greenpacket

ANNUAL REPORT 2020

20th anniversary

Green Packet is a global technology solutions company, providing Digital Devices, Infrastructure and Services that will enable the delivery of life-improving digital innovations and experiences into the hands of the masses.

Driven by our massive transformative purpose to ensure that every human must thrive with life-improving digital innovations, our digital offerings enable all of our customer segments - consumers, small-medium enterprises (SMEs), enterprises and governments - to create transformative impact to their businesses and lives.

We are committed in our goal of being an integrated, end-to-end digital solutions provider, pivoted on the **A-B-C-D-E-F-G** of technology: A for Artificial Intelligence, B for Blockchain, C for Cloud Computing, D for Big Data, E for Internet of Everything, F and G for Five (5) G.

Green Packet is anchored on five key business pillars that will drive its business growth.

Digital Solutions, operating under the Kiple brand, provides digital and financial services targeted at consumers' and SMEs' needs. Our services range from payment gateways to social selling solutions and e-wallets to serve the wider community needs.

Digital Platforms, encompassing enterprise solutions, cloud solutions and data centres which operate under the Green Packet brand, provide platforms, infrastructure and solutions to large enterprises and government clients, such as customised wallet-as-a-service (WAAS) and platform-as-a-service (PAAS). On the back of a 10-year agreement with China's Tencent Cloud, we will roll out cloud services such as managed services, security services, IaaS, PaaS and SaaS in Malaysia. NGT Communications, which wholesales roaming voice minutes and data, is expanding into application-to-person (A2P) messaging and data centre wholesale as part of its growth strategy.

Our Timeline greenpacket

2000

Green Packet was first incorporated in Cupertino, California

2005

Green Packet was listed on the ACE Market of Bursa Malaysia

2007

Green Packet transferred to Main Market of Bursa Malaysia and surpassed USD $1billion market cap

2015

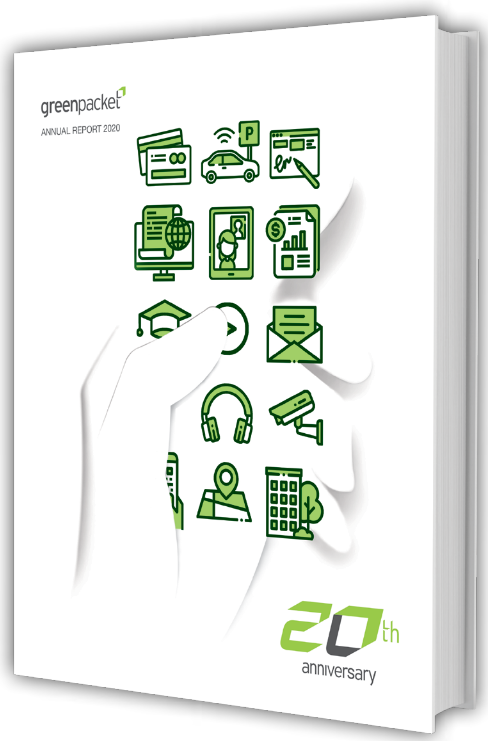
Obtained Wimax license and became a Telco through Packet One Networks

2017-2019

Green Packet started its venture in Solutions, Communications and Digital Services (Financial Technology, Internet-of-Things ('IOT')).

2020 & beyond

Continue the expansion of digital service offerings into developing safe, cashless, and digital communities and enterprises



COVER RATIONALE

At Green Packet, we are bringing the world to your fingertips. Every day, our Packeteers are innovating, creating transformative solutions and serving our customers to the best of our ability, driven by our core values which we strongly uphold. We remain deeply committed to make the impossible, possible and will continue to push the limits in all that we do as we strive to positively impact customers and create long-term sustainable value for our stakeholders.

Scan here

As part of our commitment to the environment, this Annual Report is available online at: https://greenpacket.com/annual-reports

This icons tells you where you can find more information online at www.greenpacket.com

This icons tells you about COVID-19 related information during this year's pandemic

This icons tells you where you can find more information inside this report

As an organisation that values the importance of meaningful purpose behind every action, Green Packet is primarily driven by its Massive Transformative Purpose, which is “Every Human Must Thrive with Life Improving Digital Innovations”. We believe that embracing digital transformation has the tremendous potential to improve the lives of many across every layer of society, and ultimately every single one of our business thrusts will be geared towards supporting this Purpose. We also believe that making technology accessible and inclusive to the masses will unleash human potential at an unprecedented scale.

Driving this purpose is a whole community of passionate and driven individuals in the Group who collectively strive for constant growth while delivering meaningful outcomes to our people, customers, businesses, and investors alike.

OUR CORE VALUES

Grit

You are dedicated to the long-term vision and have the resilience to use creative problem-solving in overcoming obstacles to complete your short-term goals and milestones	You keep pushing to achieve your personal best	You do your best to make it work, no matter the circumstances or challenges

Collaboration

You know how to leverage inter-Business Unit strengths and offerings to deliver an exponentially better and impactful project/ business outcome	You build trust beyond your immediate team (with other Business Units and Corporate Units)	You are collaborating to co-create meaningful work/value which directly impacts the organisation

Innovation

You are proactively exploring better ways of solving problems and identifying new opportunities	You have a curious mindset by always having a different perspective on things

Empathy

You put customers/users at the centre of everything you do, listening to them and prioritising their needs	You treat people with respect regardless of their status or disagreement with you	You listen well and seek to understand before responding

Courage

You are willing to challenge the status quo, do the right thing and improve customer outcomes	You have the courage to embrace uncertainty, to fail and to learn fast

ABOUT GREEN PACKET

Green Packet Berhad ("Green Packet") is an internationally recognised technology solutions company providing digital solutions, platforms and infrastructure. Celebrating its 20th anniversary in 2020, Green Packet continues to serve the community by providing solutions that drive progress and building platforms that inspire others to innovate. Motivated by our massive transformative purpose ("MTP") to ensure that every human must thrive with life-improving digital innovations, Green Packet's digital offerings enable all our customer segments — consumers, small-medium enterprises ("SMEs"), enterprises and governments — to create transformative impact on their businesses and lives.

ABOUT GREEN PACKET

The humble beginnings of Green Packet began in the year 2000 when it was founded in the heart of California's Silicon Valley. It was subsequently listed on the Malaysian Stock Exchange five years later. In 2007, Green Packet crossed USD1 billion in market capitalisation, making it the original Malaysian tech unicorn. Headquartered in Petaling Jaya, Malaysia, with branch offices in China, Singapore, Hong Kong and Taiwan, Green Packet serves more than 100 clients in over 70 countries worldwide.

Throughout the years, Green Packet has developed many firsts in the technology industry, including the world's first Multi-Mode LTE Modem and WiMAX Modem that allow users to experience the best 4G connection on a single device anytime, anywhere. In conjunction with this, Green Packet has built hundreds of interconnections in global telecommunications, enabling us to be one of the largest non-telecommunication wholesale operators. Since then, Green Packet has continuously ventured into various businesses and technologies, strengthening its digital services and solutions portfolio with constant innovations and new initiatives.

Green Packet today is anchored on three business segments – Digital Infrastructure & Devices, Digital Services, and Investment. Within these segments we leverage our five key business pillars – Smart Devices; Smart City, Urban Tech and HDC (Hyperscale Data Centre); Cloud & Enterprise Services; Digital & Financial Services; as well as Early and Late-stage Investments – to build on our future forward potential.

