52
		413-2	Operations with significant actual and potential negative impacts on local communities	Page 50-52
	Product and Service Quality	416-1	Assessment of the health and safety impacts of product and service categories	Page 42-44
	Digital Data protection – Customers Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 46

PROPERTY TECHNOLOGY

Living and working in a well-connected and secure neighbourhood is a universal need that every Malaysian strive for. In line with building connected neighbourhoods and safer communities, be it in residential or commercial sites, Green Packet has continued to innovate to provide a seamless users' experience from the moment one drives into a car park.

Presently, **KiplePark LPR** offers the most effortless, cashless, and frictionless parking experience whereas **KipleHome** provides a digital management platform for residences in Malaysia including high-end condominiums, apartments and gated and guarded communities.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board of Directors ("the Board") of Green Packet Berhad ("Green Packet" or "the Company") is committed to continuously enhancing shareholder value by maintaining high standards of corporate governance to promote corporate transparency and reporting integrity. The Board believes that good corporate governance practices are pivotal towards enhancing business sustainability and corporate accountability with the ultimate objective of realizing long-term shareholder value, whilst taking into account the interests of other stakeholders.

The Company has applied all the principles set out in the Malaysian Code of Corporate Governance 2017 ("the Code") except:

- Practice 4.5 (Board to consists 30% female directors);
- Practice 7.2 (Disclosure of top five Senior Management's remuneration on a named basis in the bands of RM50,000); and
- Practice 12.1 (Notice of Annual General Meeting should be given to shareholders at least 28 days prior to the meeting).

The Statement below sets out the Company's corporate governance processes with reference to the Code in which the Group has applied the principles of the Code and the extent of compliance with recommendations advocated therein.

The details of the application of each Practice set out in the Code can be downloaded from the Company's website: www.greenpacket.com

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board's Roles and Responsibilities

The Company is led by a Board made up of two Executive Directors and four Non-Executive Directors (inclusive of three Independent Non-Executive Directors). The non-executive members of the Board bring a wide range of skills and experience to the Board. The position of Chairman and Group Managing Director and Chief Executive Officer are separately held by Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman and Mr Puan Chan Cheong respectively. The role of the Chairman is to manage and to provide leadership to the Board. He is accountable to the Board and acts as a direct liaison between the Board and Management of the Company, through the Group Managing Director and Chief Executive Officer.

Mr Puan Chan Cheong was re-designated on 1 July 2019 to executive position while Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman was re-designated on 16 June 2020 as a non-executive Chairman of the Board. Tan Sri Dato' Kok Onn retired and resigned from the Company on 28 February 2020. Datuk Ng Soon Hong was appointed to the Board on 22 May 2020 and Dato' Lai Yit Loong resigned on 15 May 2020.

The Board is responsible for approving and overseeing of the long-term objectives, business / corporate strategic plans, major acquisition & divestment and financial matters of the Group. The Board delegated the day-to-day management of the Company to the Group Managing Director and Chief Executive Officer. The day-to-day business of the Group, within the authorities as delegated by the Board, are further distributed under an approved Limits of Authority ("LOA") to the Senior Management team of the Group.

The Board discharge some of its responsibilities through the delegation to the respective Board Committees with four (4) Board Committees and a Management-led Committee, Risk Management Committee. The Board Committees are Audit Committee, Nomination Committee, Talent and Remuneration Committee and Sustainability Committee. These Committees have their roles/functions, written Terms of Reference, operating procedures and authorities clearly defined. The Board appoints the Chairman and members of each Board Committees and reviews the Board Committees' authority. The respective Board Committees review its Terms of Reference annually. Full details of the Committees' work are disclosed in the relevant sections for each of the Board Committee.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
cont'd

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

Board's Roles and Responsibilities (cont'd)

These Committees assist the Board in making informed decisions through in-depth discussions on issues pertaining to the respective Board Committees' Terms of Reference and responsibilities. Subsequently, the respective Board Committee Chairman report the deliberations to the Board and the ultimate responsibility for the final decision on all matters lies with the Board.

The Board acknowledges its key responsibilities in directing the strategic plans, monitoring its performance targets and developing the long-term goals of the business of the Group.

Succession Planning

The Company has put in place a clear succession planning process to ensure continuity of leadership and long-term business sustainability. All Senior Management staff are assessed on a yearly basis. Their remuneration is linked to the achievement of business and performance objectives.

Annual performance assessment is part of succession planning process for executive leadership to identify and track Senior Management staff with potential for top management responsibility. Competency gaps identified during year end performance assessment will be the focus for training and development of Senior Management staff. Informal training includes role shadowing, mentoring, job rotation and on-the-job training, is commonly practiced in Green Packet. Appropriate formal training is also identified for continuous development of the Senior Management staff.

The Company constantly monitors and re-assesses the performance of employees and both training and development programmes are the Company's way to continuously develop future leaders.

Ethical Standards through the Code of Ethics

The Company has in place an established Code of Ethics policies governing the conduct of business of the Group applicable to every employee. The Code of Ethics has included appropriate communication and feedback channels for employees to raise concerns about possible improprieties like Anti-Corruption practices and stakeholders can report via the Whistleblowing Policy and procedures.

The Board has adopted a Code of Conduct for the Board. This Code describes the standards of business conduct and ethical behavior for the Directors in the performance and exercise of their responsibilities as Directors of the Company or when representing the Company and its subsidiaries. These Codes are available on the Company's website: **www.greenpacket.com**

Group's Strategies for Sustainability

The Group is committed to become significant contributor in the business segments that it operates on a global basis. It believes that for sustainability, it needs to balance business growth with corporate responsibility, conserving resources for future generations by minimizing activities that may have a negative impact on the environment and driving efficiency and productivity in its daily business operations.

The Group's commitment to health, safety and climate change is shared by all employees and it has been incorporated into their work environment.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
cont'd

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

Board Members' Supply and Access to Information

The Board are supplied with and granted access to timely information which allows them to discharge their legal responsibilities effectively and efficiently. Notice of meetings and board papers are given to members of the Board at least seven (7) days prior to the meeting.

Directors may obtain independent professional advice at the Company's expense in furtherance of their duties, where this is deemed necessary, after consultation with the Chairman and other Board members.

Company Secretary

The Company Secretary is a qualified Company Secretary, responsible along with the Board for administration of the Company's matters under the Companies Act 2016, Main Market Listing Requirements and other regulatory authorities. The Board is regularly updated and apprised by the Company Secretary on new statues and directives issued by regulatory authorities.

Board Charter

To facilitate the Board to discharge its stewardship responsibilities and risk management controls, the Company has established a Board Charter to delineate a clear distinction between Board and Management, together with a description of the Board's roles and responsibilities. The Board Charter also sets out the roles and responsibilities of the Board and Board Committees, and the procedures and processes of the Board. The Board Charter was reviewed annually and updated on 29 June 2020. It is available on the Company's website: **www.greenpacket.com**

Nomination Committee

The Nomination Committee comprises three (3) members, made up of exclusively non-independent non-executive, majority independent directors. The membership of the Nomination Committee is set out in the Corporate Information section of this Annual Report. The Terms of Reference can be viewed at the Company's website: **www.greenpacket.com**

The Nomination Committee conducts an annual assessment of the Board as a whole, Board Committees and individual Directors. The criteria for the assessment include contributions, integrity, competency and time commitment of the members of the Board in discharging their duties. In assessing suitability of candidates for new appointments, considerations are given on skill sets, experience, functional knowledge, time commitment and board diversity.

The Nomination Committee's work includes reviewing and recommending to the Board, the re-designation of two board members namely Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman and Mr Puan Chan Cheong, appointment of Encik A. Shukor Bin S.A. Karim as the Senior Independent Director, re-election of directors pursuant to Clauses 99 and 105 of the Company's Constitution and re-appointment of an independent non-executive director who will be retiring at the 18th Annual General Meeting. The Nomination Committee is satisfied with the Board structure and composition.

The Board is mindful of the gender diversity as required in the Code. However, emphasis shall first be placed on the qualities, experience and skills of a candidate irrespective of gender, which would best correspond to the composition of the Board so as to function effectively and efficiently. The diversity issue is discussed by the Nomination Committee and the Board.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
cont'd

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

Talent and Remuneration Committee

The Talent and Remuneration Committee comprises three (3) members. The membership of the Talent and Remuneration Committee is set out in the Corporate Information section of this Annual Report.

This Talent and Remuneration Committee's work includes reviewing and recommending matters relating to the remuneration of the Board and Senior Management on a yearly basis and makes the appropriate recommendations to the Board for consideration. The Executive Directors and Non-Executive Directors abstained themselves from deliberation for matters relating to their remunerations. The remuneration package of the executive directors is structured as to link to the Company's performance and is subject to the approval of the Board. Remunerations and meeting allowances for the Non-Executive Directors are recommended by the Board for shareholders' approval at the Annual General Meeting.

The remuneration of the Board of Directors is determined on the basis of standards in the market and reflects demands to competencies and efforts in light of the scope of their work and the number of board/committee meetings.

The composition of the remuneration for the Senior Management are as follows:

- Fixed remuneration based on market standard, business key performance indicators and their roles & responsibilities; and
- Incentive plans consist of employee share grant options.

The Terms of Reference and Policy can be viewed at the Company's website: **www.greenpacket.com**

The aggregate Directors' remuneration receivable / received from the Group and Company for the financial year under review is as follows:

	Salaries (RM)	Employer's statutory contribution (RM)	Other Emoluments (RM)	Total (RM)
Executive Director				
Puan Chan Cheong	623,072*	78,462	3,600	705,134
Tan Kay Yen	719,592	94,471	-	814,063
Total:	**1,342,664**	**172,933**	**3,600**	**1,519,197**

* *Included Directors' Fee and Meeting Allowances of RM 23,072 (from 1/1/2019 – 30/6/2019)*

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
cont'd

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

Talent and Remuneration Committee (cont'd)

	Directors' Fees (RM)	Meeting Allowances (RM)	Total (RM)
Non-Executive Directors			
Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman	91,052	23,000	114,052
Puan Chan Cheong	17,072	6,000	23,072
Tan Sri Dato' Kok Onn	34,144	7,000	41,144
Boey Tak Kong	71,540	11,000	82,540
A. Shukor Bin S. A. Karim	34,144	22,000	56,144
Dato' Lai Yit Loong	32,364	10,000	42,364
Total:	**280,316**	**79,000**	**359,316**

Mr Puan Chan Cheong received director's fee and meeting allowances from 1/1/2019 - 30/6/2019. He was re-designated to Group Managing Director and Chief Executive Officer on 1/7/2019.

Mr Boey Tak Kong also received director's fee and meeting allowances of RM22,500 from a subsidiary.

The number of Directors whose total remuneration falls within the following bands:-

Range of Remuneration for FYE 31 December 2019	Executive	Non-Executive	Total
Below RM50,000	-	2	2
RM50,000 - RM100,000	-	1	1
RM100,001 - RM150,000	-	2	2
RM700,000 – RM750,000	1	-	1
RM800,001 - RM850,000	1	-	1
Total	**2**	**5**	**7**

Annual Assessment of Independent Directors

The assessment for independent director is done in accordance with the definition of Independent Director pursuant to the Main Market Listing Requirement i.e. items/criteria (a) to (g) of the aforesaid definition. The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors with their ability to act in the interest of the Company in providing unbiased views and impartiality during the Board's deliberations and decision-making process. The Board is of the view that the length of service of the Independent Directors on the Board do not in any way interfere with their independent judgement and ability to act in the best interest of the Group.

Approval for Independent Directors Serving Over Nine Years

The following Independent Non-Executive Director who had served for a cumulative term of more than nine (9) years, was eligible to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with Code.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
cont'd

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

Approval for Independent Directors Serving Over Nine Years (cont'd)

Date of Appointment	Name of Directors	No. of years of tenure
21 May 2008	A.Shukor Bin S.A. Karim	12 years

The Board is unanimous in its opinion that Encik A. Shukor Bin S.A. Karim independence has not been impaired or compromised in any way as observed below:

- He continues to fulfill the criteria and definition of an Independent Director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements; and
- During his tenure in office, he has not transacted or entered into any transactions with, nor provided any services to the Group within the scope and meaning set forth in Paragraph 5 of Practice Note 13 of the Main Market Listing Requirements; he has also provided sufficient time commitment and has discharged his duties and responsibilities without fear or favour, often providing independent judgement and challenging the conduct of the Group's business and financial performance.

  In view of the above, the Board resolves to seek the shareholders' approval to continue the services of Encik A. Shukor Bin S.A. Karim to serve on the Board as an Independent Non-Executive Director.

Separation of Positions of Chairman and the Chief Executive Officer

The Chairman is a Non-Executive Director. There is a clear separation of responsibilities between the Chairman and the Group Managing Director and Chief Executive Officer to ensure a balance of power and authority.

Board Composition and Balance

The Company is led by an experienced Board consisting of individuals with appropriate knowledge and skills to provide entrepreneurial leadership to achieve the Group's objectives and performance targets with good corporate governance.

There are six (6) members on the Board, comprising mainly Non-Executive Directors. There are three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and two (2) Executive Directors.

The presences of the Independent Non-Executive Directors fulfill a pivotal role in corporate accountability as they provide independent opinions, advice and judgment. This Board composition is in compliance with the Bursa Malaysia Main Market Listing Requirements.

The Board has identified Encik A. Shukor bin S.A. Karim as its Senior Independent Director and Non-Executive Director, to whom concerns of shareholders and others may be conveyed. The profiles of the Directors are set out in the Board of Directors' Profile section of this Annual Report.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
cont'd

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

Current Directors' Background Experience

Skillset	No. of Directors
Marketing & Global Operations	5
Accounting & Auditing	3
Risk & Governance	6
Technology	4
Management & Leadership	6
Government Relations	4

Current Director's Personal Profile

Length of Tenure	No. of Directors	Age Diversity	No. of Directors
Less than 5 years	1	Less than 50 years	1
5 to 9 years	1	50 to 65 years	3
More than 9 years	4	Above 65 years	2

The Company is supportive of gender diversity to comprise 30% women directors as recommended by the Code. As the ICT industry is dominated mainly by male, the prospect to source for suitable women directors is challenging. The Gender Diversity Policy can be viewed at the Company's website: **www.greenpacket.com**

Time commitments

The Board have given sufficient time and attention to the affairs of the Company for the year. As at 31 December 2019, none of our Directors, individually, held directorships in more than five public companies (including the Company).

Board Meetings

The Board meets at least four (4) times a year on a quarterly basis, with additional meetings to be convened when necessary. Agenda and Board papers are circulated to the Board prior to the Board meetings so as to give the Directors time to consider and deliberate on the issues to be raised at the meetings in relation to the Group's financial performance, corporate development, strategic issues and business plan.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
cont'd

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

Board Meetings (cont'd)

During the financial year under review there were nine (9) Board Meetings held and the attendance record of each director is as follows:

Name of Director	No. of meetings attended
Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman	9/9
Puan Chan Cheong	6/9
Tan Kay Yen	8/9
Tan Sri Dato' Kok Onn	7/9
Boey Tak Kong	6/9
A. Shukor Bin S.A Karim	9/9
Dato' Lai Yit Loong	7/9

Directors' Training

All Directors have completed the Mandatory Accreditation Programme as prescribed by Bursa Securities.

The Company acknowledges that continuous education programmes are imperative for the Board to update and enhance their knowledge and skills.

Directors are regularly updated on the Group business and its competitiveness and regulatory environment in which they operate as well as the market outlook and industry trends in the ICT industry. Besides that, all Directors were well-informed of the latest development on relevant rules and regulation, in order to discharge their legal duties more effectively.

During the financial year under review, the Directors attended the following training programmes / seminars:

Name of Director	Details of Programme	Organiser
Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman	• The 2019 Malaysia Economic and Strategic Outlook Forum	Kingsley Strategic Institute
	• SIDC Global Business Insight Series - How to Thrive in A World Where Everything Can Be Copied?	Securities Commission
	• Iclif Corporate Governance Watch - How Does Malaysia Rank?	Iclif
	• Malaysian Economic Summit 2019 - The Challenges for Malaysia, Shared Prosperity Competitiveness and Economic Growth	Kingsley Strategic Institute
	• Financing the SDGs - Malaysian Private Sector Role in Bridging the Gap from Goals to Action	Global Compat Network Malaysia
	• Bursa Thought Leadership Series - Sustainability Inspired Innovation, Enablers of the 21st Century	ICDM and Securities Commission
	• The YTI Memorial Lecture : The Diverse Facets of Leadership	Permodalan National Berhad
	• The Future of Work in the Digital Age, A Corporate Perspective	Alpha Catalyst

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
cont'd

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

Directors' Training (cont'd)

During the financial year under review, the Directors attended the following training programmes / seminars: (cont'd)

Name of Director	Details of Programme	Organiser
Tan Sri Dato' Kok Onn	• Business Planning Process Insights – Construction Division	Terus Mesra Sdn Bhd
	• Business Planning Process Insights – Property Division	Terus Mesra Sdn Bhd
	• Corporate Liability on Corruption	Terus Mesra Sdn Bhd
Puan Chan Cheong	• CNBC Managing Asia Sustainable Entrepreneurship Conference	YPO-WPO
	• Mentoring Masterclass by Clara Villa	YPO-WPO
	• Empower Summit 2019	YPO-WPO
	• MyFintech Week 2019	Bank Negara Malaysia
	• Wild Digital SEA 2019	Catcha
	• 5G & Beyond : Malaysia In the Age of Digitalisation	RHB Bank
	• Belt and Road China-Malaysia Forum on People-to-People Exchange & Economic Cooperation	MITEC
	• MRCA Retail Conference 2019	Malaysia Retail Chain Association
	• Post GAIN Forum	MDEC
	• #Rebuilding Humanity Forum (by Drs. Karin van Zuilen)	27 Advisory
	• MXP Market Acceleration Program	GrowthX
	• GSMA M360 Digital Societies Event + Launch of Mobile Money Inc. Fintech Lab	Mobile Money
	• Selangor Smart City & Digital Economy Convention 2019	SITEC
	• MCCC/MYCYEC 2019	MCCC
	• SCxSC Fintech Conference 2019	Securities Commission
	• CETC Digital & Telecommunication Summit	CETC
Tan Kay Yen	• MyFintech Week 2019	Bank Negara Malaysia
	• Wild Digital SEA 2019	Catcha
	• MXP Market Acceleration Program	GrowthX
	• Identity Week Asia 2019 : The Future of Identity	Terrapin
	• Selangor Smart City & Digital Economy Convention 2019	SITEC
	• SCxSC Fintech Conference 2019	Securities Commission

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
cont'd

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

Directors' Training (cont'd)

During the financial year under review, the Directors attended the following training programmes / seminars: (cont'd)

Name of Director	Details of Programme	Organiser
Boey Tak Kong	● Ring the Bell for Gender Equality 2019	Bursa Malaysia Berhad
	● AMLA, Fraud in Digital Economy & Forensic Auditing	ACCA
	● 8th Annual National Procurement Conference 2019	MICG
	● Audit Committee Institute Breakfast Roundtable 2019 AML/CFT Framework & Risk Assessment Building Cyber Resilience	KPMG
	● Engagement Session with Audit Committee Members on Integrated Reporting	MIA
	● CG Watch : How Does Malaysia Rank?	Iclif
	● Corporate Governance Monitor 2019	Securities Commission
	● Climate Governance Initiative Malaysia	Institute of Corporate Directors
	● Cyber Security in The Boardroom – Accelerating from Acceptance to Action	Bursa Malaysia Berhad
	● Demystifying the Diversity Conundrum: The Road to Business Excellence	Bursa Malaysia Berhad
	● Avoiding Competition Law Violations – Formulating an Effective Compliance Policy	Zain & Co and Bursa Malaysia Berhad
	● Corporate Liability on Corruption: 'Is Your Organisation Ready to Safeguard Its Directors, Top Management and Personnel Against A Corruption Prosecution?'	MICG and Star Media Group
	● Audit Committee Institute Breakfast Roundtable 2019 Corporate Liability, Governance Revelations from Inquest Reports and Business Continuity Management (BCM)	KPMG
	● Bursa Malaysia Diversity Xperience The Board "Agender"	Bursa Malaysia Berhad
	● Corporate Governance Case Study Workshop - Independent Directors: Towards Boardroom Excellence	Bursa Malaysia Berhad & SIDC
	● Evaluating Effective Internal Audit Function – Audit Committee's Guide on How To	Bursa Malaysia Berhad & The Institute of Internal Auditors Malaysia

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
cont'd

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

Directors' Training (cont'd)

During the financial year under review, the Directors attended the following training programmes / seminars: (cont'd)

Name of Director	Details of Programme	Organiser
	● The Malaysian Budget 2020 Making the Leap Towards Mutual Prosperity	Wong & Partners
	● Budget Talk 2020 "Shared Prosperity: Engendering High Quality Inclusive Growth Towards High Income Economy	PWC Taxation Services Sdn Bhd
	● Session on Corporate Governance and Anti-Corruption	Bursa Malaysia Berhad & Securities Commission Malaysia
	● Forum on CG in the Capital Market	MICG & FPLC
	● Transparency in Corporate Reporting 2019: Assessing Malaysia's Top 100 Public Listed Companies.	MICG
	● Malaysia's Audit Oversight Board Conversation with Audit Committees	Securities Commission
A. Shukor Bin S.A. Karim	● Session on Corporate Governance & Anti-Corruption	Bursa Malaysia Berhad
	● Section 17A & Anti Bribery Awareness Talks	Malaysian Anti-Corruption Commission
Dato' Lai Yit Loong	● Corporate Governance Case Study Workshop – Independent Directors: Towards Boardroom excellence	Bursa Malaysia Berhad & SIDC

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

The Board endeavors to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects to shareholders, primarily through the annual reports, quarterly announcements of the Group's results and other price-sensitive public reports. The Board is assisted by the Audit Committee ("AC") in overseeing the Group's financial reporting processes and the accuracy, consistency and appropriateness of the use and application of accounting policies and standards, as well as the reasonableness and prudence in making estimates, statements and explanations.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
cont'd

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

Audit Committee

The Board's obligation to establish formal and transparent arrangements in considering how it should apply financial reporting, internal control principles and maintaining an appropriate relationship with the Company's External Auditors, Crowe Malaysia PLT is met through the AC.

Majority members of the AC are Independent Non-Executive Directors and Mr. Boey Tak Kong fulfills the financial expertise requisite of the Main Board Listing Requirements.

The members of the AC are as follows:

Boey Tak Kong - Chairman/Independent Non-Executive Director
A. Shukor Bin S.A. Karim - Independent Non-Executive Director
Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman – Non-Independent Non-Executive Director

A full AC report detailing its composition, Terms of Reference and summary of activities during the financial under review is set out on pages 77 to 79 of the Annual Report.

Compliance with Applicable Financial Reporting Standards

The Board is responsible to ensure that the financial statements of the Group are drawn up in accordance with the provisions of the Companies Act 2016 and applicable approved accounting standards in Malaysia. The Board also ensures that the Group has used appropriate accounting policies for the preparation of its financial statements, are consistently applied and supported by reasonable and prudent judgement and estimates.

In presenting the annual financial statements and quarterly announcement of results, the Directors make every effort to present a balanced and understandable assessment of the Company's financial position and prospects. All financial statements and reports are subjected to detailed analysis and scrutiny by the AC before they are presented to the Board for approval and release to Bursa Securities.

Assessment of External Auditors

The AC is responsible to review the competency and independence of the External Auditors. Having assessed their performance, the AC will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the Annual General Meeting.

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the Group's External Auditors. The AC meets the External Auditors without the presence of the Management whenever necessary, but no less than twice a year.