As an organisation, we strive to create continuous digital growth opportunities and positively impact the world around us. Our solutions, platforms and infrastructure help drive productivity, competitiveness, market access and convenience for our customers.

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

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

Datuk Ng Soon Hong
Senior Independent Non-Executive Director

Sharman A/L Arumugam
Independent Non-Executive Director

Syafinaz Merican Binti Isahak Merican
Independent Non-Executive Director

AUDIT COMMITTEE
Sharman A/L Arumugam (Chairman)
Syafinaz Merican Binti Isahak Merican
A. Shukor Bin S.A. Karim

NOMINATION COMMITTEE
Datuk Ng Soon Hong (Chairman)
Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman
Syafinaz Merican Binti Isahak Merican

TALENT AND REMUNERATION COMMITTEE
Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman (Chairman)
Sharman A/L Arumugam
A. Shukor Bin S.A. Karim
Puan Chan Cheong

SHARE GRANT SCHEME COMMITTEE
Tan Kay Yen (Chairman)
Puan Chan Cheong
A. Shukor Bin S.A Karim
Ku Kok Peng

SUSTAINABILITY COMMITTEE
Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman (Chairman)
Tan Kay Yen
Ku Kok Peng

COMPANY SECRETARY
Tai Siew May
(MAICSA 7015823 / SSM Practising Certificate No.: 202008004328)

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 Wilayah Persekutuan 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 Wilayah Persekutuan
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

CORPORATE STRUCTURE

- **Worldline Enterprise Sdn Bhd** [199101012020 (222332-T)] — 100 %
  - **Shenzhen Memo Technology Co. Ltd** (91440300398400441W) — 49 %
- **Green Packet International Sdn Bhd** [200601031915 (751674-V)] — 100 %
- **Packet One Sdn Bhd** [200601018937 (738690-H)] — 100 %
- **Kiple Digital Sdn Bhd** (f.k.a Kiple Media Sdn Bhd) [201701031788 (1245958-T)] — 100 %
- **Green Packet Cloud Sdn Bhd** [202001022521 (1378841-U)] — 100 %
- **X Bamboo Fund I Sdn Bhd** (f.k.a Kiple Capital Sdn Bhd) [202001023849 (1380169-D)] — 100 %
- **Kiple X Sdn Bhd** [202001026313 (1382633-V)] — 100 %
- **Green Packet Capital Sdn Bhd** [202001042333 (1398654-V)] — 100 %
- **Rypcot Assets Sdn Bhd** [202101004703 (1405002-W)] — 100 %
- **GP Smart City Sdn Bhd** [202101014316 (1414616-M)] — 100 %
- **First Wireless Sdn Bhd** [200601008484 (728234-V)] — 70 %
- **Kiple Kendall Capital Partners Sdn Bhd** [202001029828 (1386148-D)] — 51 %
- **G3 Global Berhad** [200201002733 (570396-D)] — 14.20 %

- **Enrich Bonus Sdn Bhd** [201601009389 (1180317-H)] — 100 %
  - **Kiple Technology Co. Ltd.** (91510100MA6CWC9R4E) — 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 %

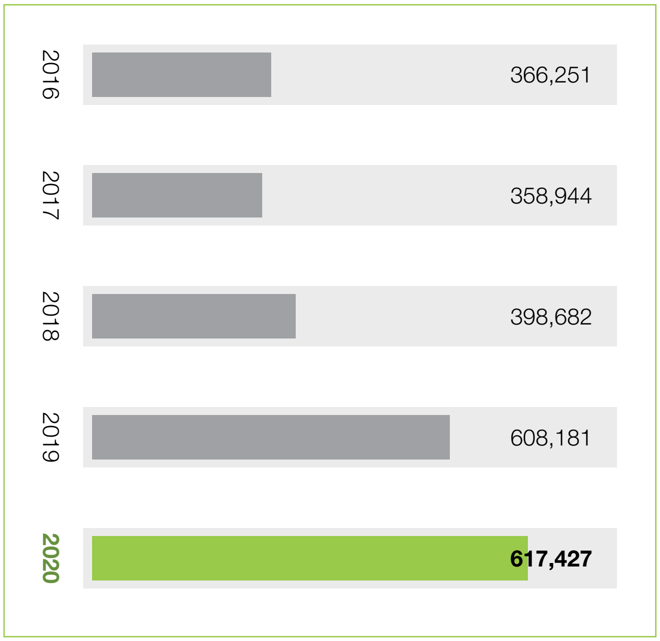
- **Packet Interactive Sdn Bhd** [200701007787 (765789-H)] — 100 %
  - **Kiple Go Sdn. Bhd.** [202001014629 (1370949-V)] — 100 %
  - **T-Melmax Sdn. Bhd.** [200201025887 (593550-D)] — 51 %

- **Xendity Pte Ltd** (201704574Z) — 100 %
  - **Xendity Sdn Bhd** [201701039654 (1253826-D)] — 100 %
- **Green Packet (S) Pte Ltd** (200919726H) — 100 %
- **Roadmio Technologies Pte. Ltd** (201912888M) — 100 %
  - **Roadmio Technologies Corporation** (82953027) [Under Member's Voluntarily Winding – Up] — 100 %

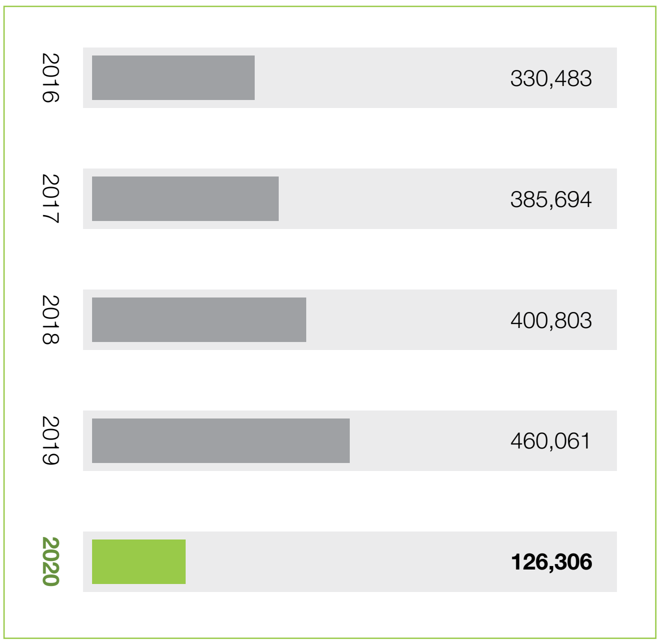
- **Green Packet Academy Sdn Bhd** [202101015276 (1415576-W)] — 100 %
- **Green Packet Networks (Taiwan) Pte Ltd** (28681597) — 100 %
- **Green Packet (Shanghai) Ltd** (91310115761637268E) — 100 %
- **Next Telecommunications Sdn Bhd** [199601021209 (393561-A)] — 100 %
  - **NGT Networks Pte Ltd** (200706773E) — 100 %
    - **NGT Networks Global Limited** (2784928) — 100 %
    - **Packet Interactive Entertainment (M) Sdn Bhd** [201801005565 (1267579-A)] — 40 %
      - **Funsea Interactive Entertainment (M) Sdn Bhd** [201801005567 (1267581-D)] — 100 %
      - **Funsea Interactive Entertainment (Cambodia) Co Ltd** (00038190) — 100 %
      - **Funsea Interactive Entertainment (Thailand) Co Ltd** (0105561104976) — 99.80 %
  - **Vivohub Mobile Pte Ltd** (201720482G) — 60 %