Risk Management Committee

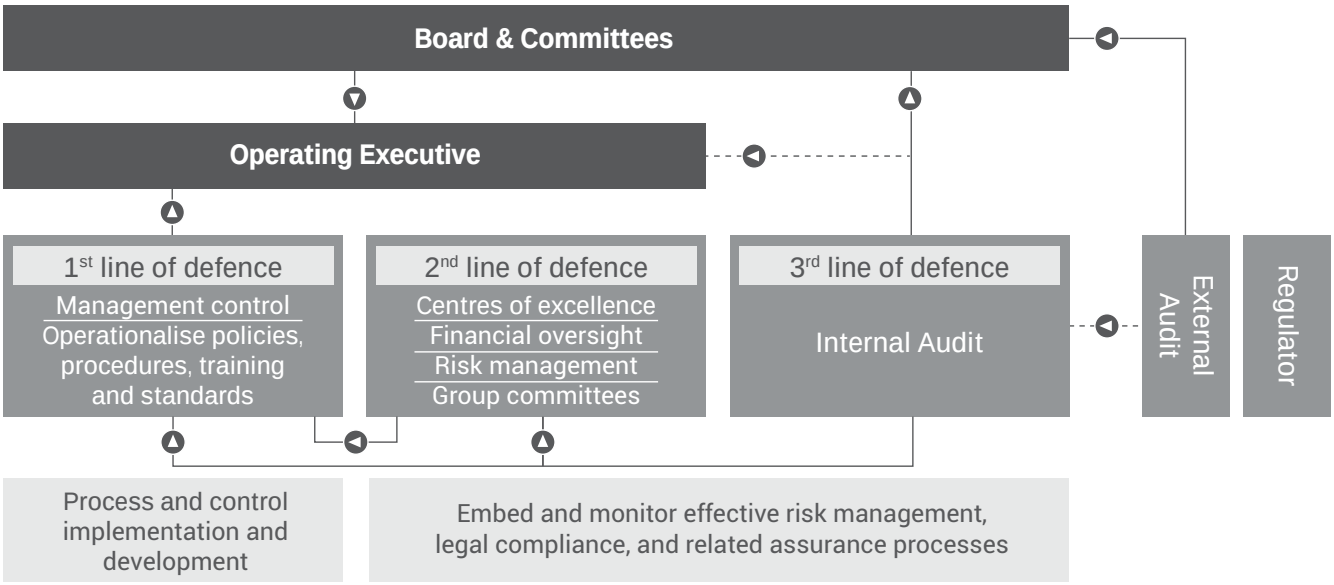
The Company has established and adopted the COSO policies and framework for the oversight and management of material business risks and has adopted a formal Risk Management Policy.

Management is charged with monitoring the effectiveness of risk management systems and is required to report to the Board on a quarterly basis.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
cont'd

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

Risk Management Framework



Code of Conduct
Defines the culture of the organisation and sets the standards of business practice within which our people perform their roles

Standard Operating Procedures

The Board understands that in order to strengthen the accountability aspects of financial reporting, the Company needs to maintain a sound system of internal controls to safeguard shareholders' investment and the Company's assets. A comprehensive Standard Operating Procedures has been drawn up for the Group.

Whistle-Blowing Policy & Procedure

In addition to the Risk Management Policy, the Company has also enhanced its Whistle-Blowing Policy & Procedure within the Group. It provides employees with a secured channel of reporting improprieties and protections are granted to employees who disclosed such allegations in good faith. It sets out the responsibility of all employees to identify and report suspected fraud, corruption, dishonest practices and other irregularities before it causes potential damage to the Company's reputation or its stakeholders. It is an effective system that encourages employees to communicate and listen to each other making up part of an effective risk management framework.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
cont'd

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

Internal Audit Function

The effectiveness of the system of internal controls is reviewed by the Internal Auditors who operate independently from the activities of the Company under the purview of the AC. Details of the internal audit function are outlined on page 79 of the AC Report.

Internal Control

The Statement on Risk Management and Internal Control of the Group is set out on pages 73 to 76 of this Annual Report. This Statement provides an overview of the Group's approach in maintaining a sound system of risk management and internal control systems to safeguard shareholders' investment and the Group's assets.

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

Effective Stakeholder Communication and Continuous Disclosure

The Company is fully committed in maintaining a high standard for the dissemination of relevant and material information on the development of the Group. The Company also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders.

The Board recognizes the need for shareholders to be informed of all material business matters affecting the Group. In addition to various announcements made during the period, the timely release of financial results on a quarterly basis, press releases, analyst briefing presentations and annual report provides shareholders with an overview of the Group's performance and operations. Under the Investor Relation Policy, the Company has assigned a designated person to receive feedback from shareholders and investment community. The Company had always leveraged on its information technology for effective dissemination of information to its shareholders and stakeholders. The official website is **www.greenpacket.com**

Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue and communication with shareholders and stakeholders. Shareholders are encouraged to attend and participate during the AGM in the question and answer session on the prospects, performance of the Group and other matters of concern. Members of the Board, Heads of Departments and the External Auditors are present to answer questions raised at the meeting. Suggestions and comments raised by shareholders are also noted for consideration. Shareholders who are unable to attend are allowed to appoint proxy/proxies to attend and vote on their behalf. The Company encourages shareholder participation at general meetings and voting is carried by poll for all resolutions.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
cont'd

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

Investors Service

The Company's website **www.greenpacket.com** has a section dedicated to investor relations and provides up-to-date information on the Group's business and operations. Further enquiries may be directed to the following person on all investor related matters:

Person-in-charge : Liew Kok Seong
Position : Chief Financial Officer
Telephone : 603.27146288
E-mail : kokseong.liew@greenpacket.com

STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL**

1. Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets. The Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") require Directors of listed companies to include a statement in annual reports on the state of their risk management and internal control of the Group.

The Board of Directors of Green Packet ("Board") is pleased to present the Statement on Risk Management and Internal Control, which has been prepared largely in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers. The Board believes the practice of good corporate governance is an important continuous process and not just a matter to be covered as compliance in its Annual Report.

2. Board Responsibility

The Board acknowledges its overall responsibility for the internal control system to cover the financial, compliance and operational controls of the Group. The Board also recognizes its responsibility for reviewing the adequacy and integrity of the system of internal control and risk management system to safeguard shareholders' investment and the Group's assets.

The Board has formalized an Enterprise Risk Management framework ("ERM framework" or "framework") which is based on International accepted framework. The framework aids to the achievement of Group's objectives and strategies by instilling continuous process of identifying, evaluating, profiling, mitigating, reporting and monitoring significant business risks the Group may face. However, in view of inherent limitations in any system of risk management and internal control, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Management is responsible in developing procedures and processes as well as implement internal controls which will help identify, assess, mitigate and monitor business risks. Management also takes corrective actions as and when needed in order to assist the Board in discharging its duties and responsibilities in maintaining a sound system of risk management and internal control.

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects. Notwithstanding to this, the Company's internal control system does not apply to its associate companies, which fall within the control of their majority shareholders. Accordingly, the Board has put in place an organization with formal lines of responsibility and delegation of authority that is designed to manage, rather than eliminate risk, and to improve the governance process of the Group.

The Board is of the opinion that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, Group's assets and the interests of internal and external stakeholders.

STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL**
cont'd

3. Risk Management Policy

The Group maintains a Risk Management Policy to continually update and identify the various risk factors that could have a potentially significant impact on the Group's mid to long term business objectives.

The Board also, throughout the current financial year, has identified, evaluated and managed the significant risks faced by the Group through monitoring of the Group's operational efficiency and profitability.

The key features of the Group's ERM policy are:

- Sound risk management practice promotes effective governance which is integral to the achievement of business objectives.
- Embedding risk management into day-to-day management processes, decision making and strategic planning.
- Every employee of the organization is responsible to manage risks within their areas of responsibility.
- Periodic reporting and monitoring activities instils accountability and responsibility for managing risks.
- The risk management processes applied should aim to take advantage of opportunities, manage uncertainties and minimize threats.

The key Business Risks identified are as follows:

- Business expansion and growth into new areas in digital services and internet of things ("IOT")
- Technology obsolescence
- Industry competitiveness
- Government /Economic /Fiscal /Monetary policies; and,
- Financial risks
- Inventories risk
- Impairment risk in relation to investment in other investment

4. Internal Audit Function

KPMG Management & Risk Consulting Sdn Bhd ("KPMG"), an independent professional firm, was appointed to support the Audit Committee, and by extension, the Board, by providing independent assurance on the effectiveness of the Group's system of internal control.

In particular, KPMG appraises and contributes towards improving the Group's risk management and control systems and reports to the Audit Committee. In assessing the adequacy and effectiveness of the system of internal control and financial control procedures of the Group, the Audit Committee reports to the Board on its activities, significant audit findings and the necessary recommendations or actions needed to be taken by Management to rectify those issues.

The internal audit work plan, which reflects the risk profile of the Group's major business sectors is routinely reviewed and approved by the Audit Committee. The scope of KPMG's function covered the audit and review of the Group's processes such as financial management, procurement to payment, human resource management and information system management.

The costs incurred for the aforesaid internal audit function in respect of the financial year ended 31 December 2019 was RM82,500.00.

STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL**
cont'd

5. Key Process & Control Environment

The Group's key internal control processes based on COSO principles benchmarking are as follows:

Control Environment

- Management provides strategic leadership with proper delegation, aligned to business and operations requirements in order to achieve the Group's missions.
- A clear and detailed organisation structure has been established to focus on the related reporting responsibilities and accountabilities to ensure and clarify task ownership.
- The Board had delegated authority levels with limits for various business transactions to the senior management team duly documented, to facilitate effective internal control over expenditure commitment.
- The Group has in place a Whistle Blowing Policy, which forms part of the Code of Ethics, to provide an avenue for employees to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines in a safe and confidential environment.
- A Code of Ethics & Conduct is established for all employees which define the ethical values and conduct of work required at the Company and Group levels. New employees are briefed on the Group's culture, organization structure, codes of ethics & conducts and employees'.

Risk Assessment

- Risk management meetings were conducted and attended by the senior management team at subsidiaries' levels to discuss, identify and manage key enterprise risks.

Control Activities

- The Group constantly reviews and updates its standing operating procedures to ensure consistency, clarity and accountability in the Group's daily operations.
- The Group has in place a dedicated billing and customer care service to manage the billing and collection functions efficiently for the Group.

Information and Communication

- Employees are briefed on their job descriptions, responsibilities and key performance index expectations upon joining the Group by their immediate supervisors and a documented copy of the same is filed in their respective personnel files.
- Issues and matters arising from departments and functions are discussed and resolved in monthly management meetings.
- The communication channels widely used are email, teleconferencing with emphasis placed on effective and "free-flow" or open communication within the organization.

Monitoring

- Dashboards of individual functions are utilized to monitor and track progress of all projects and initiatives undertaken.
- Management constantly monitored financial performances, business plan achievement and the progress of corrective actions implemented.

STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL**
cont'd

6. Conclusion

The Board continues to take measures and maintains an ongoing commitment to strengthen the Group's control environment and processes. During the financial year, there were no material losses caused by breakdown in internal controls.

As required by paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirement, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 (AAPG3) : 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. AAPG3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. The External Auditors reported to the Board that nothing has come to their attention that causes them to believe that the statement is not prepared, in all material respect, in accordance with the disclosures required by paragraph 41 and 42 on the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance 2017 to be set out, nor is factually inaccurate.

These statements were approved by the Board on 29 June 2020.

AUDIT COMMITTEE **REPORT**

The Audit Committee ("the AC") is appointed by the Board. The Terms of Reference can be viewed at the Company's website **www.greenpacket.com**

COMPOSITION & ATTENDANCE

The AC consists of three (3) Non-Executive Directors with a majority Independent Non-Executive Directors. Five (5) meetings were held during the financial year and the members' attendances were as follows:

Name of member	Designation	Directorship	Attendance
Boey Tak Kong	Chairman	Independent Non-Executive Director	4/5
A. Shukor Bin S.A. Karim	Member	Senior Independent Non-Executive Director	5/5
Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman	Member	Non-Independent Non-Executive Director	5/5

Mr. Boey Tak Kong is a Chartered Accountant of the Malaysian Institute of Accountants and fulfils the requirements of having at least one (1) of the members must be a qualified accountant pursuant to Paragraph 15 .09(1) (c) of the Main Listing Requirement.

The AC meetings were also attended by the Chief Financial Officer and the Company Secretary. The Internal Auditors and External Auditors attended the meeting by invitation.

Minutes of each AC meeting were recorded and confirmed at the next following AC meeting, with the confirmed Minutes of Meeting duly extended to the Board for notation.

The AC Chairman conveyed to the Board matters of significant concerns as and when raised by the External Auditors, Internal Auditors and Management in relation to risks, market challenges and financial assistance matters. In addition, the AC Chairman presented to the Board the Committee's recommendations to approve the audited financial statements, quarterly financial results and annual audit fees.

ANNUAL AC PERFORMANCE ASSESSMENT

The annual performance review of the AC as a whole and on the member individually were carried out by the Nomination Committee ("NC") on 10 March 2020. The NC was satisfied and recommend to the Board that the AC members have adequately discharged their duties and responsibilities in accordance with the established Terms of Reference of the AC.

AUDIT COMMITTEE **REPORT**
CONT'D

AUTHORITY OF AC

The AC has the explicit authority to investigate any matter within its Terms of Reference and has full and unrestricted access to any information pertaining to the Group. It also has full access to and co-operation of Management and full discretion to invite any Director or Management staff to attend its meetings, and supported by reasonable resources to enable it to discharge its functions properly. The AC is also provided with all the necessary information to enable them to make timely informed decisions.

SUMMARY OF WORKS DURING THE FINANCIAL YEAR UNDER REVIEW

The AC activities undertaken during the financial year covers the following matters:

(a) Review the quarterly financial results and the annual audited accounts of the Company and the Group before recommending to the Board for approval;
(b) Review the annual audit plan of the external and internal auditors and the results of the audit performed by them including the audit recommendations made and management's response to these recommendations;
(c) Review related party transactions and conflict of interest situation that may arise within the Group, including any transaction, procedure or course that may arise questions on Management integrity;
(d) Assess on the effectiveness of the external auditors and determine their audit fees;
(e) Oversee the development and assess on the effectiveness of risk management policies, review risk exposures, and ensure adequate resources and systems are put in place for effective risk management and internal control systems;
(f) Meet the external auditors on two (2) private sessions conducted during the financial year without the presence of Management to note any material weaknesses and any Management override issues or non-compliance with any laws or regulations by Management; and
(g) Review the Terms of Reference annually in accordance with the needs of the Company and any new regulations that warrant updates and policy changes.

The Table below illustrates time incurred for various activities during the financial year under review:

Type of AC Activitie	% of Time Spent
Financial reporting	35
Internal Audit	15
External Audit	25
Risk Management & Internal Controls	25
Total	100

AUDIT COMMITTEE **REPORT**
cont'd

INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to KPMG Management & Risk Consulting Sdn Bhd ("KPMG"). The internal audit engagement by KPMG is headed by an Executive Director, namely, Mr Mohd Khaidzir Bin Shahari. Mr. Khaidzir is a professional member of the Institute of Internal Auditors, Malaysia and a Chartered Accountant (Malaysian Institute of Accountants). Mr. Khaidzir has accumulated over 20 years of experience in a wide range of governance advisory, risk management and internal audit work.

All the personnel deployed by KPMG are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.

The internal audit work was carried out in accordance with the established framework set out by a recognised professional body i.e. IPPF issued by IIA, of which final communication of internal audit plan, processes and results of the internal audit assessments are supported by sufficient, reliable and relevant information which signifies a satisfactory conclusion of the internal audit work.

The internal audit work plan, which reflects the risk profile of the Group's major business pillars is reviewed and approved by the AC. During the year, KPMG had conducted review on financial management, procurement to payment, human resource management and information system management. The Internal Audit Reports were presented to the AC and to Management for attention and corrective actions. The Management is responsible for ensuring that corrective actions are implemented within the agreed timeframe. The professional fees incurred in respect of the financial year ended 31 December 2019 was RM82,500.

EXTERNAL AUDITORS

The AC after the financial year-end audit, conducted an assessment on the performance of the External Auditors based on the following areas:

- Team members' working experience and credentials in the technology related industry,
- Firm's competitive advantage with global network resources,
- Firm's audit work approach and their ability to provide value added advice and services, and
- Firm's commitment to perform the work within Bursa Malaysia Securities Berhad's timelines.

The AC recommended to the Board on 29 June 2020 for approval, the retention of Crowe Malaysia PLT as the External Auditor for the financial year ending 31 December 2020.

Key audit matters raised by the External Auditors were deliberated and the AC had reviewed and agreed with the Management's treatment and controls measures implemented to provide the necessary safeguard for reporting integrity. The AC is pleased to report that there was no significant matter of disagreement that arose between the External Auditors and Management.

The AC to reinforce the independence and objectivity of the External Auditors, the AC reviewed all non-audit services to be performed by the External Auditors.

FINANCIAL REPORTING & COMPLIANCE

Review the quarterly and year-end financial statements of the Company, focusing particularly on:

- Any changes in accounting policies and practices.
- Significant adjustments arising from the audit.
- The going concern assumption.
- Compliance with accounting standards and other legal requirements.

STATEMENT ON **DIRECTORS' RESPONSIBILITY**

The Directors are required to prepare the financial statements which give a true and fair view of the state of affairs of the Company and Group as at end of the financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements for the year ended 31 December 2019, the Directors have:-

- adopted suitable accounting policies and then applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured applicable accounting standards have been followed, subject to any material departure and explained in the financial statements; and
- prepared the financial statements on a going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors have responsibility to ensure that proper and adequate accounting records are kept which disclose with reasonable accuracy at all times the financial position of the Company and Group, and which enable them to ensure that the financial statements comply with the Companies Act, 2016.

The Directors are also responsible for safeguarding the assets of the Group and the Company and, hence, for taking reasonable steps in the prevention and detection of fraud and other irregularities.

ADDITIONAL **COMPLIANCE INFORMATION**

UTILIZATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The Company's Rights Issue Exercise was completed on 4 December 2018 and it has raised a total gross proceed of RM60,081,000 from the issuance of 150,202,556 Rights Shares with 450,607,668 free detachable warrants on the basis of (3) warrants for every (1) Rights Share subscribed. The amount utilized as at 31 December 2019 is set out as follows:

	Intended time frame for Utilization	Proposed Utilization (RM)	Actual Utilization (RM)
Purchase of trade equipment	Within 24 months	25,935,000	25,935,000
Future viable investment	Within 24 months	10,000,000	-
Working capital for media and digital services	Within 24 months	10,000,000	10,000,000
Working capital for Fintech solutions	Within 24 months	5,000,000	5,000,000
General working capital	Within 24 months	8,346,000	8,346,000
Estimated expenses	Upon completion	800,000	800,000
Total gross proceeds		**60,081,000**	**50,081,000**

EMPLOYEE SHARE GRANT SCHEME

On 12 September 2018, shareholders had approved a 10-year tenure scheme of up to 15% of the total number of issued shares of the Company (excluding treasury shares). The date of implementation of the Share Grant Scheme was on 16 January 2019. As at the date of the issuance of this Annual Report 2019, the Company has not granted any options to eligible executive directors and employees of the Company and its subsidiaries (excluding subsidiaries which are dormant).

AUDIT AND NON-AUDIT FEES

The amount of audit fees incurred by the Company and Group amounted to approximately RM175,042 and RM571,126 respectively.

The amount of non-audit fees of the Company and the Group payable to the Company's external auditors and affiliated firms or corporation companies for the financial year ended 31 December 2019 amounted to approximately RM15,000 and RM117,530 respectively.

ADDITIONAL **COMPLIANCE INFORMATION**
cont'd

MATERIAL CONTRACTS INVOLVING THE INTEREST OF DIRECTORS, CHIEF EXECUTIVE WHO IS NOT DIRECTOR OR MAJOR SHAREHOLDER

There were no material contracts entered into by the Company and its subsidiaries involving the interests of the Directors or major shareholders in the financial year ended 31 December 2019 or entered into since end of the previous financial year. There is no Chief Executive who is not a Director of the Company.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE NATURE

The Company did not enter into nor seeks mandate from its shareholders on any recurrent related party transaction of a revenue nature during the financial year.

LIST OF PROPERTIES

The Company and its subsidiaries do not own any properties.

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DIRECTORS' **REPORT**

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding, research, development, marketing and distribution of wireless networking and telecommunication products, networking solutions and other high technology products and services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Loss after taxation for the financial year	(51,507)	(14,474)
Attributable to:-		
Owners of the Company	(45,965)	(14,474)
Non-controlling interests	(5,542)	-
	(51,507)	(14,474)

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company has undertaken the following exercise:-

(i) capital reduction pursuant to Section 116 of the Companies Act 2016 in Malaysia to reduce its issued and paid-up capital by RM455,515,247. The capital reduction was effected on 31 January 2019 with the corresponding credit utilised against the accumulated losses of the Company.

(ii) an issuance of 24,630,000 new ordinary shares from the exercise of Warrants at the exercise price of RM0.40 per warrant as disclosed in Note 24 to the financial statements which amounted to RM9,852,000.

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

(b) there were no issues of debentures by the Company.

TREASURY SHARES

There were no purchases of ordinary shares from the open market during the financial year.

As at 31 December 2019, the Company held a total of 7,707,700 of its 933,553,175 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM12,216,888. Details on the treasury shares are disclosed in Note 25 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

EMPLOYEE SHARE GRANT SCHEME

The Employee Share Grant Scheme of the Company ("ESGS") is governed by the ESGS By-Laws and was approved by shareholders on 12 September 2018. The ESGS is to be in force for a period of 10 years effective from 16 January 2019 ("ESGS Period").

At the date of this report, the Company has not granted any options to eligible executive directors and employees of the Company and its subsidiaries (excluding subsidiaries which are dormant).

The salient terms of the scheme are as follows:

(i) Employees and/or directors of the Group, save for companies which are dormant, who are at least 18 years old, and have been confirmed in the employment of the Group shall be eligible to participate in the scheme ("Eligible Persons"). The selection of any Eligible Persons for participation in the scheme shall be determined at the sole discretion of the Share Grant Scheme ("SGS") Committee whose decision shall be final and binding.

DIRECTORS' **REPORT**
cont'd

EMPLOYEE SHARE GRANT SCHEME (cont'd)

The salient terms of the scheme are as follows (cont'd):

(ii) The maximum number of new ordinary shares of the Company, which may be made available under the scheme, shall not exceed in aggregate 15% of the total number of issued shares (excluding treasury shares) of the Company at any point of time during the duration of the scheme ("Maximum SGS Shares").

(iii) The aggregate maximum number of SGS shares that may be allocated to any one category/designation of Eligible Persons shall be determined by the SGS Committee provided that:-

- The aggregate allocation to the executive directors and senior management shall not exceed 60% of the maximum SGS shares; and
- The allocation to any individual eligible person who, either singly or collectively through persons connected with the eligible person (as defined in the Main Market Listing Requirements of Bursa Securities), holds 20% or more of the total number of issued shares of the Company (excluding treasury shares), shall not exceed 10% of the maximum SGS shares.

(iv) All unvested shares comprised in any grant (whether fully or partially unvested) shall cease to be capable of vesting upon expiration of the SGS period.

(v) The Company and/or the SGS Committee may establish a trust (but shall not be obliged to) ("Trust") to be administered by trustee(s) to be appointed by the Company ("Trustee(s)") to facilitate the implementation of the SGS and to authorize the Trustee to subscribe for and/or purchase the necessary number of shares of the Company to accommodate any transfer of shares of the Company to the central depository system accounts of the Eligible Persons maintained with Bursa Malaysia Depository Sdn Bhd and be entitled from time to time to the extent permitted by law and as set out under the By-Laws to accept funding and/or assistance, financial or otherwise from the Company and/or any of its subsidiaries.

(vi) All new ordinary shares issued upon exercise of SGS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

WARRANTS

The Warrants are constituted by a Deed Poll dated 18 October 2018 ("Deed Poll").

On 27 November 2018, 450,607,668 Warrants were issued free by the Company pursuant to the Rights Issue on the basis of three (3) Warrants for every one (1) Rights Share.