5-YEAR FINANCIAL HIGHLIGHTS

REVENUE
(MYR'000)



TOTAL LIABILITIES
(MYR'000)



Profitability
Revenue
Profit/(Loss) after taxation
Key Balance Sheet Items
Total Assets
Total Liabilities
Total Equity
No. of Shares in Issue
Segmental Information
Revenue
- Solution
- Broadband Services
- Communication/Voice Services
- Digital Services
- Elimination
Profit Before Taxation by Pillar
- Solution
- Broadband Services
- Communication/Voice Services
- Digital Services
- Finance Cost
- Share of Results of Associates
- Gain/(loss) on dilution and fair value adjustments

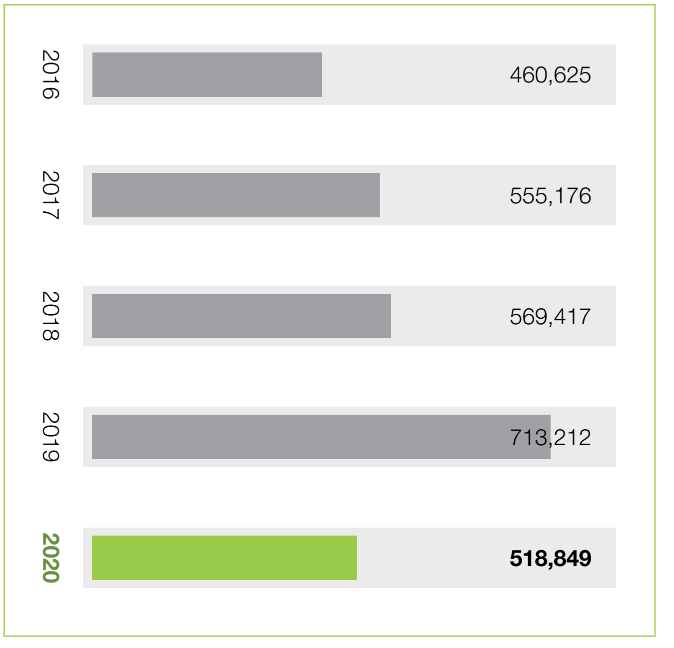
[1] *Notional finance costs due to interests costs imputed on Irredeemable Convertible Preference Shares-deferred liabilities Component. For 2016, the notional finance cost was due to interest for Exchangeable Medium Term Notes; Guaranteed Redeemable Convertible Exchange Bonds ("GCEB"); term loan and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

[2] *For 2016, the share of loss of associates are from Webe and Yen Global Berhad (now known as G3 Global Berhad).*

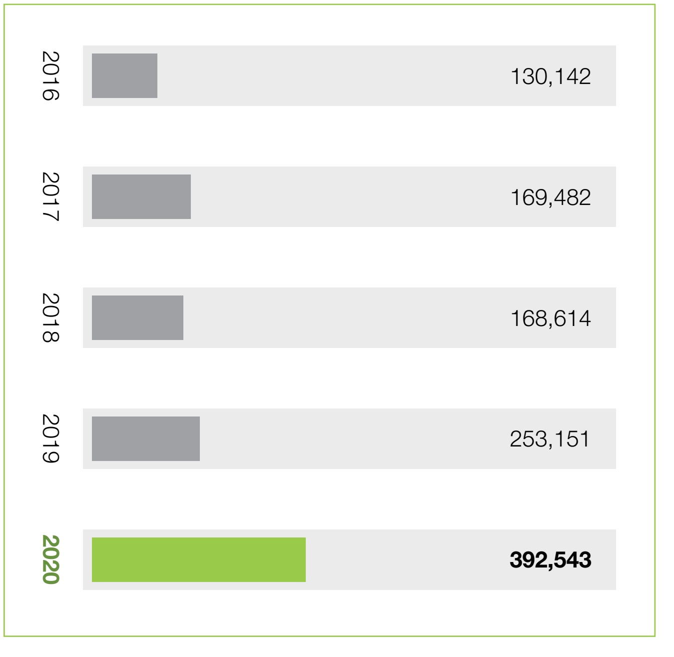
5-YEAR FINANCIAL HIGHLIGHTS

2016	2017	2018	2019	**2020**
366,251	358,944	398,682	608,181	**617,427**
70,664	(16,578)	(62,504)	(51,507)	**(74,674)**
460,625	555,176	569,417	713,212	**518,849**
330,483	385,694	400,803	460,061	**126,306**
130,142	169,482	168,614	253,151	**392,543**
690,447	758,721	908,923	933,533	**1,164,422**
153,290	126,323	78,848	78,397	**124,695**
-	-	-	-	**-**
234,499	256,458	351,511	840,858	**831,754**
-	2,327	2,936	6,237	**9,451**
(21,538)	(26,164)	(34,613)	(317,311)	**(348,473)**
366,251	358,944	398,682	608,181	**617,427**
(7,031)[3]	(2,584)	(15,817)	(18,304)	**(38,577)**
-	-	-	-	**-**
7,034	1,309	(10,748)	(9,133)	**1,848**
-	(5,946)	(11,676)	(29,138)	**(29,260)**
(16,081)[1]	(17,667)[1]	(19,431)[1]	(21,028)	**(15,318)**
(56,617)[2]	(2,620)	(6,506)	(5,017)	**(3,386)**
147,638	10,082	534	30,471[4]	**10,162**
74,943	(17,426)	(63,644)	(52,149)	**(74,531)**

TOTAL ASSETS
(MYR'000)



TOTAL EQUITY
(MYR'000)



3. *For 2016, there is impairment of development costs, goodwill, intellectual property and inventories of RM12,566,00.*

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

MESSAGE FROM THE CHAIRMAN

Dear Valued Stakeholders,

It gives me great pride to present to you Green Packet Berhad's ("Green Packet" or "the Group") Annual Report for the Financial Year 2020.

Despite the challenging operating environment resulting from the COVID-19 pandemic, Green Packet has done well as a Group in responding to the needs of the market and our staff have kept their spirits and heads up to ensure that we are agile in adjusting the way we work to ensure business continuity. The grit, collaboration and courage that was exhibited by all was truly inspiring.

Anchored upon our Massive Transformative Purpose ("MTP"), the Group believes that 'every human must thrive with life-improving digital innovations', a conviction in the power of digital transformation to improve the lives of everyone at all levels of society. This conviction is the motivation that drives Green Packet's transformation towards becoming a comprehensive technology solutions company. By uniting the community of people within the Group behind a common mission, we are driven to make technology exponentially more accessible and inclusive for everyone and in the process unleash human potential at scale. It is most heartening that our commitment to promoting prosperity through digital transformation coincides with the government's new digital economy initiatives.

TAN SRI DATUK DR. HAJI OMAR BIN ABDUL RAHMAN
Chairman

For more information about Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman, please refer to the Board of Director's Profiles on pages 42

MESSAGE FROM THE CHAIRMAN

Resilience amidst economic turmoil

The Malaysian economy contracted by 5.6% in 2020 with the retail and travel sectors hit the hardest. The digital economy trended in the opposite direction as traditional businesses adopted digitalisation at an unprecedented pace. Many SMEs realised that going digital created alternative distribution channels for their products, while others realised that digital marketing allowed them to reach new audiences.

Meanwhile, digital economy markers such as total bandwidth consumption, duration of online engagement, e-commerce spending, food deliveries and consumption of digital content all increased significantly. All these factors contributed towards the Group's ability to perform during a time when the broader economy was contracting.

For the financial year 2020 ("FY2020"), Group revenue increased by 1.5% from RM608.2 million to RM617.4 million. Despite the improved top-line numbers, the overall earnings before interest, tax, depreciation, and amortisation ("EBITDA") loss widened to RM49.5 million while loss after tax ("LAT") increased to RM74.7 million. The losses sustained were due to the continued strategic investment in new digital services as the Group lays the foundation for robust growth in the near future.

This year, we saw our pioneering businesses, namely Solutions and Communications turn around to the black, which helped to cushion the Group's financial performance from external volatilities.

Adapting to a new normal

While the COVID-19 pandemic created tremendous disruptions all over the world, the Group was resilient in its ability to weather the turbulence.

At the start of 2020, like most companies, our solutions and devices business were affected by supply chain disruptions due to the lockdowns in China. That scenario was quickly resolved with full production capacity back online by Q2 2020 and the business saw improvement as more people started working from home ("WFH") and telcos opted to use more Fixed Wireless Access ("FWA") capabilities to meet the increasing demand.

While deliberating on our MTP, we realised that as the pandemic took its toll on the livelihoods of everyday Malaysians, going digital was a way for small businesses to survive the disruptions caused by the Movement Control Order ("MCO"). In May 2020, we launched the We Are Ready ("WAR") campaign to help businesses power their digital transformation and for workplaces to restart.

There was an overwhelmingly positive response to the campaign, particularly for our kipleLive solution comprising thermal scanners, facial recognition, and cloud hosted services. This also included an app for customers, employees or visitors and software for business owners that helped to capture the necessary information relevant to managing with require to manage the spread of the virus, while still being able to operate their business and earn a living.

Our team adapted well to the WFH routine and seamlessly adhered to the government-imposed SOPs for businesses without suffering productivity losses or any reduction in customer experience or service. The Group's DNA as a technology solutions company and our digital-first approach made adjusting to the new normal a lot more seamless.

Concurrent with that, we contributed our part to positively impacting the environment in which we operate, committed to continuously enhancing shareholder value by maintaining high standards of corporate governance in our business operations, promoted responsible practices, managed environmental impacts as well as supported the social needs of the community and nation.

Details on these initiatives are made available in Green Packet's Sustainability Report and Corporate Governance on pages 22 and 50 respectively.

Laying the groundwork for our digital future

In 2020, the Group settled almost all its debts following the disposal of our stake in Webe Digital Sdn Bhd, which put us in a strong financial position to power our strategy for future growth.

Underpinning this new strategy were the acquisitions and investments we have made and the strategic partnerships we have entered into. The Group has an exclusive 10-year partnership with Tencent Cloud to offer cloud-based services in Malaysia and leveraged this partnership to announce the development of Malaysia's first hyperscale Data Centre with Tencent as the anchor customer.

To further boost our digital services footprint, we completed the acquisition of e-KYC software firm Xendity, which bolsters our e-KYC capability to further strengthen our Digital and Financial Services provision.

MESSAGE FROM THE CHAIRMAN

Green Packet 5.0: Embracing the digital future

Technology is nothing new for Green Packet since our formation 20 years ago, as evidenced by our participation in various technological shifts over the years. The advent of true technological shift in this day and age is in the seamless integrated application of these '**A-B-C-D-E-F-G**' of technologies – Artificial Intelligence, Blockchain, Cloud Computing, Big Data, the Internet of Everything and Five (5) G.

Given the massive opportunities that will arise from this shift, the Group has made strategic investment into digital transformation, that will allow us to not only capitalise on these opportunities but also build up future resilience for our business and to be agile in responding to future market disruptions, across our target market segments.

As such, we have taken the bold move to reorganise our business into Green Packet 5.0 across five key business pillars with strong growth potentials, which we envision will take us steadily into the path to profitability:

Digital Infrastructure & Devices

- Smart Devices
- Smart City, Urban Tech and HDC

Digital Services

- Cloud & Enterprise Services
- Digital & Financial Services

Investment

- Early and Late-stage Investment

This transition is structured to ensure our pioneering business segments, namely Solutions and Communications continue to operate smoothly and profitably while benefitting from the future growth of catalytic projects derived from new growth areas.

What was glaring from this pandemic is how certain demographics in our society such as the MSMEs, students, women and the B40 communities are handicapped in the financial tools and facilities that are accessible to them. Our digital services enhanced our service offerings tailored for the underserved market needs to enable them to access, augment and control their financial journey and plan for better earning capabilities. Our enterprise team was on hand to help businesses and state government agencies through their journeys in digital transformation to create that enabling and cohesive digital business environment.

To further complement this, the Group established KipleX as an early-stage venture capital and a co-creation lab with RM50 million to invest in start-ups that align with our MTP or that can help us achieve our mission.

We have also taken the steps to further strengthen our leadership team who will be steering the Group towards a focused view in implementing our growth strategies to realise our path to profitability. In 2020, we welcomed Ku Kok Peng as our Group Chief Strategy Officer, Sereen Teoh as the Group Chief Financial Officer and Dr James Tee as the CEO of the Smart City, Urban Tech and HDC Business Unit.

Outlook & Prospects

In 2021, the Malaysian economy is projected to grow at a rate of 6.5% to 7.5%. This will be supported by the resumption of economic activities as the national vaccination programme picks up speed and global economies recover. The economic rebound domestically will bode well for many of the Group's digital services, while the larger economic recovery globally will drive growth in our Solutions and Communications business segments.

Additionally, in February 2021, the government launched MyDigital, a blueprint for the development of the Malaysian digital economy from 2021 to 2030. Among the targets set by the blueprint are for 100% of Malaysian homes to be connected to the Internet and 5G deployment to be a priority.

Other network infrastructure targets have also been identified, all of which have set the stage for the Group to be a key leader in this increasingly digital future. The assets and capabilities that we are building will allow us to be well positioned to grow our business in tandem with keeping with the ideals of the MTP and our values.

Appreciation

I would like to take this opportunity to extend my gratitude to our fellow Board members for their continuous guidance, support and contribution towards the Group's continued success today.

Two of our Board members, Mr. Tan Kay Yen and Mdm. Nora Junita Binti Mohd Hussaini, have decided to resign from the Board on 5 April 2021 and 14 April 2021 respectively. On behalf of the Board, I would like to thank both of them for their dedication and support to the Group.

With that, we also welcome two new Board Members, Mr. Sharman A/L Arumugam and Mdm. Syafinaz Merican Binti Isahak Merican. We look forward to having their insights, experience, and guidance to support Green Packet in its path to profitability.

Last but not least, I wish to extend my heartfelt gratitude to our valued customers, business associates, partners, bankers and staff for their hard work, dedication, and relentlessness in making Green Packet what it is today. 2020 would have been very different without the collective embodiment of our core values in each and every one of our stakeholders. My sincere thanks also to our shareholders for your unwavering support and for keeping your faith in us as a Group, as we strive to strengthen our organisation to support our revamped mission and strategies for Green Packet 5.0 to further enhance shareholders value.