The salient features of the Warrants are as follows:-

Form	:	The Warrants will be issued in registered form and constituted by the Deed Poll.
Exercise period	:	The Warrants may be exercised at any time within 5 years commencing on and including the date of issuance of the Warrants ("Issue Date") and ending at the close of business at 5.00 p.m. in Kuala Lumpur on a date preceding the 5th anniversary of the Issue Date, and if such a day is not a Market Day, on the immediate preceding Market Day. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid. The Warrants will be expiring on 24 November 2023.
Exercise price	:	RM0.40 per Warrant, which is subject to adjustments in accordance with the provisions of the Deed Poll.
Exercise rights	:	Each Warrant carries the entitlement, at any time during the exercise period, to subscribe for 1 new Share at the exercise price, subject to adjustments and the provisions and conditions of the Deed Poll.
Board lot	:	For the purpose of trading on Bursa Securities, 1 board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities.
Ranking of New Shares	:	The new Shares to be issued arising from the exercise of the Warrants will, upon allotment and issuance, rank pari passu in all respects with the existing Shares, save and except that the new Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date of such dividends, rights, allotments and/ or any other forms of distribution precedes the relevant date of allotment and issuance of the said new Shares.
Participating rights of the holders of Warrants in any distribution and/ or offer of further securities	:	The Warrant holders are not entitled to vote in any general meeting of the Company and/ or to participate in any distribution other than on winding-up, compromise or arrangement of the Company as set out below and/ or offer of further securities in the Company unless and until the holder of Warrants becomes a shareholder of the Company by exercising his/ her Warrants into new Shares or unless otherwise resolved by the Company in a general meeting.

DIRECTORS' **REPORT**
cont'd

WARRANTS (cont'd)

The salient features of the Warrants are as follows:- (cont'd)

Adjustments in the exercise price and/ or number of unexercised Warrants	:	The exercise price and/ or number of unexercised Warrants shall from time to time be adjusted, amongst others, in the event of alteration to the share capital of the Company, capitalisation of profits or reserves, capital distribution or issue of shares in accordance with the provisions of the Deed Poll. If the Company in any way modify the rights attached to any share or loan capital which is not described in the Deed Poll so as to convert or make convertible such share or loan capital into, or attached thereto any rights to acquire or subscribe for new shares, the Company must appoint the adviser or the auditors (who shall act as experts) to consider whether any adjustment is appropriate, and if the directors of the Company after such consultation determines that any adjustment is appropriate, the exercise price or the number of Warrants or both, will be adjusted accordingly.
Rights in the event of winding-up, liquidation, compromise and/ or arrangement	:	Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then every holder of Warrants shall be entitled upon and subject to the provisions of the Deed Poll at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of the Company or within 6 weeks after the granting of the court order approving the compromise or arrangement (whichever is later), by irrevocable surrender of his/ her Warrants to the Company, elect to be treated as if he/ she had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by his/ her Warrants to the extent specified in the relevant subscription forms and be entitled to receive out of the assets of the Company which would be available in liquidation as if he/ she had on such date been the holder of the new Shares to which he/ she would have been entitled to pursuant to such exercise.
Listing status	:	Warrants shall be listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.
Governing law	:	Laws and regulations of Malaysia.

WARRANTS (cont'd)

The movement of the Warrants during the financial year is as follows:-

	Entitlement Of Ordinary Shares			
	At 1.1.2019	**Issued**	**Exercised**	**At 31.12.2019**
Number of warrants	450,607,668	-	24,630,000	425,977,668

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

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

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

DIRECTORS' **REPORT**
cont'd

CONTINGENT AND OTHER LIABILITIES (cont'd)

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, 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.

DIRECTORS

The names of directors of the Company who served during the financial year and up to date of this report are as follows:-

Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman
Puan Chan Cheong
Tan Kay Yen
A. Shukor Bin S.A. Karim
Boey Tak Kong
Datuk Ng Soon Hong (Appointed on 22.5.2020)
Tan Sri Dato' Kok Onn (Resigned on 28.2.2020)
Dato' Lai Yit Loong (Resigned on 15.5.2020)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Liew Kok Seong
Nik Mat Bin Ismail
David Walter Mendes
James David Larsen
Tan Ley Cheong
Tang Pen San
Datuk Bhupatrai a/l Mansukhlal Premji
Shue, Ten Hwa
Chris Chia Woon Liat
Wang Chang-Hsien (Appointed on 5.8.2019)

DIRECTORS' **REPORT**
cont'd

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and options over shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			
The Company	At 1.1.2019	Bought	Sold	At 31.12.2019
Direct Interests				
Puan Chan Cheong	91,584,924	4,400,000	-	95,984,924
Tan Sri Dato' Kok Onn	6,172,560	-	(6,172,560)	-
Boey Tak Kong	2,730,000	-	(500,000)	2,230,000
Indirect Interests				
Puan Chan Cheong #	169,200,000	-	-	169,200,000
Tan Sri Dato' Kok Onn #	169,200,000	-	-	169,200,000

	Number of Warrants			
The Company	**At 1.1.2019**	**Bought**	**Sold**	**At 31.12.2019**
Direct Interests				
Puan Chan Cheong	45,792,462	-	(45,792,462)	-
Tan Sri Dato' Kok Onn	3,086,280	-	(3,086,280)	-
Boey Tak Kong	2,340,000	-	(1,340,000)	1,000,000
Indirect Interests				
Puan Chan Cheong #	84,600,000	-	(84,600,000)	-
Tan Sri Dato' Kok Onn #	84,600,000	-	(84,600,000)	-

Deemed interested by virtue of their direct substantial shareholdings in Green Packet Holdings Ltd.

By virtue of his interests in shares in the Company, Puan Chan Cheong is deemed to have interests in the shares in the related corporations during the financial year to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares and options over shares in the Company or its related corporations during the financial year.

DIRECTORS' **REPORT**
cont'd

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 42 to the financial statements.

INDEMNITY AND INSURANCE COST

The directors and officers of the Group and the Company are covered by directors and officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year amounted to RM19,000. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 47 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 48 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 37 to the financial statements.

Signed in accordance with a resolution of the directors dated 29 June 2020.

Puan Chan Cheong

Tan Kay Yen

STATEMENT BY **DIRECTORS**

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

We, Puan Chan Cheong and Tan Kay Yen, being two of the directors of Green Packet Berhad, state that, in the opinion of the directors, the financial statements set out on pages 100 to 227 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 of 31 December 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 29 June 2020.

Puan Chan Cheong **Tan Kay Yen**

STATUTORY **DECLARATION**

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

I, Liew Kok Seong, MIA Membership Number: 10099, being the officer primarily responsible for the financial management of Green Packet Berhad, do solemnly and sincerely declare that the financial statements set out on pages 100 to 227 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Liew Kok Seong, NRIC Number: 680730-10-6985,
at Kuala Lumpur
in the Federal Territory
on this 29 June 2020

Liew Kok Seong

Before me

Pesuruhjaya Sumpah
Datin Hajah Raihela Wanchik (W275)

INDEPENDENT AUDITORS' **REPORT**

To the Members of Green Packet Berhad
(Incorporated in Malaysia) Registration No.200001032335 (534942-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Green Packet Berhad, which comprise the statements of financial position as at 31 December 2019 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 100 to 227.

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 2019, 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 Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants ("IESBA Code")*, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' **REPORT**

To the Members of Green Packet Berhad
(Incorporated in Malaysia) Registration No.200001032335 (534942-H)
cont'd

Key Audit Matters (cont'd)

Valuation of Other Investment Refer to Note 10 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
As disclosed in Note 10 to the financial statements, the unquoted shares and convertible unsecured medium term notes in Webe Digital Sdn. Bhd. ("WEBE") are stated at fair value. The carrying value of these investments as at 31 December 2019 amounted to RM209.49 million. The fair value of these investments in Webe Digital Sdn Bhd is determined through the application of valuation techniques by an independent professional valuer engaged by the Group. We focused on this area as the amount is significant to the financial statements and the valuation of these investments involved the exercise of significant judgement by the directors. In addition, the valuation of these investments is subject to the use of significant accounting estimates and assumptions in the projected future cash flows of WEBE.	Our procedures included, amongst others:- (a) We assessed the fair value in accordance with Malaysian Financial Reporting Standard 13 – Fair Value Measurement. (b) We evaluated the objectivity, independence and capabilities of the independent professional valuer. (c) We assessed the appropriateness of the valuation techniques and checked the reasonableness of the discount rate and terminal growth rate used, with the assistance of our valuation experts. (d) We discussed with management the key assumptions used in the valuation model. (e) We also checked the sensitivity analysis on revenue growth, profit margins and discount rate.

Recoverability of Trade Receivables Refer to Note 16 and Note 46.1(b)(iii) to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
As at 31 December 2019, trade receivables amounted to approximately RM142.92 million. The details of trade receivables and its credit risks are disclosed in Note 46.1(b) to the financial statements. The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following:- ● Specific known facts or circumstances on customers' ability to pay; and/or ● By reference to past default experiences. The impairment assessment involved significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance. We focused on this area as the adequacy of the impairment loss for trade receivables involved the use of judgement.	Our procedures included, amongst others:- (a) We considered the history of cash receipts, and post year end cash receipts from the customers. (b) We tested the adequacy of the Group's impairment loss on trade receivables by assessing the relevant assumptions taking account of our own knowledge of recent collection experience and also historical data from the Group's previous collection experiences. (c) We also considered other payment arrangements between the Group and its customers in the communication services segment.

INDEPENDENT AUDITORS' **REPORT**

To the Members of Green Packet Berhad
(Incorporated in Malaysia) Registration No.200001032335 (534942-H)
cont'd

Key Audit Matters (cont'd)

Impairment of development costs and other intangible assets Refer to Note 12 and Note 13 to the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
As disclosed in Note 12 and Note 13 to the financial statements, development costs and other intangible assets as at the reporting date amounted to approximately RM9.41 million and RM5.95 million, respectively. The development costs and other intangible assets are subject to impairment assessment. The assessment has been performed by comparing the carrying amounts to their corresponding recoverable amounts. The recoverable amounts were determined using the value-in-use method, based on future financial information. We focused on these areas as significant judgement and estimates are applied in determining the recoverable amounts.	Our procedures included, amongst others:- (a) We obtained management's impairment analysis and gained an understanding of their impairment assessment process. (b) We reviewed the reasonableness of the key assumptions used and judgement made in determining the recoverable amount. (c) We also checked the sensitivity analysis on revenue growth, profit margins and discount rate.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' **REPORT**

To the Members of Green Packet Berhad
(Incorporated in Malaysia) Registration No.200001032335 (534942-H)
cont'd

Responsibilities of 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 a 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 skepticism throughout the audit. We also:-

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

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

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

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

INDEPENDENT AUDITORS' **REPORT**

To the Members of Green Packet Berhad
(Incorporated in Malaysia) Registration No.200001032335 (534942-H)
cont'd

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

OTHER MATTERS

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

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Onn Kien Hoe
01772/11/2020 J
Chartered Accountant

Kuala Lumpur

29 June 2020

STATEMENTS OF **FINANCIAL POSITION**

At 31 December 2019

	Note	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	31,960	34,746
Investments in associates	6	19,820	30,947	35,037	35,037
Investments in joint ventures	7	-	-	-	-
Right-of-use assets	8	1,385	-	342	-
Plant and equipment	9	3,446	4,305	610	1,298
Other investments	10	429,403	270,292	219,917	60,806
Goodwill	11	1,544	2,481	-	-
Development costs	12	9,418	11,958	318	7,215
Other intangible assets	13	5,951	9,141	-	-
Deferred tax assets	14	-	-	243	251
		470,967	329,124	288,427	139,353
CURRENT ASSETS					
Inventories	15	17,535	18,102	11,908	10,718
Trade receivables	16	142,917	128,400	1,299	287
Other receivables, deposits and prepayments	17	21,596	19,484	13,317	11,916
Amount owing by subsidiaries	18	-	-	279,966	244,580
Amount owing by associates	19	11,697	9,893	-	-
Amount owing by joint ventures	20	670	712	-	-
Amount owing by a related party	21	-	-	7,566	9,543
Current tax assets		1,163	3,474	1,428	3,002
Short-term investments	22	1,136	27,431	#	27,032
Fixed deposits with licensed banks	23	8,331	8,198	3,738	3,670
Cash and bank balances		37,200	24,599	2,176	2,533
		242,245	240,293	321,398	313,281
TOTAL ASSETS		713,212	569,417	609,825	452,634

- Amount less than RM1,000

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

STATEMENTS OF **FINANCIAL POSITION**

At 31 December 2019
cont'd

	Note	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	24	153,408	597,375	153,408	597,375
Treasury shares	25	(12,217)	(12,217)	(12,217)	(12,217)
Reserves	26	119,050	(414,996)	153,716	(412,921)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		260,241	170,162	294,907	172,237
NON-CONTROLLING INTERESTS		(7,090)	(1,548)	-	-
TOTAL EQUITY		253,151	168,614	294,907	172,237
NON-CURRENT LIABILITIES					
Hire purchase payables	27	-	150	-	150
Exchangeable Medium Term Notes	28	272,598	252,407	272,598	252,407
Leases liabilities	29	186	-	43	-
Term loans	30	112	322	-	-
Deferred tax liabilities	14	1,075	2,359	-	-
		273,971	255,238	272,641	252,557
CURRENT LIABILITIES					
Trade payables	31	121,871	107,934	127	21
Contract liabilities	32	2,776	928	150	96
Other payables and accruals		42,033	21,551	2,706	2,433
Amount owing to directors	33	452	98	71	98
Amount owing to subsidiaries	18	-	-	33,219	17,656
Amount owing to associates	19	10,255	5,066	5,719	5,036
Leases liabilities	29	1,251	-	285	-
Short-term borrowings	34	7,452	9,988	-	2,500
		186,090	145,565	42,277	27,840
TOTAL LIABILITIES		460,061	400,803	314,918	280,397
TOTAL EQUITY AND LIABILITIES		713,212	569,417	609,825	452,634

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

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE	35	608,181	398,682	16,900	26,398
COST OF SALES		(581,434)	(388,403)	(12,865)	(20,026)
GROSS PROFIT		26,747	10,279	4,035	6,372
OTHER INCOME		33,267	1,353	37,708	8,965
		60,014	11,632	41,743	15,337
ADMINISTRATIVE EXPENSES		(59,669)	(37,745)	(13,096)	(15,366)
SELLING AND DISTRIBUTION EXPENSES		(6,982)	(3,112)	-	-
OTHER EXPENSES		(17,348)	(6,727)	(1,524)	(7,808)
FINANCE COSTS		(21,028)	(19,431)	(20,296)	(18,831)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	36	(2,119)	(1,755)	(21,084)	(4,760)
SHARE OF LOSSES OF EQUITY ACCOUNTED ASSOCIATES		(5,017)	(6,506)	-	-
SHARE OF LOSSES OF EQUITY ACCOUNTED JOINT VENTURES		-	(#)	-	-
LOSS BEFORE TAXATION	37	(52,149)	(63,644)	(14,257)	(31,428)
INCOME TAX EXPENSE	38	642	1,140	(217)	595
LOSS AFTER TAXATION		(51,507)	(62,504)	(14,474)	(30,833)
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Item that Will be Reclassified Subsequently to Profit or Loss:					
- Foreign currency translation		(1,043)	872	14	2
		(1,043)	872	14	2
Item that Will Not be Reclassified Subsequently to Profit or Loss:					
- Fair value changes of equity investments		127,289	2,137	127,289	2,137
TOTAL OTHER COMPREHENSIVE INCOME		126,246	3,009	127,303	2,139
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR		74,739	(59,495)	112,829	(28,694)

- Amount less than RM1,000

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

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2019
cont'd

	Note	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
LOSS AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(45,965)	(59,693)	(14,474)	(30,833)
Non-controlling interests		(5,542)	(2,811)	-	-
		(51,507)	(62,504)	(14,474)	(30,833)
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		80,281	(56,684)	112,829	(28,694)
Non-controlling interests		(5,542)	(2,811)	-	-
		74,739	(59,495)	112,829	(28,694)
LOSS PER SHARE (SEN)					
Basic	39	(5.03)	(7.73)		
Diluted	39	(4.56)	(7.73)		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2019

	◄ Non-distributable ►						Distributable			
The Group	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Warrant Reserve RM'000	Translation Reserve RM'000	Fair value Reserve RM'000	Accumulated Losses RM'000	Attributable To Owners Of The Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2018	155,880	(12,217)	412,796	-	4,438	40,328	(433,466)	167,759	1,723	169,482
Loss after taxation for the financial year	-	-	-	-	-	-	(59,693)	(59,693)	(2,811)	(62,504)
Other comprehensive income for the financial year:										
- foreign currency translation	-	-	-	-	872	-	-	872	-	872
- fair value changes of equity investment	-	-	-	-	-	2,137	-	2,137	-	2,137
Total comprehensive income	-	-	-	-	872	2,137	(59,693)	(56,684)	(2,811)	(59,495)
Balance carried forward	155,880	(12,217)	412,796	-	5,310	42,465	(493,159)	111,075	(1,088)	109,987

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

		◄---------- Non-distributable ----------►						Distributable			
	Note	Share Capital	Treasury Shares	Share Premium	Warrant Reserve	Translation Reserve	Fair value Reserve	Accumulated Losses	Attributable To Owners Of The Company	Non-Controlling Interests	Total Equity
The Group		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance brought forward		155,880	(12,217)	412,796	-	5,310	42,465	(493,159)	111,075	(1,088)	109,987
Issuance of rights issue with free warrants	24,26	28,699	-	-	31,028	-	-	-	59,727	-	59,727
Transfer to share capital upon implementation of the Companies Act 2016	24	412,796	-	(412,796)	-	-	-	-	-	-	-
		441,495	-	(412,796)	31,028	-	-	-	59,727	-	59,727
Changes in a subsidiary's ownership interests that do not result in a loss of control	40	-	-	-	-	-	-	(640)	(640)	(460)	(1,100)
Balance at 31.12.2018		597,375	(12,217)	-	31,028	5,310	42,465	(493,799)	170,162	(1,548)	168,614

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2019
cont'd

		◄---------- Non-distributable ----------►						Distributable			
	Note	Share Capital	Treasury Shares	Share Premium	Warrant Reserve	Translation Reserve	Fair value Reserve	Accumulated Losses	Attributable To Owners Of The Company	Non-Controlling Interests	Total Equity
The Group		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance at 1.1.2019		597,375	(12,217)	-	31,028	5,310	42,465	(493,799)	170,162	(1,548)	168,614
Initial application of MFRS 16	49	-	-	-	-	-	-	(54)	(54)	-	(54)
Balance at 1.1.2019 (restated)		597,375	(12,217)	-	31,028	5,310	42,465	(493,853)	170,108	(1,548)	168,560
Loss after taxation for the financial year		-	-	-	-	-	-	(45,965)	(45,965)	(5,542)	(51,507)
Other comprehensive income for the financial year:											
- foreign currency translation		-	-	-	-	(1,043)	-	-	(1,043)	-	(1,043)
- fair value changes of equity investment		-	-	-	-	-	127,289	-	127,289	-	127,289
Total comprehensive income		-	-	-	-	(1,043)	127,289	(45,965)	80,281	(5,542)	74,739
Balance carried forward		597,375	(12,217)	-	31,028	4,267	169,754	(539,818)	250,389	(7,090)	243,299

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

		◄---------- Non-distributable ----------►						Distributable			
The Group	**Note**	**Share Capital** RM'000	**Treasury Shares** RM'000	**Share Premium** RM'000	**Warrant Reserve** RM'000	**Translation Reserve** RM'000	**Fair value Reserve** RM'000	**Accumulated Losses** RM'000	**Attributable To Owners Of The Company** RM'000	**Non-Controlling Interests** RM'000	**Total Equity** RM'000
Balance brought forward		597,375	(12,217)	-	31,028	4,267	169,754	(539,818)	250,389	(7,090)	243,299
Transactions with owners of the Company:											
- Issuance of ordinary shares pursuant to warrants exercised	24	9,852	-	-	-	-	-	-	9,852	-	9,852
- Crystallisation of warrant reserves	24,26	1,696	-	-	(1,696)	-	-	-	-	-	-
- Capital reduction	24	(455,515)	-	-	-	-	-	455,515	-	-	-
		(443,967)	-	-	(1,696)	-	-	455,515	9,852	-	9,852
Balance at 31.12.2019		153,408	(12,217)	-	29,332	4,267	169,754	(84,303)	260,241	(7,090)	253,151

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

STATEMENTS OF **CHANGES IN EQUITY**

For The Financial Year Ended 31 December 2019
cont'd

				◄---------- Non-distributable ----------►					
	Note	Share Capital	Treasury Shares	Share Premium	Warrant Reserve	Translation Reserve	Fair Value Reserve	Accumulated Losses	Total Equity
The Company		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance at 1.1.2018		155,880	(12,217)	412,796	-	(68)	40,328	(455,515)	141,204
Loss after taxation for the financial year		-	-	-	-	-	-	(30,833)	(30,833)
Other comprehensive income for the financial year:									
- foreign currency translation		-	-	-	-	2	-	-	2
- fair value changes of equity investment		-	-	-	-	-	2,137	-	2,137
Total comprehensive income		-	-	-	-	2	2,137	(30,833)	(28,694)
Transactions with owners of the Company:									
- Issuance of rights issue with free warrants	24,26	28,699	-	-	31,028	-	-	-	59,727
-Transfer to share capital upon implementation of the Companies Act 2016	24	412,796	-	(412,796)	-	-	-	-	-
		441,495	-	(412,796)	31,028	-	-	-	59,727
Balance at 31.12.2018		597,375	(12,217)	-	31,028	(66)	42,465	(486,348)	172,237

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

STATEMENTS OF **CHANGES IN EQUITY**

For The Financial Year Ended 31 December 2019
cont'd

		◄--------- Non-distributable ---------►						
	Note	Share Capital	Treasury Shares	Warrant Reserve	Translation Reserve	Fair Value Reserve	Accumulated Losses	Total Equity
The Company		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance at 1.1.2019		597,375	(12,217)	31,028	(66)	42,465	(486,348)	172,237
Initial application of MFRS 16	49	-	-	-	-	-	(11)	(11)
Balance at 1.1.2019 (restated)		597,375	(12,217)	31,028	(66)	42,465	(486,359)	172,226
Loss after taxation for the financial year		-	-	-	-	-	(14,474)	(14,474)
Other comprehensive income for the financial year:								
- foreign currency translation		-	-	-	14	-	-	14
- fair value changes of equity investment		-	-	-	-	127,289	-	127,289
Total comprehensive income		-	-	-	14	127,289	(14,474)	112,829
Transactions with owners of the Company:								
- Issuance of ordinary shares pursuant to warrants exercised	24	9,852	-	-	-	-	-	9,852
- Crystallisation of warrant reserves	24,26	1,696	-	(1,696)	-	-	-	-
- Capital reduction	24	(455,515)	-	-	-	-	455,515	-
		(443,967)	-	(1,696)	-	-	455,515	9,852
Balance at 31.12.2019		153,408	(12,217)	29,332	(52)	169,754	(45,318)	294,907

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

STATEMENTS OF **CASH FLOWS**

For The Financial Year Ended 31 December 2019

	Note	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES					
Loss before taxation:		(52,149)	(63,644)	(14,257)	(31,428)
Adjustments for:-					
Amortisation of:					
- development costs		3,638	1,930	696	500
- other intangible assets		-	800	-	-
Depreciation of plant and equipment		1,457	1,899	363	515
Depreciation of right-of-use assets		1,413	-	458	-
Deposit written off		-	7	-	-
Development cost written off		-	1,289	-	903
Equipment written off		280	10	-	-
Impairment loss on:					
- development costs		303	-	-	-
- goodwill		937	-	-	-
- trade receivables		2,119	730	-	-
- other receivables		-	1,300	-	1,300
- other intangible assets		3,190	-	-	-
- amount owing by associates		-	500	-	-
- amount owing by subsidiaries		-	-	21,084	3,598
- amount owing by related party		-	-	-	500
- investments in associates		4,728	800	-	-
Interest expense on lease liabilities		139	-	43	-
Interest expense		20,637	19,085	20,236	18,810
Inventories written off		365	261	9	145
Loss on dilution of equity interest in an associate		1,351	-	-	-
Share of loss of associates		5,017	6,506	-	-
Gain on disposal of plant and equipment		-	(1)	-	-
Unrealised loss/(gain) on foreign exchange		56	20	28	(315)
Interest income		(1,363)	(735)	(4,472)	(3,682)
Gain on fair value adjustments		(31,822)	(534)	(31,822)	(534)
Gain on lease termination		(3)	-	-	-
(Gain)/Loss on liquidation of subsidiary		-	(332)	-	4,836
Reversal of impairment loss on:					
- trade receivables		-	(775)	-	(638)
- investment in subsidiaries		-	-	(474)	-
Operating loss before working capital changes		(39,707)	(30,884)	(8,108)	(5,490)
Decrease/(Increase) in inventories		233	(17,170)	(1,199)	(10,754)
(Increase)/Decrease in trade and other receivables		(18,804)	11,014	(2,413)	(9,730)
Increase /(Decrease) in trade and other payables		34,419	(15,600)	379	478
Increase in amount owing by subsidiaries		-	-	(46,164)	(4,466)
Balance carried forward		(23,859)	(52,640)	(57,505)	(29,962)

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

STATEMENTS OF **CASH FLOWS**

For The Financial Year Ended 31 December 2019
cont'd

	Note	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
Balance brought forward		(23,859)	(52,640)	(57,505)	(29,962)
Decrease in amount owing by related party		-	-	1,977	8,276
(Increase)/Decrease in amount owing by associates		(1,804)	8,179	-	-
Decrease/(Increase) in amount owing by joint ventures		42	(712)	-	-
Increase/(Decrease) in amount owing to subsidiaries		-	-	15,563	(12,922)
Increase in amount owing to associates		5,189	2,719	683	2,689
Increase/(Decrease) in contract liabilities		1,848	(2,137)	54	-
Increase/(Decrease) in amount owing to a director		354	98	(27)	98
Increase in fiduciary cash		(6,149)	(1,826)	-	-
CASH FOR OPERATIONS		(24,379)	(46,319)	(39,255)	(31,821)
Tax refund		1,669	23	1,365	69
NET CASH FOR OPERATING ACTIVITIES		(22,710)	(46,296)	(37,890)	(31,752)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Additional investment in subsidiaries		-	(1,100)	-	-
Acquisition of subsidiaries		-	-	(302)	-
Purchase of plant and equipment		(1,343)	(706)	(41)	(137)
Proceeds from disposal of plant and equipment		164	20	68	-
Proceeds from capital reduction of investment in a subsidiary		-	-	3,562	-
Development costs incurred		(1,475)	(5,554)	(264)	(2,366)
Subscription of shares in a subsidiary		-	-	-	(500)
Interest received		1,363	735	610	106
Net withdrawal/(placement) of fixed deposits pledged with a licensed bank		285	2,154	344	(68)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(1,006)	(4,451)	3,977	(2,965)

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

STATEMENTS OF **CASH FLOWS**

For The Financial Year Ended 31 December 2019
cont'd

	Note	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Net proceeds from issuance of shares		9,852	59,727	9,852	59,727
Net repayment of term loans	41(a)	(201)	(191)	-	-
Net drawdown of revolving credit	41(a)	(45)	7,288	-	-
Net (repayment)/drawdown of bankers' acceptances	41(a)	(2,390)	2,390	(2,390)	2,390
Repayment of lease liabilities	41(a)	(1,374)	-	(445)	-
Repayment of hire purchase obligations	41(a)	-	(120)	-	(120)
Interest paid	41(a)	(585)	(389)	(88)	(114)
NET CASH FROM FINANCING ACTIVITIES		5,257	68,705	6,929	61,883
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(18,459)	17,958	(26,984)	27,166
Foreign exchange translation differences		(966)	517	7	95
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		50,342	31,867	30,733	3,472
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	41(c)	30,917	50,342	3,756	30,733

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

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office which is also the principal place of business, is at B-23A-3, The Ascent Paradigm, No. 1, Jalan SS 7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29 June 2020.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding, research, development, marketing and distribution of wireless networking and telecommunication products, networking solutions and other high technology products and services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

3. BASIS OF PREPARATION (cont'd)

3.1 The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows :-

(a) MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The impacts on the financial statements of the Group upon their initial application of MFRS 16 are disclosed in Note 49 to the financial statements.

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Plant and Equipment and Amortisation of Development Costs

The estimates for the residual values, useful lives and related depreciation and amortisation charges for the plant and equipment and development costs are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its plant and equipment and development costs will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable and amortisation amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation and amortisation charges could be revised. The carrying amount of plant and equipment and development costs as at the reporting date are disclosed in Note 9 and Note 12 to the financial statements.

(b) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 11 to the financial statements.

(c) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made. The carrying amount of the Group and Company's current tax asset as at the reporting date is RM 1,162,821 (2018 – RM3,474,393) and RM 1,427,538 (2018 - RM3,001,789), respectively.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

Key Sources of Estimation Uncertainty (cont'd)

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 15 to the financial statements.

(e) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 14 to the financial statements.

(f) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 16 to the financial statements.

(g) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables, amounts owing by subsidiaries, amount owing by associates, amount owing by joint ventures and amount owing by a related party as at the reporting date are disclosed in Notes 17, 18, 19, 20 and 21 to the financial statements.

(h) Impairment of Development Costs and Other Intangible Assets

The assessment of whether development costs and other intangible assets are impaired requires an estimation of the value in use of the cash-generating unit to which these assets are allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of development costs and other intangible assets as at the reporting date are disclosed in Note 12 and Note 13 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

Key Sources of Estimation Uncertainty (cont'd)

(i) Impairment of Plant and Equipment, Investments in Associates and Right-of-use Assets

The Group determines whether its plant and equipment, investments in associates and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the assets are less than their carrying amounts. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of plant and equipment, investments in associates and right-of-use assets as at the reporting date are disclosed in Notes 9, 6 and 8 to the financial statements.

(j) Fair Value Estimates for Unquoted Financial Assets

The Group carries certain financial assets that are not traded in an active market at fair value. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The amount of fair value changes would differ if the Group uses different valuation methodologies and assumptions, and eventually affect profit and/or other comprehensive income. The carrying amount of these financial assets as at the reporting date is disclosed in Note 10 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Fair Value Estimate for Certain Financial Assets

The Group carries certain financial assets at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets would affect profit and/or equity.

(b) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

Critical Judgements Made in Applying Accounting Policies (cont'd)

(c) Contingent Liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts for matters in the ordinary course of business. The directors are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 BASIS OF CONSOLIDATION (cont'd)

(a) Business Combinations (cont'd)

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the equity-accounted associates and joint ventures.

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand unless otherwise stated.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of equity instruments which are recognised in other comprehensive income.

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES (cont'd)

(c) Foreign Operations (cont'd)

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period except for those business combinations that occurred before the date of transition (1 January 2012) which are treated as assets and liabilities of the Company and are not retranslated.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequent measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Assets (cont'd)

Equity Instruments (cont'd)

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 FINANCIAL INSTRUMENTS (cont'd)

(c) Equity Instruments (cont'd)

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares in recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the associate made up to 31 December 2019. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate into profit or loss when the equity method is discontinued.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.8 JOINT ARRANGEMENTS

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 31 December 2019. The Group's share of the post acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.9 PLANT AND EQUIPMENT

All items of plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all plant and equipment, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation on other plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Motor vehicles	20%
Plant and machinery	25% - 33%
Office equipment	10% - 20%
Furniture and fittings	10% - 20%
Computer equipment	17% - 33%
Renovation	10% - 50%
Computer software	20% - 33%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 INTANGIBLE ASSETS

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The other intangible with finite lives are amortised on a straight-line method when the products are ready for sale or use. The principal annual rates used for this purpose are:-

Intellectual property	10 years
Software	5 years
Trademark and patents	5 years

4.11 RESEARCH AND DEVELOPMENT EXPENDITURE

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

(a) its ability to measure reliably the expenditure attributable to the asset under development;
(b) the product or process is technically and commercially feasible;
(c) its future economic benefits are probable;
(d) its intention to complete and the ability to use or sell the developed asset; and
(e) the availability of adequate technical, financial and other resources to complete the asset under development.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 RESEARCH AND DEVELOPMENT EXPENDITURE (cont'd)

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over period of 3 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

4.12 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9 – Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

4.13 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.13 IMPAIRMENT (cont'd)

(a) Impairment of Financial Assets (cont'd)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.14 LEASES

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those plant and equipment.

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

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

Accounting Policies Applied Until 31 December 2018

(a) Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.14 LEASES (cont'd)

Accounting Policies Applied Until 31 December 2018 (cont'd)

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group.

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

4.15 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.16 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.16 INCOME TAXES (cont'd)

(b) Deferred Tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.18 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.19 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss and included in the development costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.19 EMPLOYEE BENEFITS (cont'd)

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the development costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employee share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employee share option reserve.

Upon expiry of the share option, the employee share option reserve is transferred to retained profits.

When the share options are exercised, the employee share option reserve is transferred to share capital if new ordinary shares are issued.

4.20 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.21 FAIR VALUE MEASUREMENTS

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction 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. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical asset or liability that the entity can access at the measurement date;

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

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.22 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when it transfers control over a product or service to customer. An asset is transferred when the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.22 REVENUE FROM CONTRACTS WITH CUSTOMERS (cont'd)

(a) Sale of wireless networking, telecommunication products, networking solutions and other high technology products.

Revenue from sale of wireless networking, telecommunication products, networking solutions and other high technology products is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Rendering of telecommunication service

Revenue from providing telecommunication services is recognised over time in the period in which the services are rendered.

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Unless otherwise mentioned, the Company concludes that it is acting as a principal in the provision of goods or services in its contracts with customers.

For prepaid cards that are preloaded with credits which have been sold, contract liabilities are made for services which have not been rendered as at the end of the reporting period. Revenue is recognised when credits are utilised. Expenses directly attributable to the contract liabilities are deferred until the revenue is recognised. Upon the expiry of prepaid cards, any unutilised value of the cards is taken to the income statement.

(c) Rendering of internet portal and e-commerce service

Revenue from providing internet portal and e-commerce service is recognised at a point in time when services are rendered

(d) Rendering of research development services

Revenue from research development services is recognised when the services are rendered.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.23 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Interest Income

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

(b) Dividend Income

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

4.24 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.25 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

4.26 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise warrants.

NOTES TO THE **FINANCIAL STATEMENTS**

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5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost		
- in Malaysia	49,430	49,503
- outside Malaysia	41,365	44,625
	90,795	94,128
Accumulated impairment losses:-		
At 1 January	(59,382)	(73,922)
Reversal of impairment loss	474	14,540
Write off during the financial year	73	-
At 31 December	(58,835)	(59,382)
	31,960	34,746

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2019	2018	
		%	%	
Green Packet (Shanghai) Ltd. *	The People's Republic of China	100	100	Research, development, marketing and distribution of wireless networking and telecommunications products and solutions.
Green Packet International Sdn. Bhd. ("GPISB")	Malaysia	100	100	Providing shared service function including finance, human resources, IT, administrative and others.
Packet One Sdn. Bhd. ("POSB")	Malaysia	100	100	Investment holding.
First Wireless Sdn. Bhd. ("FWSB")	Malaysia	70	70	Development and marketing of wireless broadband equipment, systems and solutions.

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2019 %	2018 %	
Next Telecommunications Sdn. Bhd. ("NTSB")	Malaysia	100	100	Provision of total communication services, solutions and products.
Packet Interactive Sdn. Bhd. ("PISB")	Malaysia	100	100	Provision of total contents and value added services.
Green Packet Networks (Taiwan) Pte. Ltd. ("GPNTPL") *	Taiwan	100	100	Marketing and distribution of wireless networking and telecommunications products, networking solutions and other high technology products and services.
NGT Networks Pte. Ltd ("NGTPL") @ #	The Republic of Singapore	100	100	Provision of international voice traffic.
Vivohub Mobile Pte. Ltd ("VMPL") @ #<	The Republic of Singapore	60	60	Mobile cellular and other wireless telecommunications network operation; and Retail sale of handphones and other telecommunications apparatus.
Worldline Enterprise Sdn. Bhd. ("WESB")	Malaysia	100	100	Letting and management of properties and property investment.
Green Packet (S) Pte Ltd ("GPS") @	The Republic of Singapore	100	100	Provision of wireless networking, telecommunication products, networking solutions and activities relating to high technology products and services.
Enrich Bonus Sdn. Bhd. ("EBSB")	Malaysia	100	100	Dormant.

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5. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2019 %	2018 %	
Kiple Sdn. Bhd. ("KSB") &	Malaysia	100	100	Provision of internet portal services, e-commerce and other web related business.
Kiple Media Sdn. Bhd.	Malaysia	100	100	Business of the media service provider.
Kiplepay Sdn. Bhd. ("KPSB") &	Malaysia	100	100	Provision of internet portal services, e-commerce and other web related business.
Mobiduu Solutions Sdn. Bhd. ("MSSB") &	Malaysia	100	100	Mobile application development.
NGT Networks Global Limited ("NGTNGL")@^	Hong Kong	100	-	Provision of total communication service.
Roadmio Technologies Pte Ltd ("RTPL")@	The Republic of Singapore	100	-	Provision of voice over internet protocol services and service for internet of vehicle products.
Roadmio Technologies Corporation ("RTC")*%	Taiwan	100	-	Provision of total solution in fleet telematics industry and other high technology products and services.
Kiple Technology Co Ltd. ("KTCL")>~	The People's Republic of China	100	-	Dormant.

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

* *These subsidiaries were audited by other firms of chartered accountants.*
@ *These subsidiaries were audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.*
# *Held through NTSB*
& *Held through PISB*
^ *Held through NGTPL*
% *Held through RTPL*
> *Held through EBSB*
~ *There is no audit carried out on the subsidiary for the financial year as it was incorporated on 9 September 2019.*
< *The auditors' report on the financial statement of the subsidiary includes a "Material Uncertainty Related to Going Concern" regarding the ability of the subsidiary to continue as a going concern in view of its capital deficiency position as at the end of the current reporting period. The financial statements were prepared on a going concern basis as the Company has undertaken to provide continued financial support to the subsidiary.*

(a) During the financial year,

(i) the Company acquired 100% equity interests in RTPL for a cash consideration of SGD100,000 (approximately RM301,000);

(ii) NGTPL acquired 100% equity interests in NGTNGL for a cash consideration of HKD 2 (approximately RM1);

(iii) RTPL acquired 100% equity interests in RTC for a cash consideration of TWD3,000,000 (approximately RM405,000);

(iv) EBSB acquired 100% equity interests in KTCL for a cash consideration of RMB2,598,584 (approximately RM1,549,000); and

(v) PISB subscribed for the increase in share capital of 31,500,000 ordinary shares in KPSB for a cash consideration of RM31,500,000 to retain its equity interest of 100%.

(b) In the last financial year,

(i) the Company subscribed for the additional 499,998 new ordinary shares issued by Kiple Media Sdn. Bhd. for a cash consideration of RM499,998 to retain its equity interest of 100%; and

(ii) PISB acquired an additional 20% equity interests in KPSB for a cash consideration of approximately RM1.10 million. Following the completion of the acquisition, KPSB became a wholly-owned subsidiary of the Company.

NOTES TO THE **FINANCIAL STATEMENTS**
For The Financial Year Ended 31 December 2019
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5. INVESTMENTS IN SUBSIDIARIES (cont'd)

(c) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2019	2018	2019	2018
	%	%	RM'000	RM'000
VMPL	40	40	(7,195)	(1,657)
Other individually immaterial subsidiaries			105	109
			(7,090)	(1,548)

(d) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that is material to the Group is as follows:-

	VMPL	
	2019	2018
	RM'000	RM'000
At 31 December		
Non-current assets	518	514
Current assets	4,600	1,770
Current liabilities	(23,193)	(6,490)
Net Assets	(18,075)	(4,206)
Financial Year Ended 31 December		
Revenue	7,463	3,255
Loss for the financial year	(13,845)	(4,015)
Total comprehensive expenses	(13,845)	(4,015)
Total comprehensive expenses attributable to non-controlling interests	(5,538)	(1,764)
Net cash flows from operating activities	(10,601)	(3,493)
Net cash flows from investing activities	(46)	(590)
Net cash flows from financial activities	12,519	4,106

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
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6. INVESTMENTS IN ASSOCIATES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Quoted shares, at cost	35,037	35,037	35,037	35,037
Unquoted shares, at cost	6,460	6,460	-	-
Share of post-acquisition losses	(16,272)	(9,904)	-	-
Elimination of unrealised profit arising from sales of goods	123	154	-	-
	25,348	31,747	35,037	35,037
Accumulated impairment losses	(5,528)	(800)	-	-
	19,820	30,947	35,037	35,037

	The Group/ The Company	
	2019	2018
	RM'000	RM'000
Market value of quoted shares in Malaysia	352,440	107,580

The details of the associates are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest		Principal Activities
		2019	2018	
		%	%	
G3 Global Berhad ("G3") *	Malaysia	28	32	Investment holding.
Shenzhen Memo Technology Co. Ltd. ("SMTCL") * @	The People' Republic of China	20	20	Research and development and sales of software, technical development and sales of electronic products, import and export of domestic trading, goods and technologies.

* *These associates were audited by other firms of chartered accountants.*
@ *Held through WESB*

(a) As at the end of the current reporting period, the Group's equity interest in G3 has been diluted from 32% to 28% as a result of G3's warrants conversion to ordinary shares by other warrant holders.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
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6. INVESTMENTS IN ASSOCIATES (cont'd)

(b) The summarised financial information for the associates that are material to the Group is as follows:-

	G3 Group	
	2019	**2018**
	RM'000	**RM'000**
At 31 December		
Non-current assets	3,390	5,362
Current assets	40,668	51,964
Current liabilities	(5,852)	(7,983)
Net Assets	38,206	49,343
12 month period ended 31 December		
Revenue	14,214	29,838
Loss for the financial year	(16,396)	(17,114)
Total comprehensive expenses	(16,396)	(17,114)
Group's share of loss for the financial year	(5,048)	(5,476)
Reconciliation of Net Assets to Carrying Amount		
Group's share of net assets above	10,697	15,790
Goodwill	15,761	18,013
Adjustment on measurement of rights shares with warrants	(6,639)	(7,588)
Elimination of unrealised profits	1	4
Carrying amount of the Group's interests in this associate	19,820	26,219

6. INVESTMENTS IN ASSOCIATES (cont'd)

(b) The summarised financial information for the associates that are material to the Group is as follows (cont'd):-

	SMTCL	
	2019	**2018**
	RM'000	**RM'000**
At 31 December		
Current assets	2,436	2,312
Current liabilities	(2,631)	(2,650)
Net Assets	(195)	(338)
12 month period ended 31 December		
Revenue	13,994	20,408
Profit/(Loss) for the financial year	3	(4,380)
Group's share of profit/(loss) for the financial year	1	(876)
Reconciliation of Net Assets to Carrying Amount		
Group's share of net assets above	(39)	(67)
Goodwill	5,445	5,445
Elimination of unrealised profit	122	150
Impairment loss	(5,528)	(800)
Carrying amount of the Group's interests in this associate	-	4,728

During the financial year, the Group carried out a review of the recoverable amount in SMTCL. Based on the assessment, the Group recognised an impairment loss of RM 4,728,053 (2018- RM800,000) in the current financial year. In the previous financial year, the Group recognised impairment loss after applying the value-in-use method on 5-year cash flow projections discounted at a rate of 16%.

(c) The Group has not recognised losses relating to SMTCL, where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was RM268,780 of which RM268,780 was the share of the current financial year's losses. The Group has no obligation in respect of these losses.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
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7. INVESTMENTS IN JOINT VENTURES

	The Group	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost	#	#
Share of post-acquisition losses	(#)	(#)
	-	-

 # - Amount less than RM1,000

The details of the joint ventures are as follows:-

Name of Joint Venture	Principal Place of Business	Effective Equity Interest		Principal Activities
		2019	2018	
		%	%	
Funsea Interactive Entertainment (M) Sdn Bhd ("FIESB")	Malaysia	40	40	Creation and aggregation of wide array of digital content and its IP rights for mass consumers market and digital payment platform provider.
Packet Interactive Entertainment (M) Sdn Bhd ("PIESB") [@]	Malaysia	40	40	Creation and aggregation of wide array of digital content and its IP rights for mass consumers market and digital payment platform provider.

[@] Held through NGTPL

(a) The Group's involvement in joint arrangements are structured through separate vehicles which provide the Group rights to the net assets of the entities. Accordingly, the Group has classified these investments as joint ventures.

(b) During the current financial year, NGTPL has disposed of its entire equity interest in FIESB to PIESB. Consequently, the Company's effective interest in FIESB remains at 40% as FIESB is a wholly-owned subsidiary of PIESB.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

7. INVESTMENTS IN JOINT VENTURES (cont'd)

(c) The summarised financial information for all joint ventures that are individually immaterial to the Group is as follows:-

	FIESB	
	2019	**2018**
	RM'000	**RM'000**
Financial year ended 31 December		
Group's share of loss for the financial year	-	#
Group's share of total comprehensive expense	-	#
Aggregate carrying amount of the Group's interests in the joint venture	-	-

	PIESB	
	2019	**2018**
	RM'000	**RM'000**
Financial year ended 31 December		
Group's share of loss for the financial year	-	#
Group's share of total comprehensive expense	-	#
Aggregate carrying amount of the Group's interests in the joint venture	-	-

- Amount less than RM1,000

(i) The Group has not recognised losses related to PIESB, where its share of losses exceeds the Group's interest in this joint venture. The Group's cumulative share of unrecognised losses at the end of the reporting period was RM205,329 (2018 – RM40,631), of which RM40 was the share of the previous financial year's losses. The Group has no obligation in respect of these losses.

(ii) In the previous financial year, the Group has not recognised losses related to FIESB, where its share of losses exceeded the Group's interest in this joint venture. The Group's cumulative share of unrecognised losses at the end of the previous reporting period was RM145,735, of which RM40 was the share of the previous financial year's losses. The Group has no obligation in respect of these losses.

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8. RIGHT-OF-USE ASSETS

The Group	As Previously Reported (1.1.2019) RM'000	Initial Application of MFRS 16 (1.1.2019) RM'000	As restated (1.1.2019) RM'000	Additions RM'000	Termination of lease RM'000	Depreciation Charge RM'000	At 31.12.2019 RM'000
Carrying Amount							
Premises	-	1,935	1,935	557	(18)	(1,287)	1,187
Office Equipment	-	-	-	26	-	(3)	23
Motor Vehicles	-	298	298	-	-	(123)	175
	-	2,233	2,233	583	(18)	(1,413)	1,385

The Company	As Previously Reported (1.1.2019) RM'000	Initial Application of MFRS 16 (1.1.2019) RM'000	As restated RM'000	Depreciation Charge RM'000	At 31.12.2019 RM'000
Carrying Amount					
Premises	-	502	502	(335)	167
Motor Vehicles	-	298	298	(123)	175
	-	800	800	(458)	342

	The Group RM'000	The Company RM'000
Analysed by:-		
Cost	4,035	1,443
Accumulated depreciation	(2,650)	(1,101)
	1,385	342

8. RIGHT-OF-USE ASSETS (cont'd)

The comparative information is not presented as the Group and the Company have applied MFRS 16 using the modified retrospective approach.

The Group and the Company lease various premises, office equipment and motor vehicles of which the leasing activities are summarised below:-

(i)	Premises	The Group and the Company leased a number of premises which run between 1 to 3 years.
(ii)	Office equipment	The Group leased its office equipment under lease arrangements with an option to purchase the asset at the expiry of the lease period at an insignificant amount. These leases are secured by the leased assets.
(iii)	Motor vehicles	The Company leased its motor vehicles under hire purchase arrangements with an option to purchase the asset at the expiry of the lease period at an insignificant amount. These leases are secured by the leased assets.