Sincerely,
Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman
Chairman
25 May 2021

MANAGEMENT DISCUSSION AND ANALYSIS

MR. PUAN CHAN CHEONG
Group Managing Director and Chief Executive Officer

PERFORMANCE OVERVIEW

Financial Highlights

For the financial year 2020 ("FY2020"), Group revenue increased by 1.5% from RM608.2 million to RM617.4 million. Despite the improved top-line numbers, the overall earnings before interest, tax, depreciation, and amortisation ("EBITDA") loss widened to RM49.5 million while loss after tax ("LAT") increased to RM74.7 million. The losses sustained were due to the continued strategic investment in new digital services as the Group lays the foundation for stronger growth in the future.

RM **617.4** million

GROUP REVENUE

increased by **1.5%**

RM **74.7** million

LOSS AFTER TAX ("LAT")

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of the Group's Business & Operations

S Solutions

The Solutions segment (exclude MYTV project) booked a 75.2% improvement in revenue for FY2020, which came in at RM77.0 million against RM44.0 million in FY2019. The EBITDA loss recorded in the segment narrowed to RM9.2 million compared to the RM12.7 million in FY2019. The segment registered a LAT of RM11.0 million, compared to RM24.5 million in FY2019. When the impact of fulfilling the discontinued MyTV DTT set-top box is factored in, the FY2020 revenue rises to RM91.0 million, but with wider EBITDA and LAT losses of RM19.1 million and RM20.9 million respectively.

What We Do	How We Create Value
The Solutions business segment is one of the Group's pioneer and core business pillars and comprises smart devices and software. The Group manufactures wireless broadband devices, media player devices and platforms, smart mobility devices and in-premises 4G and 5G equipment. In Additionally, the Group recently launched 5G Customer Premise Equipment (CPE) in Q42020, with plans to develop and launch additional variants of 5G CPEs in 2021.	To create further value for the Group, we have positioned ourselves to be a Top 5 Global Customer Premise Equipment ("CPE") Supplier. To ensure the sustainability of the Solutions Group, we maintain the robustness of our end-to-end technical capability by fully controlling the product development process in terms of hardware, software and supply chain. Our supply chain has also been diversified across multiple suppliers and resources for parts and components and regulatory and testing labs. In adapting to the COVID-19 pandemic, a product replacement strategy was undertaken that utilised materials that were more accessible, given the ongoing supply chain disruptions. The Solutions Group benefited to some extent from the pandemic, as it led to a surge in the demand for wireless broadband devices as more activities began to be conducted virtually in homes, offices and schools. Additional opportunities are also arising from underserved markets such as rural residential areas as governments attempt to narrow the digital divide. In 2020, the Solutions Group secured total orders of USD22.2 million from customers across the globe, operating out of Europe, Asia Pacific, Middle East as well as the Africas and Americas. In addition to signing a notable partnership agreement with a global player, we introduced our very first 5G Indoor, Outdoor and MiFi CPE in 2020.

C Communications

The Communications segment recorded EBITDA and profit after tax ("PAT") of RM2.7 million and RM1.3 million respectively for FY2020. This was in contrast to EBITDA and LAT losses of RM8.0 million and RM9.6 million in FY2019. The improved profitability was recorded despite the 7.3% drop in revenue from RM558.0 million in FY2019 to RM517.1 million in FY2020. The drop was mainly attributable to a strategic direction taken by the management to focus on higher margin businesses.

What We Do	How We Create Value
The Group's Communications business segment is led by NGT Networks ("NGT"), one of the largest and fastest-growing wholesale carriers of international voice and data traffic in Asia and the Middle East. NGT is connected to more than 90% of Tier 1 carriers in the Southeast Asian region, handling more than two billion minutes of voice traffic and generated USD120 million in revenue in 2020.	To create value in this business segment, the Communications Group is expanding our wholesale business into the provision of application-to-persons (A2P) SMS as well as data centre capacity. An example of A2P is where an SMS notification is sent to users for authentication when making a banking transaction online. Other infrastructure facilities that we are exploring include a Cable Hub and a Content Delivery Network. Over and above this, the Group will be looking into setting up an IoT (Internet of Things) platform and a private wireless network in our AI-enabled Smart City. In 2020, NGT Networks beat out many reputable global Tier 1 wholesale carriers and won an outsourced deal from Starhub (for the third year running) and closed a USD1 million 10-year IRU ILPC deal with TM and HK Broadband.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2020, the Group's business operations spanned four business segments — Solutions, Communications, Digital Services and Investment.

D Digital Services

The fledgling digital services achieved a 49.4% jump in revenue from RM6.2 million in FY2019 to RM9.3 million in FY2020, mostly on the back of the provision of fintech services to Selangor state government and sale of facial recognition thermometric panel. For the financial year under review, the segment booked an EBITDA loss of RM26.3 million against RM21.7 million in FY2019, and a LAT of RM29.4 million against RM28.4 million in FY2019. The higher losses were due in part to the closure of public institutions of higher learning during the Movement Control Order ("MCO"), which affected the implementation of the kiplePay cashless campus programmes.

What We Do

The Digital Services segment has been active in the areas of financial technology (fintech), property technology (proptech) as well as enterprise and cloud solutions over the last 16 years.

Fintech solutions under Kiplepay Sdn Bhd, one of the subsidiaries of the Green Packet Group is to a BNM approved designated payment instrument issuer that powers kiplePay, a financial technology solutions provider. kiplePay provides comprehensive digital solutions for enterprises, e-commerce, education and property sectors providing products such as an e-wallet that is tightly coupled with a payment gateway.

We are also heavily focused on proptech, a digital subsector of the property sector. All the Group's proptech business in the past several years, ranging from property management and visitor management systems to smart parking and workplace security, are also marketed under kiple brands, kipleHome and kiplePark.

A key milestone of the Group that will further strengthen our enterprise and cloud solutions is the 10-year partnership with Tencent Cloud whereby both companies will jointly offer cloud-based services, including managed services, software as a service ("SaaS"), platform as a service ("PaaS") and infrastructure as a service ("IaaS"). The cloud computing service is expected to roll out in the second half of 2021.

How We Create Value

The Group is expanding its fintech solutions offering under kiplePay towards a more segmented strategy with a primary focus on large enterprise clients. This approach enables an introduction to, and thus a convergence, of all our products and services, which can then be tailored to the needs of our enterprise clients, and subsequently benefit end-consumers in a more structured and systemic manner.

In 2020, the kiple team also worked on enhancing its suite of capabilities. This was carried out by forging strategic technology alliances that supported our product roadmap. The team inked several partnerships with banks and state governments that is is surely paving to has paved its way towards realising a truly nationwide reach in the distribution of digitalisation solutions, working capital and even financial aid, in line with the government's Digital Economy Blueprint.

Great strides were made in the underserved sectors where in addition to technology, processes and workflows were developed to offer a seamless and intuitive user experience for this segment in the solutions designed for our partners. The team celebrated a win when it obtained a licence to operate payment acceptance and acquirer operations in Malaysia.