9. PLANT AND EQUIPMENT

The Group	1.1.2019 As Previously Reported RM'000	1.1.2019 Initial Application of MFRS 16 RM'000	1.1.2019 At Restated RM'000	Additions RM'000	Disposal RM'000	Written Off RM'000	Depreciation Charge RM'000	Effect of Foreign Translation Difference RM'000	At 31.12.2019 RM'000
2019									
Carrying amount									
Motor vehicles	298	(298)	-	-	-	-	-	-	-
Plant and machinery	1,701	-	1,701	68	(8)	(280)	(510)	5	976
Office equipment	161	-	161	43	(46)	-	(48)	-	110
Furniture and fittings	106	-	106	19	-	-	(34)	(2)	89
Computer equipment	560	-	560	750	(95)	-	(277)	(2)	936
Renovation	681	-	681	380	(15)	-	(303)	3	746
Computer software	798	-	798	83	-	-	(285)	(7)	589
	4,305	(298)	4,007	1,343	(164)	(280)	(1,457)	(3)	3,446

9. PLANT AND EQUIPMENT (cont'd)

The Group	At 1.1.2018 RM'000	Additions RM'000	Disposal RM'000	Written Off RM'000	Depreciation Charge RM'000	Effect of Foreign Translation Difference RM'000	At 31.12.2018 RM'000
2018							
Carrying amount							
Motor vehicles	421	-	-	-	(123)	-	298
Plant and machinery	2,311	31	-	(2)	(636)	(3)	1,701
Office equipment	167	50	(6)	-	(50)	-	161
Furniture and fittings	93	42	-	-	(29)	-	106
Computer equipment	450	415	(24)	(8)	(273)	-	560
Renovation	835	150	-	-	(303)	(1)	681
Computer software	1,260	18	(9)	-	(485)	14	798
	5,537	706	(39)	(10)	(1,899)	10	4,305

NOTES TO THE **FINANCIAL STATEMENTS**

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cont'd

9. PLANT AND EQUIPMENT (cont'd)

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
2019			
Motor vehicles	-	-	-
Plant and machinery	3,652	(2,676)	976
Office equipment	791	(681)	110
Furniture and fittings	846	(757)	89
Computer equipment	4,731	(3,795)	936
Renovation	7,662	(6,916)	746
Computer software	8,362	(7,773)	589
	26,044	(22,598)	3,446

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
2018			
Motor vehicles	773	(475)	298
Plant and machinery	4,090	(2,389)	1,701
Office equipment	910	(749)	161
Furniture and fittings	827	(721)	106
Computer equipment	4,154	(3,594)	560
Renovation	7,417	(6,736)	681
Computer software	8,382	(7,584)	798
	26,553	(22,248)	4,305

9. PLANT AND EQUIPMENT (cont'd)

	1.1.2019							
The Company	**As Previously Reported** RM'000	**Initial Application of MFRS 16** RM'000	**At Restated** RM'000	**Additions** RM'000	**Disposal** RM'000	**Depreciation Charge** RM'000	**Effect of Foreign Translation Difference** RM'000	**At 31.12.2019** RM'000
2019								
Carrying amount								
Motor vehicles	298	(298)	-	-	-	-	-	-
Plant and machinery	307	-	307	-	(8)	(82)	1	218
Office equipment	76	-	76	-	(45)	(23)	-	8
Furniture and fittings	79	-	79	17	-	(22)	(1)	73
Renovation	510	-	510	7	(15)	(199)	-	303
Computer software	28	-	28	17	-	(37)	-	8
	1,298	(298)	1,000	41	(68)	(363)	-	610

NOTES TO THE **FINANCIAL STATEMENTS**

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cont'd

9. PLANT AND EQUIPMENT (cont'd)

The Company	At 1.1.2018 RM'000	Additions RM'000	Depreciation Charge RM'000	Effect of Foreign Translation Difference RM'000	At 31.12.2018 RM'000
2018					
Carrying Amount					
Motor vehicles	421	-	(123)	-	298
Plant and machinery	390	1	(83)	(1)	307
Office equipment	77	24	(25)	-	76
Furniture and fittings	59	39	(19)	-	79
Computer equipment	11	-	(11)	-	-
Renovation	640	73	(203)	-	510
Computer software	79	-	(51)	-	28
	1,677	137	(515)	(1)	1,298

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
2019			
Motor vehicles	-	-	-
Plant and machinery	2,243	(2,025)	218
Office equipment	468	(460)	8
Furniture and fittings	762	(689)	73
Computer equipment	1,504	(1,504)	-
Renovation	6,664	(6,361)	303
Computer software	1,106	(1,098)	8
	12,747	(12,137)	610

9. PLANT AND EQUIPMENT (cont'd)

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
2018			
Motor vehicles	773	(475)	298
Plant and machinery	2,246	(1,939)	307
Office equipment	624	(548)	76
Furniture and fittings	745	(666)	79
Computer equipment	1,504	(1,504)	-
Renovation	6,788	(6,278)	510
Computer software	1,117	(1,089)	28
	13,797	(12,499)	1,298

In the last financial year, included in plant and equipment of the Group and of the Company were the following assets held under hire purchase terms:-

	The Group 2018 RM'000	The Company 2018 RM'000
Motor vehicles	298	298

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10. OTHER INVESTMENTS

	Note	The Group		The Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Financial assets at fair value through other comprehensive income					
Unquoted shares	(a)	172,031	172,031	-	-
Convertible unsecured medium term notes	(b)	37,455	37,455	-	-
Club membership		137	137	137	137
Quoted warrants	(c)	175,824	48,535	175,824	48,535
		385,447	258,158	175,961	48,672
Financial assets at fair value through profit or loss					
Quoted warrants		43,956	12,134	43,956	12,134
		429,403	270,292	219,917	60,806

(a) These are in respect of the investment in Webe Digital Sdn. Bhd. ("WEBE") and are pledged to Mobikom Sdn Bhd ("Mobikom"), a wholly-owned subsidiary of Telekom Malaysia Berhad ("TM"), for the borrowing disclosed in Note 28 to the financial statements. The unquoted shares are analysed into level 3 fair value measurement.

The Group designated its investments in unquoted shares to be measured at fair value through other comprehensive income because the Group intends to hold these investments for long-term strategic purposes.

10. OTHER INVESTMENTS (cont'd)

(a) The level 3 fair value of the investment has been determined using discounted cash flow approach approved by management based on the following significant unobservable inputs:-

			Relationship Of Unobservable Inputs To Fair Value	Sensitivity Analysis (Assume All Other Variables Held Constant)
(i)	Average revenue growth rates of 17% (2018 – 22%)	Based on the management's experience and knowledge of market conditions of the specific industries.	The higher the revenue, the higher the fair value.	A 1% higher/lower in revenue would have resulted in an increase/ decrease in the fair value by RM8,907,000 (2018 – RM14,078,000)
(ii)	Average Pre-tax operating profit margins of 21% (2018 – 23%)	Taking into account management's experience and knowledge of market conditions of the specific industries.	The higher the pre-tax operating profit, the higher the fair value.	A 1% higher/lower in pre-tax operating profit would have resulted in an increase/decrease in the fair value by RM1,805,000 (2018 – RM3,928,000).
(iii)	Discount rate of 15.49% (2018 - 15.36%	Determined using a Capital Asset Pricing Model	The higher the discount rate, the lower the fair value.	A 1% higher/lower in discount rate would have resulted in a decrease/ increase in the fair value by RM26,176,000 (2018 - RM26,615,000).

Management believes that no reasonable change in the above key assumptions would cause the carrying amount of this investment to exceed its recoverable amounts.

(b) This is in respect of a 8-year convertible unsecured medium term notes ("CMTN") issued by WEBE and comprises two elements, a straight bond and a conversion option. The fair value of the straight bond element is estimated using a present value calculation, discounted at the rate of interest that would apply to an identical financial instrument without any derivatives. The fair value of the conversion option is estimated using the Binomial Option Pricing Model.

The CMTN bore a 1% coupon rate per annum and were pledged to Mobikom for the borrowing disclosed in Note 28 to the financial statements.

The CMTN shall be convertible into new ordinary shares of WEBE during the period commencing from the third anniversary date of issue of the CMTN and ending on the Maturity Date or if the CMTN shall have been called for redemption before the Maturity Date, then up to the close of business on a date which is no later than seven Business Days prior to the date fixed for redemption thereof.

The Group designated CMTN to be measured at fair value through other comprehensive income because the Group intends to hold for long-term strategic purposes.

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cont'd

10. OTHER INVESTMENTS (cont'd)

(c) The Group designated its quoted warrants to be measured at fair value through other comprehensive income because the warrants are held for long-term strategic purposes.

11. GOODWILL

	The Group	
	2019	**2018**
Cost :-	**RM'000**	**RM'000**
At 1 January/31 December	18,763	18,763
Accumulated impairment losses:-		
At 1 January	(16,282)	(16,282)
Impairment during the financial year (Note 37)	(937)	-
At 31 December	(17,219)	(16,282)
	1,544	2,481

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	The Group	
	2019	**2018**
	RM'000	**RM'000**
Digital services	1,544	2,481

(b) During the current financial year, an impairment loss of RM937,000 was recognised on Digital Services in "Other Expenses" line item of the statement of profit or loss and other comprehensive income which had been incurring losses for a number of financial years and the directors did not foresee any cash flows from this cash-generating unit in the near future.

11. GOODWILL (cont'd)

(b) The Group has assessed the recoverable amounts of goodwill allocated and determined that no additional impairment is required. The recoverable amounts of the cash-generating units are determined using the value-in-use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the financial projections approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts were as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Digital services	41%	53% - 96%	104%	57%	9%	10%

(a) Budgeted gross margin — The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements and cost saving measures.

(b) Growth rate — The growth rates used are based on the expected projection of digital services.

(c) Discount rate — The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

(d) Terminal value — There is no growth rate in perpetuity to arrive at terminal value.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

The directors believe that there is no reasonable change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

12. DEVELOPMENT COSTS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cost:-				
At 1 January	32,608	28,343	23,500	22,037
Additions during the financial year	1,475	5,554	264	2,366
Transfer to subsidiary – GPS	-	-	(4,571)	-
Transfer to subsidiary – RTPL	-	-	(2,878)	-
Foreign exchange adjustments	(84)	-	-	-
Written off	-	(1,289)	-	(903)
	33,999	32,608	16,315	23,500
Accumulated amortisation:-				
At 1 January	(17,934)	(16,004)	(13,569)	(13,069)
Amortisation charge	(3,638)	(1,930)	(696)	(500)
Foreign exchange adjustments	10	-	-	-
Transfer to subsidiary – GPS	-	-	685	-
Transfer to subsidiary – RTPL	-	-	299	-
At 31 December	(21,562)	(17,934)	(13,281)	(13,569)
Accumulated impairment losses:-				
At 1 January	(2,716)	(2,716)	(2,716)	(2,716)
Impairment during the financial year	(303)	-	-	-
At 31 December	(3,019)	(2,716)	(2,716)	(2,716)
At 31 December	9,418	11,958	318	7,215

The development costs are in respect of the development of new modems, Internet of Things devices and digital service platform. Their amortisation charges and impairment loss are recognised in statements of profit or loss and other comprehensive income under the "other expenses" line item.

The reportable segment for the development costs are as follows:-

	The Group	
	2019	2018
	RM'000	RM'000
Solution group	6,173	6,761
Communication services	344	417
Digital services	2,901	4,780
	9,418	11,958

NOTES TO THE **FINANCIAL STATEMENTS**

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cont'd

13. OTHER INTANGIBLE ASSETS

	Intellectual Property	Software	Licence	Trademark and Patents	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
The Group					
Cost:-					
At 31.12.2018/31.12.2019	26,805	3,988	5,951	88	36,832
Amortisation:-					
At 1.1.2018	(25,915)	-	-	(86)	(26,001)
Addition during the financial year	-	(798)	-	(2)	(800)
At 31.12.2018/1.1.2019	(25,915)	(798)	-	(88)	(26,801)
Addition during the financial year	-	-	-	-	-
At 31.12.2019	(25,915)	(798)	-	(88)	(26,801)
Impairment losses:-					
At 31.12.2018/1.1.2019	(890)	-	-	-	(890)
Addition during the financial year	-	(3,190)	-	-	(3,190)
At 31.12.2019	(890)	(3,190)	-	-	(4,080)
Carrying amounts					
At 31.12.2018	-	3,190	5,951	-	9,141
At 31.12.2019	-	-	5,951	-	5,951

(a) In the last financial year, the amortisation charges were recognised in statement of profit or loss and other comprehensive income under the "Other Expenses" line item.

(b) The software comprises the development cost of a virtual platform and is related to the Group's digital services reportable segment.

(c) The licence comprises the acquisition costs for the licence to issue electronic money and is related to the Group's digital services reportable segment.

(d) During the current financial year, an impairment loss of RM3,190,000 was recognised on the software in statement of profit or loss and other comprehensive income under the "Other Expenses" line item.

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For The Financial Year Ended 31 December 2019
cont'd

13. OTHER INTANGIBLE ASSETS (cont'd)

The Group assessed the recoverable amount of the licence and determined that no impairment is required. The recoverable amounts of the cash-generating units are determined using the value-in-use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the financial projections approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts were as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	2019	2018	2019	2018	2019	2018
Digital services	41%	53%	104%	57%	9%	10%

(a) Budgeted gross margin	The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements and cost saving measures.
(b) Growth rate	The growth rates used are based on the expected projection of digital services.
(c) Discount rate	The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.
(d) Terminal value	There is no growth rate in perpetuity to arrive at terminal value.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

The directors believe that there is no reasonable change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

14. DEFERRED TAX (LIABILITIES)/ASSETS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
At 1 January	(2,359)	(2,481)	251	320
Recognised in profit or loss (Note 38)	1,278	122	(8)	(69)
Exchange difference	6	-	-	-
At 31 December	(1,075)	(2,359)	243	251

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

The deferred tax liabilities are attributable to the following:-

	The Group	
	2019	**2018**
	RM'000	**RM'000**
Accelerated capital allowances	351	(165)
Other temporary differences	(1,426)	(2,194)
	(1,075)	(2,359)

15. INVENTORIES

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At Cost:-				
Inventories held for resale	17,535	18,102	11,908	10,718

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Recognised in profit or loss:				
- as cost of sales	50,231	43,528	11,573	20,010
- written off	365	261	9	145

NOTES TO THE **FINANCIAL STATEMENTS**

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cont'd

16. TRADE RECEIVABLES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Trade receivables	144,511	129,145	1,299	287
Allowance for impairment losses	(1,594)	(745)	-	-
	142,917	128,400	1,299	287
Allowance for impairment losses:-				
At 1 January	(745)	(790)	-	(638)
Addition during the financial year (Note 36)	(2,119)	(730)	-	-
Reversal during the year (Note 36)	-	775	-	638
Write-off during the year	1,270	-	-	-
At 31 December	(1,594)	(745)	-	-

The Group's normal trade credit terms range from 30 to 90 (2018 - 30 to 90) days.

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Other receivables	12,557	11,954	10,730	10,549
Deposits	3,597	2,505	1,170	808
Prepayments	6,742	6,325	2,717	1,859
	22,896	20,784	14,617	13,216
Allowance for impairment losses	(1,300)	(1,300)	(1,300)	(1,300)
	21,596	19,484	13,317	11,916
Allowance for impairment losses:-				
At 1 January	(1,300)	-	(1,300)	-
Addition during the financial year (Note 36)	-	(1,300)	-	(1,300)
At 31 December	(1,300)	(1,300)	(1,300)	(1,300)

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
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18. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing by/(to) subsidiaries consist of the following:-

	The Company	
	2019	**2018**
	RM'000	**RM'000**
Amount Owing By Subsidiaries		
Current		
- trade balances	7,549	3,163
- non-trade balances	681,001	628,917
	688,550	632,080
Allowance for impairment losses	(408,584)	(387,500)
	279,966	244,580
Allowance for impairment losses:-		
At 1 January	(387,500)	(383,902)
Addition during the financial year (Note 36)	(21,084)	(3,598)
At 31 December	(408,584)	(387,500)
Amount Owing to Subsidiaries		
Current		
- non-trade balances	(33,219)	(17,656)

The trade amounts are subject to normal credit terms. The non-trade amounts are unsecured, interest-free and repayable/receivable on demand. The amounts owing are to be settled in cash.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

19. AMOUNT OWING BY/(TO) ASSOCIATES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Amount owing by associates				
- trade balances	4,130	344	-	-
- non-trade balances	8,067	10,049	-	-
	12,197	10,393	-	-
Allowance for impairment losses	(500)	(500)	-	-
	11,697	9,893	-	-
Allowance for impairment losses:-				
At 1 January	(500)	-	-	-
Addition during the financial year (Note 36)	-	(500)	-	-
At 31 December	(500)	(500)	-	-
Amount owing to associates				
- trade balances	(10,228)	(5,036)	(5,719)	(5,036)
- non-trade balances	(27)	(30)	-	-
	(10,255)	(5,066)	(5,719)	(5,036)

The trade amounts are subject to normal credit terms. The non-trade amounts represents advances paid/received and it will be offset against future sales/purchases. The amounts are unsecured and interest-free. The amounts owing are to be settled in cash.

20. AMOUNT OWING BY JOINT VENTURES

The amounts are unsecured, interest-free and receivable on demand. The amounts are to be settled in cash.

21. AMOUNT OWING BY A RELATED PARTY

The amount owing by a related party represents advances paid to an associate of a related company. The amount is unsecured and interest-free. The amount owing will be offset against future purchase from this related party.

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Amount owing by a related party	-	-	8,066	10,043
Allowance for impairment losses	-	-	(500)	(500)
	-	-	7,566	9,543
Allowance for impairment losses:-				
At 1 January	-	-	(500)	-
Addition during the financial year (Note 36)	-	-	-	(500)
At 31 December	-	-	(500)	(500)

22. SHORT-TERM INVESTMENTS

The short-term investments represent investment in highly liquid money market. These investments are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value. The short-term fund bore an effective interest rate of 2.34% (2018 – 2.82%) per annum at the end of the reporting period.

23. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and the Company at the end of the reporting period bore a weighted average effective interest rate of 2.63% (2018 – 2.35%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 months (2018 – 1 to 12 months). The Group and the Company have pledged RM6,514,000 and RM2,158,000 (2018 - RM6,799,000 and RM2,502,000) out of the total fixed deposits with licensed banks respectively as security for banking facilities.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

24. SHARE CAPITAL

Issued And Fully Paid-Up	The Group/The Company			
	2019	2018	2019	2018
	Number Of Shares		RM'000	RM'000
	'000	'000		
Ordinary shares				
At 1 January	908,923	758,721	597,375	155,880
Issuance of new shares for cash	24,630	150,202	9,852	29,053
Share issuance expenses	-	-	-	(354)
Transfer from share premium account	-	-	-	412,796
Crystallisation of warrant reserves (Note 26)	-	-	1,696	-
Capital reduction	-	-	(455,515)	-
	24,630	150,202	(443,967)	441,495
At 31 December	933,553	908,923	153,408	597,375

(a) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

(b) During the financial year, the Company has undertaken a capital reduction exercise pursuant to Section 116 of the Companies Act 2016 in Malaysia which resulted in the reduction of the issued and paid-up capital by RM455,515,247. The capital reduction was effected on 31 January 2019 and the credit of RM455,515,247 arising therefrom was utilised to set-off against the accumulated losses of the Company.

25. TREASURY SHARES

There were no purchases of ordinary shares from the open market during the financial year.

As at 31 December 2019, the Company held a total of 7,707,700 of its 933,553,175 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM12,216,888. None of the treasury shares was resold or cancelled during the financial year.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

26. RESERVES

	Note	The Group		The Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Foreign exchange translation reserve	26.1	4,267	5,310	(52)	(66)
Fair value reserve	26.2	169,754	42,465	169,754	42,465
Warrant reserve	26.3	29,332	31,028	29,332	31,028
Accumulated losses		(84,303)	(493,799)	(45,318)	(486,348)
		119,050	(414,996)	153,716	(412,921)

26.1 FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries, a foreign branch and the Group's share of an associate's foreign currency translation differences whose functional currencies are different from the Group's presentation currency.

26.2 FAIR VALUE RESERVE

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of investments designated at fair value through other comprehensive income.

26.3 WARRANT RESERVE

	The Group/ The Company	
	2019	2018
	RM'000	RM'000
At 1 January	31,028	-
Created during the financial year	-	31,028
Exercised during the financial year	(1,696)	-
At 31 December	29,332	31,028

The warrant reserve relates to the portion of proceeds from the rights issue ascribed to the attached warrants. As and when the warrants are exercised, the related balance in the warrant reserve will be transferred to the share capital account. Each warrant carries the right to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of RM0.40. The warrants will expire on 24 November 2023. At the expiry of the warrants, the balance in the warrant reserve will be transferred to retained profits.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

27. HIRE PURCHASE PAYABLES

	The Group 2018 RM'000	The Company 2018 RM'000
Minimum hire purchase payments:		
- not later than one year	124	124
- later than one year and not later than five years	169	169
	293	293
Less: Future finance charges	(33)	(33)
Present value of hire purchase payables	260	260
Current:- (Note 34)		
Not later than one year	110	110
Non-Current:-		
Later than one year and not later than five years	150	150
	260	260

In the previous financial year, the hire purchase payables of the Group and of the Company bore a weighted average effective interest rate of 4.74% per annum.

28. EXCHANGEABLE MEDIUM TERM NOTES

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-Current	272,598	252,407	272,598	252,407

On 22 September 2014, Green Packet Berhad (the Issuer), CIMB Investment Bank Berhad, RHB Investment Bank Berhad (Joint Lead Arrangers and Joint Lead Managers), RHB Investment Bank Berhad (Facility Agent), Malaysian Trustees Berhad (Security Agent) and Mobikom Sdn Bhd (MTN Holder) entered into an unrated exchangeable medium term note programme of up to RM210,000,000.

28. EXCHANGEABLE MEDIUM TERM NOTES (cont'd)

The salient terms of the exchangeable medium term notes ("EMTN") are as follows:-

Issue/ Issue size	:	Up to RM210.0 million nominal value of EMTN, to be issued in multiple tranches, with the first issuance of up to RM120.0 million in nominal value ("Tranche A") and subsequent tranches in the aggregate nominal value of up to RM90.0 million.
Issue price	:	100% of its nominal value.
Tenure	:	Eight (8) years from the first issue date.
Coupon rate	:	8% per annum (non-cash) accrued in the manner described in the terms ("Accrued Interest")
Coupon payment frequency	:	Accrued Interest on EMTN shall be carried forward and are cumulative, and payments of the Accrued Interest on the EMTN will be deferred until the maturity date or early redemption of the EMTN provided that no event of default has occurred.
Security	:	Secured by a limited recourse charge over other investments disclosed in Note 10(a) and (b) to the financial statements ("Charge").
Exchange Price	:	Such fair market price of the Charge as determined in accordance with the provisions of the Investment Agreement.
Redemption	:	On the maturity dates (unless redeemed earlier) by the Company by either (1) paying the accreted value of the EMTN; or (2) transferring the Charge to the holder of the EMTN as settlement of the accreted value, subject to the terms of the EMTN.

29. LEASE LIABILITIES

	The Group	The Company
	2019	**2019**
	RM'000	**RM'000**
At 1 January		
- As previously reported	-	-
- Initial application of MFRS 16	2,249	773
- As restated	2,249	773
Addition during the year	583	-
Interest expense recognised in profit or loss (Note 37)	139	43
Repayment of principal	(1,374)	(445)
Repayment of interest expense	(139)	(43)
Termination of lease	(21)	-
At 31 December	1,437	328

NOTES TO THE **FINANCIAL STATEMENTS**

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cont'd

29. LEASE LIABILITIES (cont'd)

	The Group	The Company
	2019	2019
	RM'000	RM'000
Analysed by:-		
Current liabilities	1,251	285
Non-current liabilities	186	43
	1,437	328

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

Certain lease liabilities of the Group and of the Company are secured by the Company's motor vehicles under the hire purchase arrangements as disclosed in Note 8(iii) to the financial statements. These lease liabilities bear a weighted average effective interest rate of 2.51% per annum.

30. TERM LOANS

	The Group	
	2019	2018
	RM'000	RM'000
Current liabilities (Note 34)	209	200
Non-current liabilities	112	322
	321	522

Certain term loans totalling approximately RM321,000 (2018 – RM522,000) are secured by :-

i. A debenture by way of first legal charge over the Company's present and future fixed and floating assets;
ii. Jointly and severally guaranteed by Directors;
iii. Guaranteed by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") for the amount of RM700,000 or 70% from the approved amount under the Service Sector Guarantee Scheme ("SSGS");
iv. Corporate Guarantee of the Company; and
v. Letter of Set Off for cash collateral by way of Sinking Fund of RM150,000 via a collection of sixty postdated cheques amounting to RM2,500 each for a period of 60 months.

31. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company range from 30 to 90 (2018 - 30 to 90) days.

32. CONTRACT LIABILITIES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Contract liabilities relating to advances received from customers	2,768	257	150	96
Contract liabilities relating to income collected but not earned	8	671	-	-
	2,776	928	150	96

33. AMOUNT OWING TO DIRECTORS

The amount is unsecured and interest-free. The amount is to be settled in cash.

34. SHORT-TERM BORROWINGS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Hire purchase payables (Note 27)	-	110	-	110
Bankers' acceptances	-	2,390	-	2,390
Term loan (Note 30)	209	200	-	-
Revolving credits	7,243	7,288	-	-
	7,452	9,988	-	2,500

(a) Bankers' acceptances bore an interest rate of 5.52% per annum at the end of previous reporting period and are secured by pledge of fixed deposits of the Company.

(b) Revolving credits bore interest rates ranging from 4.53% to 5.43% (2018 - 4.58% to 5.41% per annum at the end of the reporting period and are secured by:-

(i) a corporate guarantee of the Company; and
(ii) fixed deposits of a subsidiary.

NOTES TO THE **FINANCIAL STATEMENTS**

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35. REVENUE

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Sale of goods	44,534	46,142	13,086	20,387
Rendering of services:-				
- telecommunication service	557,993	349,691	-	-
- internet portal and e-commerce services	5,654	2,849	-	-
- research and development services	-	-	3,814	6,011
	608,181	398,682	16,900	26,398

The information on the disaggregation of revenue is disclosed in Note 44 to the financial statements.

36. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Impairment losses during the financial year:				
- Additions under MFRS 9 (Notes 16, 17, 18, 19 and 21)	2,119	2,530	21,084	5,398
- Reversal of impairment losses (Note 16)	-	(775)	-	(638)
	2,119	1,755	21,084	4,760

37. LOSS BEFORE TAXATION

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Loss before taxation is arrived at after charging/(crediting):-				
Amortisation on:				
- development costs	3,638	1,930	696	500
- other intangible assets	-	800	-	-
Impairment loss on:				
- development costs	303	-	-	-
- investment in associate	4,728	800	-	-
- goodwill	937	-	-	-
- other intangible assets	3,190	-	-	-
Auditors' remuneration:				
- audit fee:				
- current financial year	571	468	175	166
- underprovision in the previous financial year	-	2	-	1
- non-audit fee:				
- auditors of the Company	5	73	5	73
- member firm of the auditors of the Company	113	49	10	33
- other auditors	281	236	114	145
Depreciation:				
- plant and equipment	1,457	1,899	363	515
- right-of-use assets	1,413	-	458	-
Directors' fee	298	294	280	276
Directors' remuneration	1,576	869	79	48
Development cost written off	-	1,289	-	903
Deposit written off	-	7	-	-
Equipment written off	280	10	-	-
Interest expense:				
- hire purchase	-	16	-	16
- term loan	19	28	-	-
- revolving credit	382	247	-	-
- exchangeable MTNs	20,191	18,696	20,191	18,696
- bankers' acceptances	45	98	45	98
- lease liabilities	139	-	43	-

NOTES TO THE **FINANCIAL STATEMENTS**

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cont'd

37. LOSS BEFORE TAXATION (cont'd)

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Loss before taxation is arrived at after charging/(crediting) (cont'd):-				
Inventories written off	365	261	9	145
Loss on dilution of equity interest in an associate	1,351	-	-	-
Loss/(Gain) on foreign exchange:				
- realised	(1,022)	1,103	(717)	862
- unrealised	56	20	28	(315)
Lease expenses:				
- rental of office	517	1,634	263	679
- rental of equipment	1,364	-	-	-
Staff costs:				
- defined contribution plan	2,814	1,782	143	201
- salaries and other benefits	35,704	19,796	2,539	3,914
Fair value gain on financial assets designated upon initial recognition at fair value through profit or loss	(31,822)	(534)	(31,822)	(534)
Gain on lease termination	(3)	-	-	-
Gain on disposal of plant and equipment	-	(1)	-	-
(Gain)/Loss on liquidation of a subsidiary	-	(332)	-	4,836
Total interest income on financial assets measured at amortised cost	(1,363)	(735)	(4,472)	(3,682)
Reversal of impairment loss on investment in subsidiaries	-	-	(474)	(14,540)

38. INCOME TAX EXPENSE

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- for the financial year	689	62	209	-
- overprovision in the previous financial year	(53)	(1,080)	-	(664)
	636	(1,018)	209	(664)
Deferred taxation (Note 14):				
- for the financial year	(765)	(122)	8	69
- overprovision in the previous financial year	(513)	-	-	-
	(1,278)	(122)	8	69
	(642)	(1,140)	217	(595)

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

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Loss before taxation	(52,149)	(63,644)	(14,257)	(31,428)
Tax at the statutory tax rate of 24% (2018 - 24%)	(12,516)	(15,275)	(3,422)	(7,543)
Tax effects of:-				
Non-taxable income	(7,032)	(1,119)	(7,972)	(1,012)
Non-deductible expenses	5,144	4,010	6,280	2,047
Deferred tax assets not recognised in the current financial year	13,726	11,427	5,337	6,605
Utilisation of deferred tax assets previously not recognised	(360)	(34)	-	(12)
Differential in tax rates	962	931	(6)	(16)
Overprovision in the previous financial year				
- current tax	(53)	(1,080)	-	(664)
- deferred tax	(513)	-	-	-
	(642)	(1,140)	217	(595)

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38. INCOME TAX EXPENSE (cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

No deferred tax assets are recognised on the following items:-

	The Group	
	2019	**2018**
	RM'000	**RM'000**
Unabsorbed capital allowances	10,170	11,289
Unutilised tax losses	83,073	38,252
Other temporary differences	70,909	54,513
	164,152	104,054

39. LOSS PER SHARE

a) Basic loss per share

The basic loss per share is arrived at by dividing the Group's loss attributable to shareholders by the following weighted average number of ordinary shares in issue during the financial year excluding treasury shares held by the Company.

	The Group	
	2019	**2018**
Loss attributable to owners of the Company (RM'000)	(45,965)	(59,693)
Weighted average number of ordinary shares ('000):-		
Issued ordinary shares at 1 January	908,923	758,721
Effect of rights issue with free warrants	-	13,991
Effect of new ordinary shares issued	5,153	-
Weighted average number of ordinary shares at 31 December	914,076	772,712
Basic loss per share (Sen)	(5.03)	(7.73)

39. LOSS PER SHARE (cont'd)

b) Diluted loss per share

	The Group	
	2019	**2018**
Loss attributable to owners of the Company (RM'000)	(45,965)	(59,693)
Weighted average number of ordinary shares for basic loss per share ('000)	914,076	772,712
Shares deemed to be issued for no consideration:		
- warrants*	94,316	-
Weighted average number of ordinary shares for diluted loss per share computation ('000)	1,008,392	772,712
Diluted loss per ordinary share (Sen)	(4.56)	(7.73)

* The conversion of warrants was anti-dilutive as their exercise prices were higher than the average market price of the Company's ordinary shares during the previous financial year. Accordingly, the exercise of warrants has been ignored in the calculation of dilutive loss per share.

40. ACQUISITION OF NON-CONTROLLING INTERESTS

In the previous financial year, PISB acquired an additional 20% equity interests in KPSB for approximately RM1,100,000 in cash, increasing its ownership from 80% to 100%. The carrying amount of KPSB net assets in the Group's financial statements on that date was RM2,223,000. The Group recognised a decrease in non-controlling interests of RM460,000 and an increase in accumulated losses of RM640,000.

The following summarises the effect of changes in the equity interests in KPSB that is attributable to the owners of the Company:-

	The Group
	2018
	RM'000
Equity interest at the date of additional acquisition	1,763
Effect of increase in the Company's ownership interest	460
Share of post-acquisition losses	4,743
Equity interest at 31 December	6,966

There were no acquisitions of non-controlling interests during the financial year.

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41. CASH FLOW INFORMATION

(a) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term loans RM'000	Exchangeable Medium Term Notes RM'000	Hire purchase RM'000	Bankers' Acceptances RM'000	Revolving credit RM'000	Lease liabilities RM'000	Total RM'000
2019							
At 1 January, as previously reported	522	252,407	260	2,390	7,288	-	262,867
Effects on adoption of MFRS 16	-	-	(260)	-	-	2,249	1,989
At 1 January, as restated	522	252,407	-	2,390	7,288	2,249	264,856
Changes in Financing Cash Flows							
Repayment of borrowings principal	(201)	-	-	(2,390)	(45)	(1,374)	(4,010)
Repayment of borrowings interest	(19)	-	-	(45)	(382)	(139)	(585)
	(220)	-	-	(2,435)	(427)	(1,513)	(4,595)
Non-cash Changes							
Finance charges recognised in profit or loss (Note 37)	19	20,191	-	45	382	139	20,776
Acquisition of new leases	-	-	-	-	-	583	583
Termination of lease	-	-	-	-	-	(21)	(21)
At 31 December	321	272,598	-	-	7,243	1,437	281,599

41. CASH FLOW INFORMATION (cont'd)

(a) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

The Group	Term loans RM'000	Exchangeable Medium Term Notes RM'000	Hire purchase RM'000	Bankers' Acceptances RM'000	Revolving credit RM'000	Total RM'000
2018						
At 1 January	713	233,711	380	-	-	234,804
Changes in Financing Cash Flows						
Repayment of borrowings principal	(191)	-	(120)	-	-	(311)
Repayment of borrowings interest	(28)	-	(16)	(98)	(247)	(389)
Proceeds from drawndown	-	-	-	2,390	7,288	9,678
	(219)	-	(136)	2,292	7,041	8,978
Non-cash Changes						
Finance charges recognised in profit or loss (Note 37)	28	18,696	16	98	247	19,085
At 31 December	522	252,407	260	2,390	7,288	262,867

NOTES TO THE **FINANCIAL STATEMENTS**

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41. CASH FLOW INFORMATION (cont'd)

(a) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

The Company	Bankers' Acceptances RM'000	Hire Purchase RM'000	Exchangeable Medium Term Notes RM'000	Lease Liabilities RM'000	Total RM'000
2019					
At 1 January, as previously reported	2,390	260	252,407	-	255,057
Effects on adoption of MFRS 16	-	(260)	-	773	513
At 1 January, as restated	2,390	-	252,407	773	255,570
Changes in Financing Cash Flows					
Repayment of borrowings principal	(2,390)	-	-	(445)	(2,835)
Repayment of borrowings interest	(45)	-	-	(43)	(88)
	(2,435)	-	-	(488)	(2,923)
Non-cash changes					
Finance charges recognised in profit or loss (Note 37)	45	-	20,191	43	20,279
At 31 December	-	-	272,598	328	272,926

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

41. CASH FLOW INFORMATION (cont'd)

(a) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

The Company	Bankers' Acceptances RM'000	Hire purchase RM'000	Exchangeable Medium Term Notes RM'000	Total RM'000
2018				
At 1 January	-	380	233,711	234,091
Changes in Financing Cash Flows				
Repayment of borrowings principal	-	(120)	-	(120)
Repayment of borrowings interest	(98)	(16)	-	(114)
Proceeds from drawdown	2,390	-	-	2,390
	2,292	(136)	-	2,156
Non-cash changes				
Finance charges recognised in profit or loss (Note 37)	98	16	18,696	18,810
At 31 December	2,390	260	252,407	255,057

(b) The total cash outflows for leases as a lessee are as follows:-

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest paid on lease liabilities	139	-	43	-
Payment of lease liabilities	1,374	-	445	-
	1,513	-	488	-

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

41. CASH FLOW INFORMATION (cont'd)

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Short-term investments	1,136	27,431	#	27,032
Fixed deposits with licensed banks	8,331	8,198	3,738	3,670
Cash and bank balances	37,200	24,599	2,176	2,533
	46,667	60,228	5,914	33,235
Less: Fixed deposits pledged with licensed bank	(6,514)	(6,799)	(2,158)	(2,502)
Less: Fiduciary cash	(9,236)	(3,087)	-	-
	30,917	50,342	3,756	30,733

 # - Amount less than RM1,000

Fiduciary cash represents monies received from customers of payment gateway or e-wallet which are held in trust by financial institutions in a subsidiary with the corresponding amount included in other payables and accruals.

(d) The cash disbursed for the addition of right-of-use assets is as follows:-

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cost of right-of-use assets acquired (Note 8)	583	-	-	-
Less: Addition of new lease liabilities (Note 29)	(583)	-	-	-
	-	-	-	-

42. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Directors				
Directors of the Company				
Executive directors:				
Short-term employee benefits:				
- fee	17	-	17	-
- salaries, bonuses and other benefits	1,340	731	6	-
- defined contribution benefit	158	88	-	-
Non-executive directors:				
Short-term employee benefits:				
- fee	281	294	263	276
- allowances	78	50	73	48
	1,874	1,163	359	324
Directors of the Subsidiaries				
Executive directors:				
Short-term employee benefits:				
- fee	42	-	-	-
- salaries, bonuses and other benefits	2,380	1,388	-	-
- defined contribution benefit	49	321	-	-
	2,471	1,709	-	-

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company was RM3,600.

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42. KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)

The key management personnel compensation during the financial year are as follows (cont'd):-

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Other Key Management Personnel				
Short-term employee benefits	981	582	-	-
Defined contribution benefits	111	64	-	-

43. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associates, joint ventures, key management personnel and entities within the same group of companies.

(b) Related Party Transactions

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Sales to subsidiaries:				
- GPS	-	-	5,578	8,052
- KSB	-	-	-	1
- KPSB	-	-	6	38
Purchase from subsidiaries				
- GPS	-	-	700	385
- RTPL	-	-	229	-

43. RELATED PARTY DISCLOSURES (cont'd)

(b) Related Party Transactions (cont'd)

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year (cont'd):-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sales to an associate:				
- Atilze Digital Sdn. Bhd.	222	214	222	214
Purchase from associates				
- Atilze Digital Sdn. Bhd.	9,341	8,791	9,341	8,791
- Memo Technology (HK) Ltd	2,693	21,216	2,693	21,216
- Shenzen Memo Technology Co Ltd	-	38	-	38
Interest received/receivable from subsidiaries				
- POSB	-	-	3,862	3,576
Management fees paid/payable to subsidiary				
- GPISB	-	-	4,207	2,680
Transfer of development cost to subsidiaries				
- GPS	-	-	4,049	-
- RTPL	-	-	2,657	-
Research and development cost charged by a subsidiary				
- GPS	-	-	2,576	6,307
Research and development cost charged by associates				
- Memo Technology (HK) Ltd	85	-	85	-
- Shenzhen Memo Technology Co.Ltd	664	-	664	-

The outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**

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44. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the management as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main reportable segments as follows:-

(i) Solutions group - Research, development, marketing and distribution of wireless networking and telecommunication products and solutions.

(ii) Digital services - Provision of internet portal services, e-commerce and other web related business.

(iii) Communications services - Provision of total communication services, solutions and products.

(a) The management assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

(b) Each reportable segment asset is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.

(c) Each reportable segment liability is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

(d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
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44. OPERATING SEGMENTS (cont'd)

44.1 BUSINESS SEGMENTS

	Solutions Group	Communication Services	Digital Services	Group
	RM'000	RM'000	RM'000	RM'000
2019				
Revenue				
External revenue	43,951	557,993	6,237	608,181
Inter-segment revenue	34,446	282,865	-	317,311
	78,397	840,858	6,237	925,492
Consolidation adjustments and eliminations				(317,311)
Consolidated revenue				608,181
Represented by:-				
Revenue recognised at a point of time				
- Sales of products	58,125	-	583	58,708
- Internet portal and e-commerce service	-	-	5,654	5,654
Revenue recognised overtime				
- Telecommunication service	-	840,858	-	840,858
- Research development service	4,714	-	-	4,714
- Shared service function	15,558	-	-	15,558
	78,397	840,858	6,237	925,492
Consolidation adjustments				(317,311)
Consolidated revenue				608,181

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44. OPERATING SEGMENTS (cont'd)

44.1 BUSINESS SEGMENTS (cont'd)

	Solutions Group	Communication Services	Digital Services	Group
	RM'000	RM'000	RM'000	RM'000
2019				
Results				
Segment results	(12,043)	(6,014)	(21,398)	(39,455)
Interest income	989	141	233	1,363
Depreciation of property, plant and equipment	(495)	(399)	(563)	(1,457)
Depreciation of right-of-use assets	(476)	(605)	(332)	(1,413)
Other non-cash expenses (Note a)	(6,279)	(2,256)	(7,078)	(15,613)
	(18,304)	(9,133)	(29,138)	(56,575)
Gain on fair value adjustment				31,822
Loss on dilution of equity interest in an associate				(1,351)
Share of result in associates, net of tax				(5,017)
Finance costs				(21,028)
Income tax expense				642
Consolidated loss after taxation				(51,507)

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
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44. OPERATING SEGMENTS (cont'd)

44.1 BUSINESS SEGMENTS (cont'd)

	Solutions Group	Communication Services	Digital Services	Group
	RM'000	RM'000	RM'000	RM'000
2019				
Assets				
Segment assets	495,507	157,990	38,732	692,229
Investment in associates				19,820
Current tax asset				1,163
Consolidated total assets				713,212
Additions to non-current assets other than financial instruments and deferred tax assets:-				
Plant and equipment	226	66	1,051	1,343
Development costs	659	24	792	1,475
Right-of-use assets	47	209	327	583
Liabilities				
Segment liabilities	291,477	144,708	21,364	457,549
Deferred tax liabilities				1,075
Lease liabilities				1,437
Consolidated total liabilities				460,061

NOTES TO THE **FINANCIAL STATEMENTS**

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cont'd

44. OPERATING SEGMENTS (cont'd)

44.1 BUSINESS SEGMENTS (cont'd)

	Solutions Group	Communication Services	Digital Services	Group
	RM'000	RM'000	RM'000	RM'000
2018				
Revenue				
External revenue	46,055	349,691	2,936	398,682
Inter-segment revenue	32,793	1,820	-	34,613
	78,848	351,511	2,936	433,295
Consolidation adjustments and eliminations				(34,613)
Consolidated revenue				398,682
Represented by:-				
Revenue recognised at a point of time				
- Sales of products	60,684	-	87	60,771
- Internet portal and e-commerce service	-	-	2,849	2,849
Revenue recognised overtime				
- Telecommunication service	-	351,511	-	351,511
- Research development service	6,011	-	-	6,011
- Shared service function	12,153	-	-	12,153
	78,848	351,511	2,936	433,295
Consolidation adjustments				(34,613)
Consolidated revenue				398,682

NOTES TO THE **FINANCIAL STATEMENTS**

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cont'd

44. OPERATING SEGMENTS (cont'd)

44.1 BUSINESS SEGMENTS (cont'd)

	Solutions Group	Communication Services	Digital Services	Group
	RM'000	RM'000	RM'000	RM'000
2018				
Results				
Segment results	(12,659)	(9,006)	(8,873)	(30,538)
Interest income	483	222	30	735
Depreciation of property, plant and equipment	(648)	(610)	(641)	(1,899)
Other non-cash expenses (Note a)	(2,993)	(1,354)	(2,192)	(6,539)
	(15,817)	(10,748)	(11,676)	(38,241)
Gain on fair value adjustment				534
Share of result in associates, net of tax				(6,506)
Finance costs				(19,431)
Income tax expense				1,140
Consolidated loss after taxation				(62,504)
2018				
Assets				
Segment assets	362,350	143,040	29,606	534,996
Investment in associates				30,947
Current tax asset				3,474
Consolidated total assets				569,417
Additions to non-current assets other than financial instruments and deferred tax assets:-				
Plant and equipment	236	176	294	706
Development costs	2,145	465	2,944	5,554
Liabilities				
Segment liabilities	266,793	120,748	10,903	398,444
Deferred tax liabilities				2,359
Consolidated total liabilities				400,803

NOTES TO THE **FINANCIAL STATEMENTS**
For The Financial Year Ended 31 December 2019
cont'd

44. OPERATING SEGMENTS (cont'd)

44.1 BUSINESS SEGMENTS (cont'd)

(a) Other non-cash (gain)/expenses consist of the following:-

	The Group	
	2019	**2018**
	RM'000	**RM'000**
Amortisation of:-		
- development costs	3,638	1,930
- other intangible assets	-	800
Development cost written off	-	1,289
Deposit written off	-	7
Equipment written off	280	10
Impairment of:-		
- Development costs	303	-
- Goodwill	937	-
- Other intangible assets	3,190	-
- Trade receivables	2,119	730
- Amount owing by an associate	-	500
- Investment in an associate	4,728	800
- Other receivables	-	1,300
Inventories written off	365	261
Gain on disposal of plant and equipment	-	(1)
Gain on liquidation of a subsidiary	-	(332)
Gain on lease termination	(3)	-
Unrealised loss on foreign exchange	56	20
Reversal of impairment loss on trade receivables	-	(775)
	15,613	6,539

44. OPERATING SEGMENTS (cont'd)

44.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments (but including investments in associates and deferred tax assets).