To further support these enhancement initiatives, the Group recently completed the acquisition of Xendity, a Singapore-based company that is well known as a provider of e-KYC software. This will complement and strengthen our digital solutions in transactions significantly, especially for financial institutions that now need e-KYC capabilities more than ever. Leveraging an exclusive partnership with Malaysia's leading credit reporting agency CTOS and having been a part of Bank Negara's e-KYC financial technology regulatory sandbox programme, Xendity will continue to build on its robust sales pipeline in Malaysia, Indonesia, Bangladesh and Thailand over the next five years.

In the area of proptech, we gained significant traction in 2020 as the effect of the COVID-19 pandemic accelerated the demand for contactless property management systems that utilised technologies such as facial recognition and AI cameras. Our underlying strategy is to use Artificial Intelligence (AI) technology as the foundation of our Smart-Access (for cars and people), and Smart-Community (for residences and offices). This provides a seamless in-and-out user experience coupled with enhanced security that is powered by facial and licence plate recognition. This type of solution will help property developers digitalise with ease and differentiate their new developments, while also modernising their existing properties to increase asset values.

The proptech division also won some prestigious tenders involving PJ Celcom Axiata Corporate Office, UEM Rise Digital, Gamuda Quayside Mall, and Pavillion Bukit Jalil Shopping Mall, notably for our KiplePark solution.

MANAGEMENT DISCUSSION AND ANALYSIS

I Investment

In 2020, the Group divested a legacy holding in its mobile arm Webe Digital Sdn Bhd and cleared RM287.0 million of debt, leaving the company almost debt-free. This has given us the capability to gear up to invest in more digital services and other business segments in the near future.

The AI City

One of the main projects in G3 Global, an associate company which the Group has 14.20% stake. Together with China's SenseTime Group Ltd and China Harbour Engineering Company Ltd, we are building an Artificial Intelligence ("AI") City with a total investment of more than USD1 billion over the next five years.

The project will be Malaysia and ASEAN's first AI City and will see seamless integration of several verticals such as smart mobility, smart education, smart logistics, smart healthcare, smart residences and city. The backbone infrastructure of the AI city will be Hyperscale data centres built into the masterplan as to enable the smart verticals mentioned above. The AI City is envisioned to be an aggregation of AI-driven and cloud-powered technologies that will allow for the industry to sandbox and accelerate the development of next-generation products and services.

With the development of the AI City, the Group will be able to deploy all its own various digital solutions and services customised to the city's requirements. The AI City will also serve as a platform to share the full suite of technology infrastructure, proptech and fintech solutions to create a completely new living experience through leading-edge digital innovations, thereby creating an iconic smart city.

This ecosystem will create a host of job and economic opportunities while building more talent in AI and advanced technology industries.

KipleX

To further support the growth of the digital sector in Malaysia, the Group has also established KipleX, an early-stage venture capital and co-creation firm that focuses on investing and co-creating start-ups in the areas of finance, property, mobility, and healthcare space across Southeast Asia. This outfit will help further facilitate and provide an enabling environment for up-and-coming start-up companies and players in these targeted sectors to grow ideas that could potentially transform the lives of people in the region and possibly the face of the industry.

IMPACT OF COVID-19

The Group found opportunities within the pandemic due to increasing demand for broadband resulting from more people working from home ("WFH"). Telcos struggled amidst the pandemic to deliver conventional broadband connections due to the physical nature of their installations. Therefore, we leveraged our Fixed Wireless Access ("FWA") capabilities to deliver 4G connectivity to meet the higher demand for broadband from our subscribers, without compromising on the safety and health of our staff or customers.

While our supply chain was affected due to factory closures resulting from the lockdowns in China at the beginning of 2020, we resumed 100% production capacity by Q2 2020. However, the global semiconductor shortage in the upstream material and component supply chain is still a prevailing issue that is affecting all electronics-related manufacturers around the world, including Green Packet. Despite this situational challenge, we are still able to meet our customers' orders by adjusting our work processes to accommodate the new variables.

During the entire duration of the MCO in Malaysia, the Group's staff adhered to the government-imposed SOPs and our own Remote Working Policy. The Group's workplace productivity and business were not impacted, except for travel limitations instituted that prevented us from visiting customer sites for sales or technical purposes. However, this did not have a large impact as our primary mode of engagement was digital.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK & PROSPECTS

The Group is at a point where it has augmented its pioneering business model that spanned the last 20 years with a newer but complementary business growth area focusing on the digital arena. The Solutions and Communications segments, as the pioneer businesses, are still significant contributors to the overall Group financial performance but the new strategic focus is to create catalysts for new growth such as the hyperscale DC and further enhancements in our digital services offerings. As such, the Group can be described as a hybrid organisation as we continue on our journey to becoming a digital technology solutions company.

It is in this context that the Group is embarking on its next evolutionary phase — to fulfil our one true purpose of ensuring every human being thrives with life-improving digital innovations. Thus, as part of our Massive Transformative Purpose, moving forward into 2021, previous business segments will be reorganised and mapped to five key business pillars. This will enable us to sharpen our focus and raise our ability to tap into more digital opportunities across the economy, locally and globally.

Going into 2021, the five business pillars capturing our service offerings and products can be organised broadly under three main categories namely Digital Infrastructure and Devices, Digital Services and Investment.

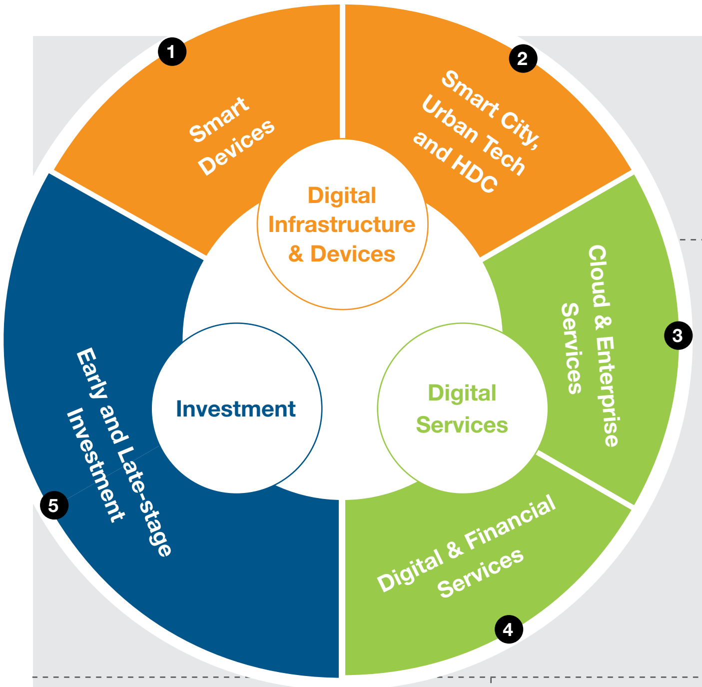
Under Digital Infrastructure and Devices are the Solutions business, which is renamed as Smart Devices as well as the Smart City, Urban Tech and HDC (Hyperscale Data Centre) business segments. Smart Devices covers 4G & 5G Customer Premise Equipment as well as various wireless broadband devices, while Smart City, Urban Tech and HDC covers the wide range of property-related technology solutions and developments such as the property and visitor management systems, smart parking and workplace security as well as the development of flagship projects such as the AI City and Hyperscale DCs.