	Revenue		Non-current Assets	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	12,217	13,322	463,055	322,467
Outside Malaysia	595,964	385,360	7,912	6,657
	608,181	398,682	470,967	329,124

The information on the disaggregation of revenue based on geographical region is summarised below:-

	At A Point in Time		Over Time		Group	
	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	12,217	13,322	-	-	12,217	13,322
Outside Malaysia	37,971	35,669	557,993	349,691	595,964	385,360
	50,188	48,991	557,993	349,691	608,181	398,682

44.3 MAJOR CUSTOMERS

The following are major external customers with revenue equal to or more than 10% of Group revenue:-

	Revenue Contribution		
	2019	2018	Segment
	RM'000	RM'000	
Customer A	103,856	98,503	Communication services
Customer B	-	73,594	Communication services
Customer C	-	44,316	Communication services

NOTES TO THE **FINANCIAL STATEMENTS**

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45. OPERATING LEASE COMMITMENTS

The Group has applied MFRS 16 using the modified retrospective approach. As a result, the following information are disclosures required by MFRS 117 'Leases':-

The Group leases a number of offices under non-cancellable operating leases. The future minimum lease payments under the non-cancellable operating leases as at the end of the last reporting period are as follows:-

	The Group	The Company
	2018	2018
	RM'000	RM'000
Not more than one year	1,555	756
Later than one year and not later than five years	976	438
	2,531	1,194

46. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

46.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk is primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign currency exposure

The Group	United States Dollar RM'000	Ringgit Malaysia RM'000	Others RM'000	Total RM'000
2019				
Financial Assets				
Other investments	-	429,403	-	429,403
Trade receivables	137,824	4,604	489	142,917
Other receivables	7	11,154	96	11,257
Amount owing by associates	11,347	350	-	11,697
Amount owing by joint ventures	367	238	65	670
Short-term investments	-	1,136	-	1,136
Fixed deposits with licensed banks	4,356	3,975	-	8,331
Cash and bank balances	10,195	23,517	3,488	37,200
	164,096	474,377	4,138	642,611

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46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign currency exposure (cont'd)

The Group	United States Dollar RM'000	Ringgit Malaysia RM'000	Others RM'000	Total RM'000
2019				
Financial Liabilities				
Exchangeable Medium Term Notes	-	272,598	-	272,598
Term loan	-	321	-	321
Revolving credit	7,243	-	-	7,243
Trade payables	117,040	669	4,162	121,871
Other payables and accruals	15,653	24,451	1,929	42,033
Amount owing to associates	4,510	5,745	-	10,255
Amount owing to directors	317	135	-	452
	144,763	303,919	6,091	454,773
Net financial Assets/(liabilities)	19,333	170,458	(1,953)	187,838
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(11,253)	(170,458)	2,413	(179,298)
Currency Exposure	8,080	-	460	8,540

46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign currency exposure (cont'd)

The Group	United States Dollar RM'000	Ringgit Malaysia RM'000	Others RM'000	Total RM'000
2018				
Financial Assets				
Other investments	-	270,292	-	270,292
Trade receivables	127,071	232	1,097	128,400
Other receivables	5	10,634	15	10,654
Amount owing by associates	9,539	352	2	9,893
Amount owing by joint ventures	457	238	17	712
Short-term investments	-	27,431	#	27,431
Fixed deposits with licensed banks	4,297	3,901	-	8,198
Cash and bank balances	4,665	14,057	5,877	24,599
	146,034	327,137	7,008	480,179

 # - Amount less than RM1,000

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46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign currency exposure (cont'd)

The Group	United States Dollar RM'000	Ringgit Malaysia RM'000	Others RM'000	Total RM'000
2018				
Financial Liabilities				
Hire purchase payables	-	260	-	260
Exchangeable Medium Term Notes	-	252,407	-	252,407
Term loan	-	522	-	522
Bankers' acceptances	-	2,390	-	2,390
Revolving credit	7,288	-	-	7,288
Trade payables	107,134	618	182	107,934
Other payables and accruals	7,437	12,337	1,777	21,551
Amount owing to a director	-	98	-	98
Amount owing to associates	-	5,066	-	5,066
	121,859	273,698	1,959	397,516
Net financial assets	24,175	53,439	5,049	82,663
Less: Net financial assets denominated in the respective entities' functional Currencies	(14,091)	(53,439)	(4,950)	(72,480)
Currency Exposure	10,084	-	99	10,183

46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign currency exposure (cont'd)

The Company	United States Dollar RM'000	Ringgit Malaysia RM'000	Others RM'000	Total RM'000
2019				
Financial Assets				
Other Investments	-	219,917	-	219,917
Trade receivables	328	801	170	1,299
Other receivables	-	9,422	8	9,430
Amount owing by subsidiaries	-	279,056	910	279,966
Amount owing by a related party	7,561	5	-	7,566
Short-term investments	-	#	-	#
Fixed deposits with licensed banks	-	3,738	-	3,738
Cash and bank balances	102	1,971	103	2,176
	7,991	514,910	1,191	524,092

 # - Amount less than RM1,000

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46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign currency exposure (cont'd)

The Company	United States Dollar RM'000	Ringgit Malaysia RM'000	Others RM'000	Total RM'000
2019				
Financial Liabilities				
Exchangeable Medium Term Notes	-	272,598	-	272,598
Other payables and accruals	-	2,375	331	2,706
Trade payables	-	127	-	127
Amount owing to subsidiaries	17,198	16,021	-	33,219
Amount owing to associates	-	5,719	-	5,719
Amount owing to a director	-	71	-	71
	17,198	296,911	331	314,440
Net financial assets	(9,207)	217,999	860	209,652
Less: Net financial assets denominated in the entity's functional currency	-	(217,999)	-	(217,999)
Currency Exposure	(9,207)	-	860	(8,347)

46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign currency exposure (cont'd)

The Company	United States Dollar RM'000	Ringgit Malaysia RM'000	Others RM'000	Total RM'000
2018				
Financial Assets				
Other Investments	-	60,806	-	60,806
Trade receivables	287	-	-	287
Other receivables	-	9,249	-	9,249
Amount owing by subsidiaries	-	244,477	103	244,580
Amount owing by a related party	9,539	4	-	9,543
Short-term investments	-	27,032	-	27,032
Fixed deposits with licensed banks	-	3,670	-	3,670
Cash and bank balances	219	1,689	625	2,533
	10,045	346,927	728	357,700

NOTES TO THE **FINANCIAL STATEMENTS**

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46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign currency exposure (cont'd)

The Company	United States Dollar RM'000	Ringgit Malaysia RM'000	Others RM'000	Total RM'000
2018				
Financial Liabilities				
Hire purchase payables	-	260	-	260
Exchangeable Medium Term Notes	-	252,407	-	252,407
Other payables and accruals	-	1,856	577	2,433
Bankers' acceptances	-	2,390	-	2,390
Trade payables	-	21	-	21
Amount owing to subsidiaries	-	17,656	-	17,656
Amount owing to associates	-	5,036	-	5,036
Amount owing to a director	-	98	-	98
	-	279,724	577	280,301
Net financial assets	10,045	67,203	151	77,399
Less: Net financial assets denominated in the entity's functional currency	-	(67,203)	-	(67,303)
Currency Exposure	10,045	-	151	10,196

46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Effects on Loss After Taxation				
USD/RM:				
- strengthened by 5%	-307	-383	+350	-382
- weakened by 5%	+307	+383	-350	+382
Others:-				
- strengthened by 5%	-18	-4	-33	-6
- weakened by 5%	+18	+4	+33	+6

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined by MFRS 7 since neither their carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 22 and 23 to the financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**

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46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(ii) Interest Rate Risk (cont'd)

Interest rate risk sensitivity analysis

Any reasonably possible change in the interest rates of floating rate short term investment at the end of the reporting period does not have material impact on the loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

If prices for quoted investments at the end of the reporting period strengthened by 5% (2018 – 5%) with all other variables being held constant, the other comprehensive income of the Group and of the Company would have increased by RM10,989,000 (2018 – RM3,033,000). A 5% (2018 – 5%) weakening in the quoted prices would have had an equal but opposite effect on the other comprehensive income of the Group and of the Company.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including unquoted investments and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 2 customers which constituted approximately 38% of its trade receivables at the end of the reporting period.

46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(i) Credit risk concentration profile (cont'd)

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:-

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	5,093	72	801	-
Outside Malaysia	137,824	128,328	498	287
	142,917	128,400	1,299	287

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

NOTES TO THE **FINANCIAL STATEMENTS**

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46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(iii) Assessment of Impairment Losses (cont'd)

Trade Receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments an external credit rating, where applicable.

Also, the Group considers any receivables having financial difficulty or with significant balances and outstanding for more than a year overdue are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables are summarised below:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2019				
Current (not past due)	54,117	(146)	(9)	53,962
1 to 30 days past due	33,613	-	-	33,613
31 to 60 days past due	13,733	-	-	13,733
61 to 90 days past due	478	-	-	478
Past due more than 90 days	41,783	-	(652)	41,131
Credit impaired	787	(787)	-	-
	144,511	(933)	(661)	142,917

46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(iii) Assessment of Impairment Losses (cont'd)

Trade Receivables (cont'd)

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2018				
Current (not past due)	28,748	-	-	28,748
1 to 30 days past due	19,495	-	-	19,495
31 to 60 days past due	16,729	-	(148)	16,581
61 to 90 days past due	64,173	-	(597)	63,576
	129,145	-	(745)	128,400

The Company	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2019				
Current (not past due)	-	-	-	-
1 to 30 days past due	1,091	-	-	1,091
31 to 60 days past due	38	-	-	38
61 to 90 days past due	170	-	-	170
	1,299	-	-	1,299

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46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(iii) Assessment of Impairment Losses (cont'd)

Trade Receivables (cont'd)

The Company	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2018				
Current (not past due)	-	-	-	-
1 to 30 days past due	-	-	-	-
31 to 60 days past due	-	-	-	-
61 to 90 days past due	287	-	-	287
	287	-	-	287

The movements in the loss allowances in respect of trade receivables are disclosed in Note 16 to the financial statements.

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(iii) Assessment of Impairment Losses (cont'd)

Amount Owing By Subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by subsidiaries are summarised below:-

The Company	Gross Amount	12-month Loss Allowance	Lifetime Loss Allowance	Carrying Value
	RM'000	RM'000	RM'000	RM'000
2019				
Low credit risk	-	-	-	-
Significant increase in credit risk	671,351	-	(391,385)	279,966
Credit impaired	17,199	-	(17,199)	-
	688,550	-	(408,584)	279,966

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46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(iii) Assessment of Impairment Losses (cont'd)

Amount Owing By Subsidiaries (cont'd)

The Company	Gross Amount RM'000	12-month Loss Allowance RM'000	Lifetime Loss Allowance RM'000	Carrying Value RM'000
2018				
Low credit risk	-	-	-	-
Significant increase in credit risk	632,080	-	(387,500)	244,580
Credit impaired	-	-	-	-
	632,080	-	(387,000)	244,580

The movements in the loss allowances are disclosed in Note 18 to the financial statements.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity Risk

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2019						
Non-derivative Financial Liabilities						
Lease liabilities	2.51- 8.00	1,437	1,522	1,309	213	-
Exchangeable Medium Term Notes	8.00	272,598	336,853	-	336,853	-
Term Loan	4.50	321	329	219	110	-
Revolving credit	4.53 – 5.43	7,243	7,243	7,243	-	-
Trade payables	-	121,871	121,871	121,871	-	-
Other payables and accruals	-	42,033	42,033	42,033	-	-
Amount owing to associates	-	10,255	10,255	10,255	-	-
Amount owing to directors	-	452	452	452	-	-
		456,210	520,558	183,382	337,176	-

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46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity Risk (cont'd)

Maturity Analysis (cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):-

The Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2018						
Non-derivative Financial Liabilities						
Hire purchase payables	4.74	260	293	124	169	-
Exchangeable Medium Term Notes	8.00	252,407	336,853	-	336,853	-
Term Loan	4.50	522	549	220	329	-
Bankers' Acceptances	5.52	2,390	2,390	2,390	-	-
Revolving credit	4.58 - 5.41	7,288	7,288	7,288	-	-
Trade payables	-	107,934	107,934	107,934	-	-
Other payables and accruals	-	21,551	21,551	21,551	-	-
Amount owing to associates	-	5,066	5,066	5,066	-	-
Amount owing to a director	-	98	98	98	-	-
		397,516	482,022	144,671	337,351	-

46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity Risk (cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):-

The Company	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2019						
Non-derivative Financial Liabilities						
Lease liabilities	2.51 - 8.00	328	350	294	56	-
Exchangeable Medium Term Notes	8.00	272,598	336,853	-	336,853	-
Trade payables	-	127	127	127	-	-
Other payables and accruals	-	2,706	2,706	2,706	-	-
Amount owing to subsidiaries	-	33,219	33,219	33,219	-	-
Amount owing to associates	-	5,719	5,719	5,719	-	-
Amount owing to director	-	71	71	71	-	-
Financial guarantee contracts in relation to corporate and bank guarantee given to certain subsidiaries	-	-	7,640	7,640	-	-
		314,768	386,685	49,776	336,909	-

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cont'd

46. FINANCIAL INSTRUMENTS (cont'd)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity Risk (cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):-

The Company	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2018						
Non-derivative Financial Liabilities						
Hire purchase payables	4.74	260	293	124	169	-
Exchangeable Medium Term Notes	8.00	252,407	336,853	-	336,853	-
Bankers' acceptances	5.52	2,390	2,390	2,390	-	-
Trade payables	-	21	21	21	-	-
Other payables	-	2,433	2,433	2,433	-	-
Amount owing to subsidiaries	-	17,656	17,656	17,656	-	-
Amount owing to associates	-	5,036	5,036	5,036	-	-
Amount owing to director	-	98	98	98	-	-
Financial guarantee contracts in relation to corporate and bank guarantee given to certain subsidiaries	-	-	8,318	8,318	-	-
		280,301	373,098	36,076	337,022	-

46. FINANCIAL INSTRUMENTS (cont'd)

46.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total net interest bearing borrowings divided by total equity.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	The Group	
	2019	**2018**
	RM'000	**RM'000**
Hire purchase payables	-	260
Exchangeable Medium Term Note	272,598	252,407
Term loan	321	522
Bankers' acceptances	-	2,390
Revolving credit	7,243	7,288
Lease liabilities	1,437	-
	281,599	262,867
Less: Short-term investments	(1,136)	(27,431)
Less: Fixed deposits with licensed banks	(8,331)	(8,198)
Less: Cash and bank balances	(37,200)	(24,599)
Net debt	234,932	202,639
Total equity	253,151	168,614
Debt-to-equity ratio	0.93	1.20

The debt-to-equity ratio has increased from 1.20 to 1.21 following the adoption of MFRS 16 due to the recognition of lease liabilities on 1 January 2019 while the comparative information has not been restated.

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46. FINANCIAL INSTRUMENTS (cont'd)

46.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2019		2018	
	The Group	The Company	The Group	The Company
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
Designated at Fair Value Through Profit or Loss Upon Initial Recognition				
Quoted warrant (Note 10)	43,956	43,956	12,134	12,134
Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition				
Quoted warrant (Note 10)	175,824	175,824	48,535	48,535
Unquoted investments (Note 10)	209,623	137	209,623	137
	385,447	175,961	258,158	48,672
Amortised Cost				
Trade receivables (Note 16)	142,917	1,299	128,400	287
Other receivables (Note 17)	11,257	9,430	10,654	9,249
Amount owing by subsidiaries (Note 18)	-	279,966	-	244,580
Amount owing by associates (Note 19)	11,697	-	9,893	-
Amount owing by joint ventures (Note 20)	670	-	712	-
Amount owing by a related party (Note 21)	-	7,566	-	9,543
Short-term investments (Note 22)	1,136	#	27,431	27,032
Fixed deposits with licensed banks (Note 23)	8,331	3,738	8,198	3,670
Cash and bank balances	37,200	2,176	24,599	2,533
	213,208	304,175	209,887	296,894

 # - Amount less than RM1,000

46. FINANCIAL INSTRUMENTS (cont'd)

46.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (cont'd)

	2019		2018	
	The Group	The Company	The Group	The Company
	RM'000	RM'000	RM'000	RM'000
Financial Liabilities				
Amortised Cost				
Hire purchase payables (Note 27)	-	-	260	260
Exchangeable Medium Term Note (Note 28)	272,598	272,598	252,407	252,407
Bankers' acceptances (Note 34)	-	-	2,390	2,390
Revolving credit (Note 34)	7,243	-	7,288	-
Term loans (Note 30)	321	-	522	-
Trade payables (Note 31)	121,871	127	107,934	21
Other payables and accruals	42,033	2,706	21,551	2,433
Amount owing to subsidiaries (Note 18)	-	33,219	-	17,656
Amount owing to associates (Note 19)	10,255	5,719	5,066	5,036
Amount owing to directors (Note 33)	452	71	98	98
	454,773	314,440	397,516	280,301

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

46. FINANCIAL INSTRUMENTS (cont'd)

46.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2019		2018	
	The Group	The Company	The Group	The Company
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
Fair Value Through Profit or Loss				
Net gains recognised in profit or loss by designated upon initial recognition	31,822	31,822	534	534
Equity Investments at Fair Value Through Other Comprehensive Income				
Net gains recognised in other comprehensive income	127,289	127,289	2,137	2,137
Amortised Cost				
Net losses recognised in profit or loss	(756)	(16,612)	(1,020)	(1,078)
Financial Liability				
Amortised Cost				
Net losses recognised in profit or loss	(20,637)	(20,236)	(19,085)	(18,810)

46. FINANCIAL INSTRUMENTS (cont'd)

46.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
The Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2019								
Financial Assets								
Unquoted investments	-	-	209,486	-	-	-	209,486	209,486
Club membership	-	137	-	-	-	-	137	137
Quoted warrant	219,780	-	-	-	-	-	219,780	219,780
Financial Liabilities								
Exchangeable Medium Term Note	-	-	-	-	283,434	-	283,434	272,598
Term loans	-	-	-	-	321	-	321	321
Revolving credits	-	-	-	-	7,243	-	7,243	7,243
2018								
Financial Assets								
Unquoted investments	-	-	209,486	-	-	-	209,486	209,486
Club membership	-	137	-	-	-	-	137	137
Quoted warrant	60,669	-	-	-	-	-	60,669	60,669
Financial Liabilities								
Hire purchase payables	-	-	-	-	260	-	260	260
Exchangeable Medium Term Note	-	-	-	-	256,727	-	256,727	252,407
Term loans	-	-	-	-	522	-	522	522
Bankers' Acceptances	-	-	-	-	2,390	-	2,390	2,390
Revolving credits	-	-	-	-	7,288	-	7,288	7,288

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

46. FINANCIAL INSTRUMENTS (cont'd)

46.5 FAIR VALUE INFORMATION (cont'd)

Other than those disclosed below, the fair values of the financial assets and financial liabilities of the Company maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
The Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2019								
Financial Asset								
Club membership	-	137	-	-	-	-	137	137
Quoted warrant	219,780	-	-	-	-	-	219,780	219,780
Financial Liabilities								
Exchangeable Medium Term Note	-	-	-	-	283,434	-	283,434	272,598
2018								
Financial Asset								
Club membership	-	137	-	-	-	-	137	137
Quoted warrant	60,669	-	-	-	-	-	60,669	60,669
Financial Liabilities								
Hire purchase payables	-	-	-	-	260	-	260	260
Exchangeable Medium Term Note	-	-	-	-	256,727	-	256,727	252,407

46. FINANCIAL INSTRUMENTS (cont'd)

46.5 FAIR VALUE INFORMATION (cont'd)

(a) Fair Value of Financial Instruments Carried at Fair Value

The fair values above have been determined using the following basis:-

(i) The fair value of quoted equity investments is determined at their quoted closing bid prices at the end of the reporting period.

(ii) The Level 3 fair value of unquoted equity investments determined using discounted cash flow approach based on pre-tax cash flow projections performed by management based on the significant unobservable inputs as disclosed in Note 10 to the financial statements.

(iii) The fair value of money market fund is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

There were no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments not carried at Fair Value

The fair values hire purchase payable and borrowings are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group		The Company	
	2019	2018	2019	2018
	%	%	%	%
Hire purchase payables	-	4.74	-	4.74
Exchangeable Medium Term Notes	8.86	8.47	8.86	8.47
Term loans	4.50	4.50	-	-
Bankers' Acceptances	-	5.52	-	5.52
Revolving credits	4.53 – 5.43	4.58 – 5.41	-	-

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 7 January 2019, NGT Networks Pte Ltd incorporated a wholly-owned subsidiary, NGT Networks Global Limited in Hong Kong with total issued and paid-up capital of two ordinary shares.

(ii) On 25 January 2019, the Court granted an order confirming the Company's Capital Reduction pursuant to Section 116 of the Act ("Court Order"). The sealed copy of the Court Order was lodged with the Registrar of Companies on 31 January 2019. As such, the Company's Capital Reduction has been completed on 31 January 2019.

(iii) On 4 February 2019, the Company issued a Notice of Arbitration against MYTV Broadcasting Sdn Bhd ("MYTV") for the supply of 200,000 units Set-Top-Boxes ("STB") and to compel MYTV to take up the delivery of the balance of 1,400,000 STB units. On 13 March 2019, the Company registered its Request of Arbitration with the Asian International Arbitration Centre to commence arbitration proceedings against MYTV.

(iv) On 22 April 2019, the Company incorporated a wholly-owned subsidiary, Roadmio Technologies Pte. Ltd. in The Republic of Singapore with a total issued and paid-up capital of SGD 100,000.

(v) On 5 August 2019, Roadmio Technologies Pte. Ltd. incorporated a wholly-owned subsidiary, Roadmio Technologies Corporation in Taiwan with a total issued and paid-up capital of NTD 3,000,000.

(vi) On 9 September 2019, Enrich Bonus Sdn. Bhd. incorporated a wholly-owned subsidiary, Kiple Technology Co. Ltd. in The People's Republic of China with a total registered share capital of RMB 10,000,000.

(vii) On 10 September 2019, the Company proposed to undertake a private placement of up to 10% of the total number of issued shares of the Company (excluding treasury shares) ("Proposed Private Placement"). The Proposed Private Placement will entail the issuance of up to 135,182,314 new shares of the Company ("Placement Shares").

Subsequently, on 13 September 2019, the application for the Proposed Private Placement had been submitted to Bursa Malaysia Securities Berhad ("Bursa"). On 25 September 2019, Bursa had vide its letter approved the listing and quotation of up to 135,182,314 Placement Shares to be issued pursuant to the Proposed Private Placement, subject to the conditions stated in Bursa's approval letter.

48. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(i) The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economic environments of the Group. Different measures taken by the governments and various private corporations to prevent the spread of the virus such as travel bans, closures of non-essential services, social distancing and home quarantine requirements may impact consumers' spending pattern and the Group's operations directly or indirectly. In addition, the outbreak of COVID-19 may also affect the recoverability of Group's trade receivables, other receivables and other financial assets that are subject to the expected credit loss assessment, the carrying amounts of the Group's plant and equipment, right-of-use assets, goodwill and inventories in the future. Given the widespread nature of the outbreak and the unpredictability of future development of COVID-19, the Group is unable to quantify the potential financial impact of the COVID-19 outbreak on the Group's 2020 financial statements reliably at this juncture.

48. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD (cont'd)

(ii) On 11 February 2020, PISB subscribed for the increase in share capital of 5,500,000 ordinary shares in KPSB for a total cash consideration of RM5,500,000 to retain its equity interest of 100%.

(iii) On 17 March 2020, Bursa granted an extension of time until 25 September 2020 for the Company to complete the implementation of the Proposed Private Placement.

(iv) On 31 March 2020, PISB subscribed for the increase in share capital of 1,450,000 ordinary shares in KPSB for a total cash consideration of RM1,450,000 to retain its equity interest of 100%.

(v) On 2 April 2020, the Company announced the withdrawal of the arbitration proceedings between the Company and MYTV. The withdrawal is on a without prejudice and without admission of liability basis. The parties are at liberty to file afresh their respective claims and demands if the parties are unable to execute a settlement agreement. On 6 May 2020, both parties entered into a settlement agreement to settle their disputes under or pursuant to the STB agreement.

(vi) On 12 May 2020, PISB subscribed for the increase in share capital of 3,000,000 ordinary shares in KPSB for a total cash consideration of RM 3,000,000 to retain its equity interest of 100%.

(vii) On 5 June 2020, PISB incorporated a wholly-owned subsidiary, Kiple ID Sdn. Bhd. in Malaysia with a total issued and paid-up capital of RM1.

(viii) On 5 June 2020, the Company proposed to diversify the existing principal activities of the Company and its subsidiaries to include cloud computing solutions and its related services ("Proposed Diversification"). The Proposed Diversification is subject to and conditional upon approvals being obtained from the following:

a) the shareholders of the Company at an extraordinary general meeting to be convened; and

b) any other relevant authority and/or party, if required.

(ix) On 16 June 2020, the Company entered into a term sheet with the shareholders of Xendity Pte Ltd ("Xendity") for the proposed acquisition of the entire equity interest in Xendity for a purchase consideration of United States Dollar ("USD") 10.0 million ("Purchase Price") ("Proposed Acquisition"). The Purchase Price is proposed be paid in the following manner:-

a) USD1,500,000 will be paid by cash within 14 days from the Unconditional Date, which is the date on which the last of the Condition Precedents is fulfilled or waived by the Company; and

b) USD4,000,000 will be settled through the issuance of new ordinary shares of the Company within 14 days from the Unconditional Date.

In addition, the Company will issue such number of new ordinary shares in the Company in a value equivalent to an amount up to USD4,500,000 to the shareholders of Xendity, subject to the achievement by Xendity of a total gross revenue of USD 6,749,000 in a period of two (2) years ending 31 December 2021 and 31 December 2022.

The Proposed Acquisition is subject to all conditions precedent being fulfilled.

(x) On 17 June 2020, PISB incorporated a wholly-owned subsidiary, Kiple Go Sdn. Bhd. in Malaysia with a total issued and paid-up capital of RM1.

NOTES TO THE **FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2019
cont'd

49. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised as an adjustment to the retained profits as at 1 January 2019 (date of initial application) without restating any comparative information.