Our Digital Services now covers the range of both our consumer and enterprise integrated digital solutions. This includes our financial technology solutions ranging from e-wallet/wallet-as-a-service to payment gateway/payment-as-a-service and our prepaid Visa Cards. In addition to these, our enterprise solutions covers Infrastructure-as-a-Service (IAAS), Platform-as-a-Service (PaaS) and Software-as-a-Service (SaaS) and our e-KYC solution. One of our other pioneering business segments under Communications, providing wholesale voice traffic, data & Application-to-Person (A2P) SMS and data centre capacity to global operators under NGT, now also fall under the Digital Services segment.

The original Investment segment which previously captured major investment projects by the Group such as the AI City will now focus on strategic capital investments and investment holdings on behalf of the Group that is inline with its growth strategy, while the AI City project will be under the purview of the Smart City, Urban Tech and HDC pillar.

MANAGEMENT DISCUSSION AND ANALYSIS

The five new pillars are:



1 Smart Devices

greenpacket

- 4G & 5G Customer Premise Equipment
- Wireless Broadband Devices

2 Smart City, Urban Tech and HDC

greenpacket

- AI City
- Data Centre Development
- Property Technology
- Property Management
- Visitor Management Systems
- Smart Parking
- Workplace Security

3 Cloud & Enterprise Services

greenpacket, ngt, XENDITY

- Infrastructure-as-a-Service (IAAS), Platform-as-a-Service (PaaS) and Software-as-a-Service (SaaS)
- Xendity: e-KYC software
- Wholesale voice minutes, data & Application-to-Person A2P SMS
- Data Centre Capacity Wholesale

4 Digital & Financial Services

kiple

- FinTech Services
- E-Wallet / Wallet-as-a Service (WaaS)
- Payment Gateway / Payment-as-a-Service (Paas)
- Visa Prepaid Cards Issuer

5 Investment

kipleX, gpcapital

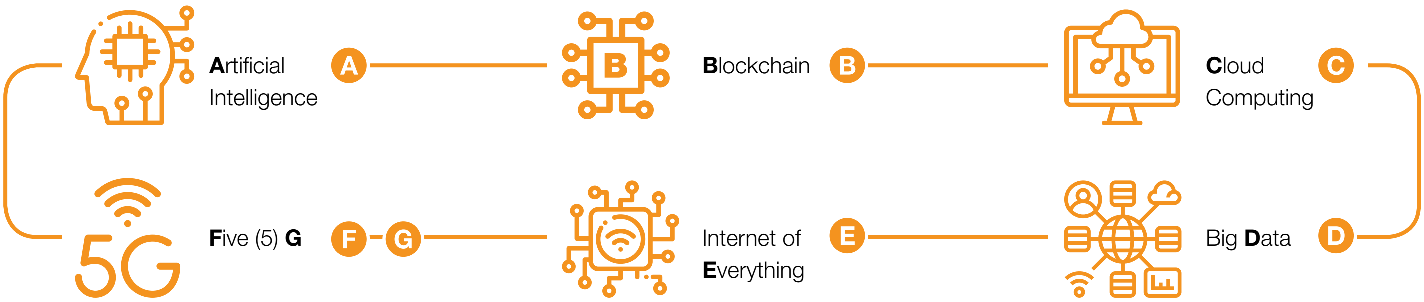
- Early-stage Venture Capital Fund and Start-up Co-creation Lab
- Late-stage Private Equity Fund

The Group's 5 key business divisions comprehensively covers our offerings under digital devices and infrastructure, digital services and investment.

MANAGEMENT DISCUSSION AND ANALYSIS

Digital Pivot

The Group is committed to our goal of being an integrated, end-to-end digital technology solutions provider, pivoted on the **'A-B-C-D-E-F-G'** of technology:



All the five business segments will be working in concert towards the larger goal of becoming a leading technology solutions company with global ambitions.

Cloud and Enterprise Services

At the core of any significant digitalisation effort, including the pivot towards cloud-based services by both the private and public sectors, is the backbone of infrastructure.

The Group has entered into a 10-year agreement with China's Tencent Cloud, who will offer their cloud services here in Malaysia.

Our enterprise solutions covers Infrastructure-as-a-Service (IAAS), Platform-as-a-Service (PaaS) and Software-as-a-Service (SaaS) and our e-KYC solution for our large organisations and governments.

Our pioneering business segment, Communications under NGT, providing wholesale voice traffic, data will continue and grow its business scope to also capture wholesale Application-to-Person (A2P) SMS and data centre capacity to global operators.

Apart from the wholesale data centre push, the team at NGT will be adding Application-to-Person ("A2P") messaging and launching the Global Agency Platform (GAP). In terms of sales, the team will be shifting focus to build new sales teams in Africa and the Middle East to power growth in those new untapped markets.

Digital and Financial Services

The Group will continue to grow our financial services business. We have a healthy sales pipeline and the team hopes to start converting these opportunities in the first half of 2021, focusing on high-margin projects. We also have a strong presence in several states in Malaysia, namely Johor, Perak, Kedah and Selangor, where we help the state governments roll out their digitalisation programmes.

We have also been laying the foundation to strengthen our integrated suite of new growth engines, including prepaid Visa cards, e-KYC software via Xendity, our cloud agreement with Tencent Cloud and a partnership with Censof Holdings (an accounting services company), to add value to our propositions.

Our digital and financial services arm operating under the kiple brand is primed to position the company as a fintech leader. With a secure market leadership position in the education space, kiplePay will be expanding into a full-fledged consumer wallet focusing on goal-based savings, financial tools and affordable services.

MANAGEMENT DISCUSSION AND ANALYSIS

Smart Devices

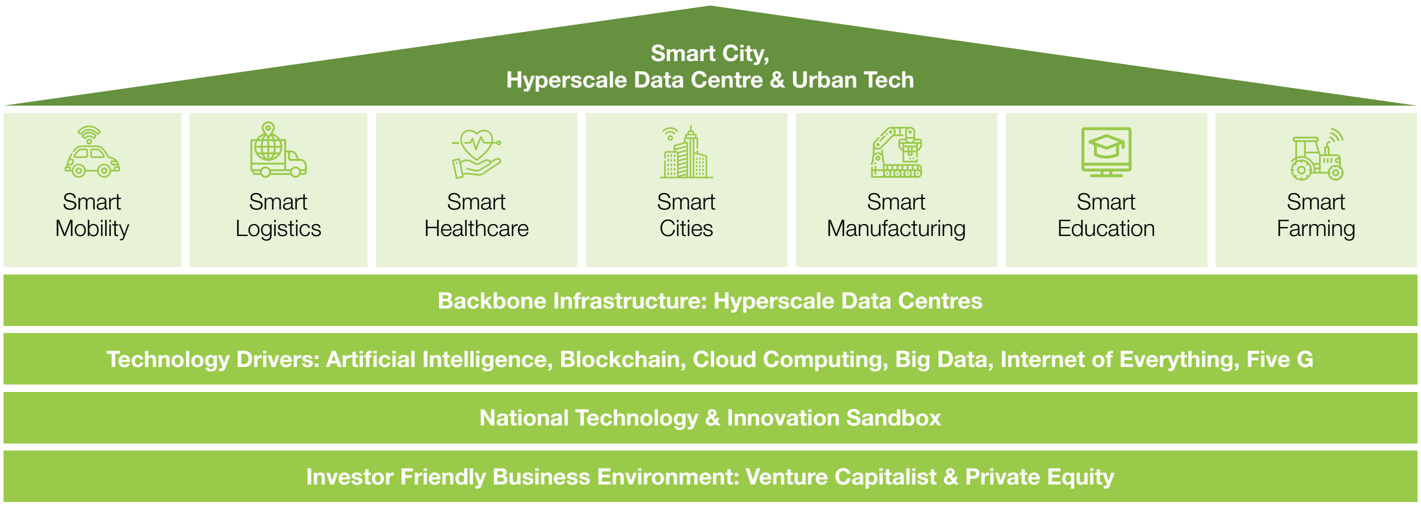
In 2021, we expect the team to penetrate more Tier-1 mobile network operators using our 5G offerings as gateway products. However, the main revenue generation will still be the existing Cat.6 and Cat.12 4G (LTE) products. We expect to launch the full range of 5G products (IDU, ODU, MiFi) during the year.