The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

(a) Lessee Accounting

At 1 January 2019, for leases that were classified as operating leases under MFRS 117, the Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the Group's weighted average incremental borrowing rate at that date of 8%. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group has used the following practical expedients in applying MFRS 16 for the first time:-

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 January 2019;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

For leases that were classified as finance leases, the Group has recognised the carrying amount of the lease asset and lease liability immediately before 1 January 2019 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

The following table explains the difference between the operating lease commitments disclosed in the last financial year (determined under MFRS 117) and the lease liabilities recognised at 1 January 2019:-

	2018	
	The Group	The Company
	RM'000	RM'000
Operating lease commitments as at 31 December 2018 as disclosed in last financial year	2,531	1,194
Discounted using the incremental borrowing rate as at 1 January 2019	2,594	1,118
Add: Finance lease liabilities recognised as at 31 December 2018	260	260
Less: Recognition exemption for short-term leases	(605)	(605)
Lease liabilities recognised as at 1 January 2019	2,249	773

49. INITIAL APPLICATION OF MFRS 16 (cont'd)

(a) Lessee Accounting (cont'd)

The main impacts resulting from the adoption of MFRS 16 at 1 January 2019 are summarised below:-

Statements of Financial Position

	1 January 2019		
The Group	**As Previously Reported** RM	**MFRS 16 Adjustments** RM	**As Restated** RM
Right-of-use assets (Note 8)	-	2,233	2,233
Hire purchase payables (Note 27)			
- non-current liabilities	150	(150)	-
- current liabilities	110	(110)	-
Lease liabilities (Note 29)	-	2,249	2,249
Accumulated losses	(493,799)	(54)	(493,853)

	1 January 2019		
The Company	**As Previously Reported** RM'000	**MFRS 16 Adjustments** RM'000	**As Restated** RM'000
Right-of-use assets (Note 8)	-	800	800
Hire purchase payables (Note 27)			
- non-current liabilities	150	(150)	-
- current liabilities	110	(110)	-
Lease liabilities (Note 29)	-	773	773
Accumulated losses	(486,348)	(11)	(486,359)

ANALYSIS OF **SECURITIES**

As at 1 June 2020

STATEMENT OF SHAREHOLDINGS AND WARRANT HOLDINGS

Total Number of Shares Issued : 929,653,175
(Excluding 7,707,700 Treasury Shares)

Class of Shares : Ordinary shares

Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Range of shareholdings	No. of Holders	% of Holders	No. of Shares	% of Issued Shares
Less than 100	221	2.96	9,015	0.00
100-1,000	978	13.06	703,241	0.07
1,001-10,000	3,902	52.12	20,736,784	2.23
10,001-100,000	2,110	28.18	69,317,080	7.46
100,001 – 46,482,657	272	3.63	383,742,495	41.28
46,482,658 and above (*)	4	0.05	455,144,560	48.96
Total	**7,487**	**100.00**	**929,653,175**	**100.00**

Notes:

** - 5% and more of the issued holdings*

THIRTY LARGEST REGISTERED HOLDERS

No.	Name	No. of shares held	% of Issued Shares
1.	Kenanga Nominees (Asing) Sdn Bhd *Pledged securities account for Green Packet Holdings Ltd*	145,200,000	15.62
2.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	114,469,990	12.31
3.	Grandstead Sdn Bhd *Pledged securities account for Summit Synergy Limited*	100,000,000	10.76
4.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Puan Chan Cheong*	95,474,570	10.27
5.	Chin Boon Long	26,731,900	2.88
6.	Gemtek Technology Co., Ltd	26,273,280	2.83
7.	Kenanga Nominees (Asing) Sdn Bhd *Pledged securities account for Green Packet Holdings Limited (Third Party)*	24,000,000	2.58

ANALYSIS OF **SECURITIES**

As at 1 June 2020
cont'd

THIRTY LARGEST REGISTERED HOLDERS (cont'd)

No.	Name	No. of shares held	% of Issued Shares
8.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Chan Swee Ying*	19,252,400	2.07
9.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Kon Tek Yoong*	17,013,000	1.83
10.	Citigroup Nominees (Tempatan) Sdn Bhd *Great Eastern Life Assurance (Malaysia) Berhad (LGF)*	15,917,700	1.71
11.	Citigroup Nominees (Tempatan) Sdn Bhd *Great Eastern Life Assurance (Malaysia) Berhad (LBF)*	14,508,400	1.56
12.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Eng Mok Hock (08E00033Q-008)*	10,988,080	1.18
13.	Kenanga Investment Bank Berhad *IVT-(EDSP-OTC/ESH)*	10,000,000	1.08
14.	Valhalla Capital Sdn Bhd *Pledged securities account for Smart Wisdom Sdn Bhd*	9,330,700	1.00
15.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Loo Swee Weng*	8,484,040	0.91
16.	Grandstead Sdn Bhd	8,445,700	0.91
17.	Twinstar Century Sdn Bhd	7,776,500	0.84
18.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Yong Mong Huay*	7,157,300	0.77
19.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Lim Boon Hong*	6,630,000	0.71
20.	Pentagon Parade Sdn Bhd	6,526,100	0.70
21.	Chang, Jin-Yi	6,379,000	0.69
22.	Grandstead Sdn Bhd *Pledged securities account for Kenny Khow Chuan Wah*	6,000,000	0.65
23.	Tan Yew Sing	5,514,800	0.59
24.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Master Knowledge Sdn Bhd*	5,350,800	0.58
25.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Loh Lee Yin*	5,000,000	0.54
26.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Kon Tek Yoong (7001300)*	4,757,800	0.51
27.	Alies Anor Bin Abdul	4,730,000	0.51
28.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tan Chong Swee*	4,503,900	0.48
29.	Khan Bin Mohd Akram Khan	4,406,400	0.47
30.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Chan Weay Chia*	4,150,000	0.45
	TOTAL	**724,972,360**	**77.99**

ANALYSIS OF **SECURITIES**

As at 1 June 2020
cont'd

STATEMENT OF WARRANT HOLDINGS

Total Number of Warrants Issued & Unexercised : 404,297,768

Class of Warrants : Warrant 2018/2023

Maturity Date : 24 November 2023

Exercise Price : RM0.40 per warrant

Exercise Right : Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share of the Company

DISTRIBUTION OF WARRANT HOLDINGS

Range of Warrant Holdings	No. of Warrants Holders	% of Warrants Holders	No. of Warrants	% of Issued Warrants
Less than 100	16	0.36	533	0.00
100-1,000	128	2.86	73,160	0.02
1,001-10,000	1,311	29.32	8,976,100	2.22
10,001-100,000	2,344	52.43	94,539,375	23.38
100,001 – 20,214,887	672	15.03	300,708,600	74.38
20,214,888 and above (*)	0	0.00	0	0.00
Total	**4,471**	**100.00**	**404,297,768**	**100.00**

Notes:
** - 5% of total warrants unexercised*

THIRTY LARGEST REGISTERED WARRANT HOLDERS

No.	Name of Warrant Holders	No. of Warrants	% of Issued Warrants
1.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Affin Hwang Select Opportunity Fund (3969)*	17,846,800	4.41
2.	Cartaban Nominees (Tempatan) Sdn Bhd *TMF Trustees Malaysia Berhad for Affin Hwang Dana Malaysia*	12,887,900	3.19
3.	Kuak Juan Chee	5,889,900	1.46
4.	Citigroup Nominees (Tempatan) Sdn Bhd *Great Eastern Life Assurance (Malaysia) Berhad (LBF)*	4,800,000	1.19
5.	Tan Yew Sing	4,480,000	1.11
6.	RHB Nominees (Tempatan) Sdn Bhd *Carolyn Wong Tarnn Yoong*	4,000,000	0.99

ANALYSIS OF **SECURITIES**

As at 1 June 2020
cont'd

THIRTY LARGEST REGISTERED WARRANT HOLDERS (cont'd)

No.	Name of Warrant Holders	No. of Warrants	% of Issued Warrants
7.	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Yeoh Ooi Chat (E-BBB/BBA)*	3,800,000	0.94
8.	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Chang Soke Hun (E-BBB/RLU)*	3,700,100	0.92
9.	Amsec Nominees (Asing) Sdn Bhd *KGI Securities (Singapore) Pte Ltd for Puan Kan Yow (134753)*	3,700,000	0.92
10.	Term Boon Keng	3,054,000	0.76
11.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad for Affin Hwang Flexi Fundv*	3,000,000	0.74
12.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Pang Sar*	3,000,000	0.74
13.	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Vigneswaran a/l Ramakrishnan (E-KLC)*	3,000,000	0.74
14.	Puan Kam Fook	2,846,200	0.70
15.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Bong Lee Min*	2,600,000	0.64
16.	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Poh Seng Kian (TJJ/KEN)*	2,400,000	0.59
17.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for UBS AG Hong Kong (Foreign)*	2,394,780	0.59
18.	Anisa Seow Jing Ying	2,283,700	0.56
19.	Kenanga Nominess (Tempatan) Sdn Bhd *Ng Poh Hwa*	2,020,000	0.50
20.	Lim Pui Pheng	1,990,000	0.49
21.	Liew Wai Kiat	1,773,000	0.44
22.	Jane Yap Sin Yee	1,584,320	0.39
23.	Lai Yok Min	1,500,000	0.37
24.	Maybank Nominees (Tempatan) Sdn Bhd *Tey Tian Foo*	1,500,000	0.37
25.	Lai Kar Wai	1,400,000	0.35
26.	Nadia Ravindra	1,400,000	0.35
27.	Ooi Sing Hwat	1,400,000	0.35
28.	Saudagar Singh a/l Habira Singh	1,375,000	0.34
29.	Soh Chee Hooi	1,313,700	0.32
30.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged securities account for Bong Lee Min*	1,300,000	0.32
	TOTAL	**104,239,400**	**25.78**

SUBSTANTIAL SHAREHOLDERS' AND **DIRECTORS' INTEREST**

As at 1 June 2020

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of the Company were as follows:

	Direct (A)		Indirect (B)			
Shareholders	**No. of shares**	**%**	**No. of shares**	**%**	**Total interest**	**%**
Green Packet Holdings Ltd	169,200,000	18.20	-	-	-	-
Puan Chan Cheong	95,984,924	10.32	169,200,000[ø]	18.20	265,184,924	28.52
Tan Sri Dato' Kok Onn	-	-	169,200,000[ø]	18.20	-	-
Summit Synergy Limited	100,000,000	10.76	-	-	-	-
Kendall Court Madam Limited	-	-	100,000,000[○]	10.76	-	-

DIRECTORS' INTEREST

The Directors' Interest in the shares and warrants of the Company and its related companies were as follows:

	Direct		Indirect		Direct		Indirect	
Directors	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Warrants**	**%**	**No. of Warrants**	**%**
Puan Chan Cheong	95,984,924	10.32	169,200,000[ø]	18.20	-	-	-	-
Boey Tak Kong	2,230,000	0. 24	-	-	1,000,000	0. 25	-	-

Notes:

[ø] *Deemed interested by virtue of their substantial shareholdings in Green Packet Holdings Ltd to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016.*

[○] *Deemed interested by virtue of its substantial shareholdings in Summit Synergy Limited to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016.*

Other than disclosed above, none of the other directors holding office had no interest in shares and warrants in the Company or its related corporations.

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the 18th Annual General Meeting ("AGM") of Green Packet Berhad ("the Company") will be held at Ballroom I & II, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor, Malaysia ***("Resort")*** on Thursday, 23 July 2020 at 9:30 a.m.

In view of the constant evolving Covid-19 situation in Malaysia, we may be required to change the arrangement of our Annual General Meeting at short notice. Kindly visit Bursa Malaysia Securities Berhad's website and the Company's website at www.greenpacket.com

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019, together with the Reports of the Directors and the Auditors thereon.

2. To re-elect the following Directors who retire by rotation in accordance with Clause 99 of the Company's Constitution and who being eligible offer themselves for re-election:

   a) Tan Sri Datuk Dr Haji Omar Bin Abdul Rahman ***(Resolution 1)***

   b) Mr Puan Chan Cheong ***(Resolution 2)***

3. To elect Datuk Ng Soon Hong who retires in accordance with Clause 105 of the Company's Constitution and being eligible offer himself to be re-elected. ***(Resolution 3)***

4. To approve the following payments to the Non-Executive Directors:

   a) Directors' fees of RM205,160 for the financial year ending 31 December 2020 for the Non-Executive Directors. (2019: RM297,388); and ***(Resolution 4)***

   b) Directors' benefits payable to the Non-Executive Directors of up to the amount of RM100,000, from 24 July 2020 until the next Annual General Meeting of the Company. ***(Resolution 5)***

5. To appoint Messrs. Crowe Malaysia PLT as Auditors of the Company and to authorize the Directors to fix their remuneration. ***(Resolution 6)***

6. To transact any other business appropriate to an Annual General Meeting, for which due notice shall have been given in accordance with the Company's Constitution and/ or the Companies Act 2016.

7. **Special Resolution - Proposed Amendment to Clause 62 of the Constitution of the Company**

   "THAT approval be and is hereby given to the Company to amend the existing clause in the Constitution of the Company with immediate effect in the manner as follow:"

NOTICE OF **ANNUAL GENERAL MEETING**
cont'd

Issue of securities

Clause 62
Subject to the provisions of these Clauses and notwithstanding the existence of a resolution pursuant to Section 76 of the Act, the Company shall ensure that it shall not issue any Shares or convertible securities if the total number of those Shares or convertible securities, when aggregated with the total number of any such Shares or convertible securities issued during the preceding twelve (12) months, exceeds ten percent (10%) of the total number of issued Shares (excluding treasury shares) 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.

Amended Clause 62
Subject to the provisions of these Clauses and the Listing Requirements and notwithstanding the existence of a resolution pursuant to Section 76 of the Act, the Company shall ensure that it shall not issue any Shares or convertible securities if the total number of those Shares or convertible securities, when aggregated with the total number of any such Shares or convertible securities issued during the preceding twelve (12) months, exceeds such maximum percent allowed by Bursa Securities from time to time, of the total number of issued Shares (excluding treasury shares) 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. ***(Resolution 7)***

8. **Ordinary Resolution 1 - Authority Renewal of Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016**

"**THAT** subject to the passing of the Special Resolution and pursuant to Sections 75 and 76 of the Companies Act, 2016, the Company's Constitution and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the total issued shares of the Company (excluding treasury shares) for the time being and such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." ***(Resolution 8)***

9. **Ordinary Resolution 2 - Proposed Retention of Independent Non-Executive Director**

"**THAT** Encik A.Shukor Bin S. A. Karim who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, shall continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code of Corporate Governance." ***(Resolution 9)***

NOTICE OF **ANNUAL GENERAL MEETING**
cont'd

10. **Ordinary Resolution 3 – Proposed Grant to Puan Chan Cheong**

"**THAT** approval be and is hereby given to the Directors to grant ordinary shares in the Company ("**Green Packet Berhad**") Shares, from time to time throughout the duration of the Share Grant Scheme ("SGS") approved by shareholders at the Extraordinary General Meeting held on 12 September 2018, to Puan Chan Cheong, the Group Managing Director and Chief Executive Officer of the Company, provided always that:

(a) not more than 60% of the maximum number of Green Packet Berhad Shares which may be made available under the SGS (i.e. in aggregate 15% of the total number of issued shares of the Company (excluding treasury shares) at any point in time during the duration of the SGS) ("**Maximum SGS Shares**") shall be allocated in aggregate to the executive directors and senior management of the Company and its subsidiaries (excluding subsidiaries which are dormant); and

(b) not more than ten percent (10%) of the Maximum SGS Shares shall be allocated to any eligible executive director and employee of the Company and its subsidiaries (excluding subsidiaries which are dormant) ("**Eligible Person**") who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares), subject always to such terms and conditions of the By-Laws governing the SGS and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authorities, as amended from time to time.

AND THAT the Directors be and is hereby authorized to issue and allot new Green Packet Berhad Shares and/or transfer existing Green Packet Berhad Shares pursuant to the SGS to him from time to time pursuant to the vesting of his Green Packet Berhad Shares" ***(Resolution 10)***

BY ORDER OF THE BOARD
Tai Siew May (MAICSA 7015823)
Company Secretary

Petaling Jaya, Selangor
30 June 2020

Notes:

1. *A member entitled to attend and vote at this meeting is entitled to appoint proxy/proxies to attend and vote in his stead but his attendance shall automatically revoke the proxy's authority. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without limitation. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.*

2. *A member shall be entitled to appoint up to three (3) proxies to vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*

3. *Where a Member of the Company is an Authorised Nominee, it may appoint at least one (1) proxy but limited to three (3) proxies in respect of each Securities Account it holds with Securities of the Company standing to the credit of the said Securities Account.*

NOTICE OF **ANNUAL GENERAL MEETING**
cont'd

4. *Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ('**Omnibus Account**') as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the Exempted Authorized Nominee may appoint in respect of each Omnibus Account it holds.*

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

6. *The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*

7. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance to Clause 71 of the Company's Constitution and Section 34(1) of the SICDA, a Record of Depositors as at 16 July 2020. Only a Depositor whose name appears on the Record of Depositors as at 16 July 2020 shall be entitled to attend this meeting or appoint proxies to attend, speak and vote on his / her behalf.*

8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 18th AGM will be put to vote by way of poll.*

Audited Financial Statements for the financial year ended 31 December 2019

The Audited Financial Statements are for discussion only as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item will not be put for voting.

EXPLANATORY NOTE ON ORDINARY BUSINESS:

Ordinary Resolution 5: Payments to Non-Executive Directors:

The benefits payable to Non-Executive Directors consists of meeting allowances of RM1,000 per meeting for Board and Board committees meeting. At the 17th AGM held on 19 June 2019, the benefits payable to Non-Executive Directors of the Company from 20 June 2019 until 18th Annual General Meeting on 23 July 2020 (based on the schedule meetings up to the date of this Notice of Meeting) would be RM92,000.

Ordinary Resolution 6:

The Auditors, Messrs. Crowe Malaysia PLT, have expressed their willingness to continue in office.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1) ***Resolution 7 (Special Resolution)*** *– The proposed amendment to Clause 62 of the existing Constitution of the Company is to allow the Company to issue such maximum percent of new shares pursuant to Sections 75 and 76 of the Companies Act, 2016, allowed by Bursa Malaysia Securities Berhad from time to time.*

   Amid the unprecedented uncertainty surrounding the recovery of the coronavirus Covid-19 pandemic, Bursa Malaysia Securities Berhad had, as an interim measure, allow listed issuers to seek a higher general mandate of not more than 20% of the total issued shares (excluding treasury shares) for issue of new securities.

NOTICE OF **ANNUAL GENERAL MEETING**
cont'd

2) ***Ordinary Resolution 8*** *- if passed, will empower the Directors of the Company to issue shares up to 20% of the total issued shares (excluding treasury shares) of the Company at the time of such issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. The Company had at the last Annual General Meeting held on 19 June 2019 obtained the mandate from shareholders to allot up to a maximum of 10% of the total issued shares of the Company. Amid the unprecedented uncertainty surrounding the recovery of the coronavirus Covid-19 pandemic, Bursa Malaysia Securities Berhad had, as an interim measure, allow listed issuers to seek a higher general mandate of not more than 20% of the total issued shares (excluding treasury shares) for issue of new securities, and the Directors is desirous to seek shareholders' approval for this higher general mandate in order to raise funds expeditiously and efficiently during this challenging time. This would enable the Directors to take swift action in case of a need to meet funding requirements including but not limited to working capital, operational expenditure or in the event of business opportunities arise which involve the issuance of new shares, thus avoiding any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This renewed mandate, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.*

   On 10 September 2019, RHB Investment Bank Berhad had on behalf of the Directors announced that the Company proposes to undertake a private placement of up to 10% of the total number of issued shares of the Company (excluding treasury shares) in accordance with the general mandate granted to the Directors at the last Annual General Meeting held on 19 June 2019. The proceeds to be raised will be used for, among others, future viable investment(s), working capital for the digital services segment – financial technology and general working capital. As at the date of this Notice, no new shares of the Company were issued pursuant to the said general mandate, which mandate will lapse at the conclusion of the forthcoming Annual General Meeting.

3) ***Ordinary Resolution 9*** *- if passed, will allow Encik A. Shukor Bin S.A. Karim to be retained and continue to act as an Independent Non-Executive Director of the Company.*

   The Nomination Committee and the Board have assessed the independence of Encik A. Shukor Bin S.A. Karim and recommended him to continue to act as an Independent Non-Executive Director of the Company. The Board's justifications for the retention of Encik A. Shukor Bin S.A. Karim are set out in the Statement of Corporate Governance in this Annual Report.

4) ***Ordinary Resolution 10*** *- if passed, will allow Mr Puan Chan Cheong to be eligible and entitled for the SGS of the Company. He was re-designated on 1 July 2019 from Non-Independent Non-Executive Director to Group Managing Director and Chief Executive Officer.*

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

(i) *The profile of the Directors who are standing for election and re-election (as per Resolution 1 to 3 as stated above) at the 18th Annual General Meeting of the Company are set out in the "Board of Directors' Profile" section of pages 26 to 31 of the Company's Annual Report 2019.*

(ii) *The details of any interest on securities held by the said Directors are set out in the "Directors' Report" section on page 91 and Analysis of Securities section on page 232 of the Company's Annual Report 2019.*

(iii) *All independent Non-Executive Directors have satisfied the independent test as defined in Chapter 1 of the Main Market Listing Requirement.*

   The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors with their ability to act in the interest of the Company in providing unbiased views and impartiality during the Board's deliberations and decision-making process. The Board is of the view that the length of service of the Independent Directors on the Board do not in any way interfere with their independent judgement and ability to act in the best interest of the Group.

General Mandate for the Issuance and Allotment of New Shares

Please refer to the explanatory notes on Special Business (as per Resolution 9) in the Notice of the 18th Annual General Meeting set out in pages 236 to 237 of this Annual Report.

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Form of **Proxy**

GREEN PACKET BERHAD
[Registration No. 200001032335 (534942-H)]
(Incorporated in Malaysia)

greenpacket

I/We _____ NRIC/Passport/Company No. _____ Tel: _____

of _____

being a Shareholder of the Company, hereby appoint *THE CHAIRMAN OF THE MEETING or failing him:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)
1.			
*And/or (delete as appropriate)			
2.			
*And/or (delete as appropriate)			
3.			

as my/our proxy/proxies, to vote for me/us on my/our behalf at the 18th Annual General Meeting of the Company to be held at Ballroom I & II, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor, Malaysia *("**Resort**")* on Thursday, 23 July 2020 at 9:30 a.m. or at any adjournment thereof.

* *If you wish to appoint other person/persons to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting or failing him" and insert the name/names of the person/persons desired.*

My/our proxy/proxies is/are to vote as indicated below:

NO.	RESOLUTIONS	First Proxy "A"		Second Proxy "B"		Third Proxy "C"	
		FOR	AGAINST	FOR	AGAINST	FOR	AGAINST
1.	To re-elect Tan Sri Datuk Dr Haji Omar Bin Abdul Rahman as Director.						
2.	To re-elect Mr Puan Chan Cheong as Director.						
3.	To elect Datuk Ng Soon Hong as Director.						
4.	Payment of Directors' fees of RM205,160 for the financial year ending 31 December 2020.						
5.	Payment of Directors' benefits payable to the Non-Executive Directors of up to RM100,000.						
6.	Appoint Messrs. Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.						
7.	**Special Resolution:** Proposed Amendment to Clause 62 of the Constitution of the Company						
8.	**Ordinary Resolution 1:** Authority Renewal of Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016.						
9.	**Ordinary Resolution 2:** Proposed retention of Encik A. Shukor Bin S.A. Karim as Independent Non-Executive Director.						
10.	**Ordinary Resolution 3:** **Proposed Grant to Mr Puan Chan Cheong**						

(Please indicate with a cross (X) in the space provided, how you wish your vote to be cast in respect of the above resolutions. If you do not do so, the proxy may vote or abstain at his/her discretion.)

Dated this _____ day of _____ 2020

_____
Signature of Shareholder/Common Seal of Shareholder

Number of shares held:	
CDS Account No.:	
Contact No:	

Notes:

1. *A member entitled to attend and vote at this meeting is entitled to appoint proxy/proxies to attend and vote in his stead but his attendance shall automatically revoke the proxy's authority. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without limitation. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.*
2. *A member shall be entitled to appoint up to three (3) proxies to vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
3. *Where a Member of the Company is an Authorised Nominee, it may appoint at least one (1) proxy but limited to three (3) proxies in respect of each Securities Account it holds with Securities of the Company standing to the credit of the said Securities Account.*
4. *Where a Member of the Company is an Exempt Authorized Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ('**Omnibus Account**') as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the Exempted Authorized Nominee may appoint in respect of each Omnibus Account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing and if the appointer is a corporation/company, either under its common seal or the hands of its attorney.*
6. *The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
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AFFIX
STAMP

BOARDROOM SHARE REGISTRARS SDN BHD

(Registration No. 199601006647) 378993-D)

11th Floor, Menara Symphony,
No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

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