5G Customer Premise Equipment
To provide households with fiber-like speeds for work and entertainment needs. Our 5G CPE targets customers with the ability to pay and strategic accounts like Rogers, HKT, Orange, SingTel, and StarHub

4G Cat.6/12 Indoor, Outdoor
Cat. 6 & DL 4x4 solutions can help address the pain point of Telcos who have limited spectrum asset, network congestion, and declining ARPU

4G Cat.12 Indoor, Outdoor
The increasing trend of digitalization has resulted in the widespread need for connectivity in underserved communities, especially for SMEs

Smart City, Urban Tech and HDC



Our associate company G3 Global will be moving ahead with the AI City project together with Technology Park Malaysia ("TPM") and our Chinese partners. This project will cement Malaysia's position as the leading ASEAN nation for AI research and innovation while stimulating a new generation of high-tech businesses and jobs locally. For the Group, it is the embodiment of our Digital Pivot, as it seamlessly weaves the **A-B-C-D-E-F-G** technological elements into a showcase of the future's arrival now. The platform aims to share the full suite of our technology infrastructure, as well as our proptech and fintech solutions, to create an entirely new living experience powered by leading-edge digital innovations.

The AI City will deliver the vision of intelligent city living through digital technologies, all of which are already converging at incredible speed in a manner that will change the way we live, work, and play. Our approach will agglomerate both AI-driven and cloud-powered technologies to accelerate the development of truly next-generation products and services. We are optimistic that this endeavour will boost job creation in Malaysia especially in the AI and deep-tech area, further fuelling the country's economic development.

Work on the Concept Masterplan for the AI City is expected to begin in the second half of 2021. We are also heavily focused on proptech,

MANAGEMENT DISCUSSION AND ANALYSIS

a digital subsector of the property sector. All the Group's proptech business in the past several years, ranging from property management and visitor management systems to smart parking and workplace security, are also marketed under kiple brands, kipleHome and kiplePark.

According to global consulting and research firm Analysys Mason, Malaysia's data centre capacity is expected to grow by a compound annual growth rate ("CAGR") of 12% from 2020 to 2024. The current data centre market in Malaysia comprises several key players but has no clear leader in the hyperscale space. Hyperscale Data Centres (HDCs) are another flagship digital backbone infrastructure project that will not only power the AI City project, but will be a critical infrastructure that will be in line with will align Malaysia's move towards a digital Malaysia as outlined in the Malaysia Digital Blueprint. Our focus will be to ensure that we develop HDCs that are equipped with cutting edge technologies that can maintain and meet the high resilience and ultra-low latency requirements of the global hyperscalers. In addition to that, we are in the midst of securing a working partnership with leading global DC operators who can deliver world class HDC operations management for our customers in Malaysia and the region. The first HDC is expected to go live in 2023.

Investment: Early and Late-stage Investment

The Group's new co-creation lab called KipleX focuses on early-stage investments with three key agenda priorities that it has set out to achieve. The co-creation lab will focus on the Group's own ecosystem; it will invest in start-ups that are revolutionising the industry using frontier technologies and hold a long-term view in developing the next generation of companies that are shaping the future. The Group will allocate RM50 million to KipleX to be invested in start-ups that use digital technology and innovation to improve livelihoods.

Further to this, a late-stage private equity arm, Green Packet Capital was also established to focus on strategic investments and acquisitions that is favourable to the Group's growth strategies and direction moving forward.

Risks and Mitigation Strategies

As the Group increase investments in digital transformation and drives a renewed focus on innovation, the legal side of the business will face increasing pressure to ensure that risks are recognised and mitigated.

The types of legal risks that the Group may encounter are:

01 Contracts

Involves the possibility of financial loss either due to the other contracting party reneging on the contract or a failure by any of the members of the Group to adequately manage the contractual benefits or obligations.

02 Disputes

Relates to legal disputes, meaning any dispute in which a legal claim is made. Even if disputes do not end in litigation, they can damage business relationships, reputations and cost the Group valuable time and resources.

In addressing the risk profile of embarking on the 'Digital Pivot', the risk mitigation measures involve identifying potential risks before they manifest using the following strategies:

1. Assuming and accepting risk
2. Controlling risk
3. Watching and monitoring risk

1 The acceptance strategy can involve collaborations between team members to identify the possible risks of a project and whether the consequences of the identified risks are acceptable.

2 This strategy works by taking into account identifiable risks, accepting them as the risks of doing business, and then taking the appropriate actions to reduce or eliminate the impacts of these risks.

3 The project team leader and business team will use this strategy as part of a standard review plan to continuously monitor and evaluate risks and the consequences that could impact the completion of a project.

SUSTAINABILITY STATEMENT

01 EXECUTIVE SUMMARY

1.1 Objectives

This Sustainability Statement ("the Statement") is prepared in accordance with the Sustainability Reporting Guide issued by 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") for the Financial Year Ended ("FYE") 31 December 2020.

02 SUSTAINABILITY STATEMENT

OUR COMMITMENT TO BUSINESS SUSTAINABILITY

For Green Packet, creating value for all our stakeholders – customers, employees, shareholders, partners and communities – and being aware of our impact on the environment is key to a more sustainable and collaborative future. We adopt good practices recommended by sustainability standard-setters in ensuring our products and solutions benefit our customers and employees and support their well-being. Furthermore, we consult and collaborate with professionals and innovators across disciplines to improve and enhance our products and solutions.

With this mandate, the Board is pleased to report on the sustainability objectives, strategies and activities material to the Group, and the efforts undertaken to complement the sustainability objectives. Sustainability is core to our operations, and this Statement highlights how we identify the economic, environmental and social ("EES") risks and opportunities considered material to our business.

This Statement is an update of the preceding financial year's Statement. The Statement reporting framework is guided by Global Reporting Initiative ("GRI") Standards and is in accordance with the requirements of Bursa Malaysia's Sustainability Reporting Guide ("SRG") 2018, 2nd Edition.

SCOPE AND COVERAGE

The scope of this Sustainability Statement covers the three (3) business divisions – Solutions, Communications and Digital Services – for the following active subsidiaries:

Solutions Division	Communications Division	Digital Services
• Green Packet (S) Pte Ltd • Green Packet International Sdn Bhd	• NGT Networks Pte Ltd • NGT Networks Global Ltd	• Kiplepay Sdn Bhd

SUSTAINABILITY GOVERNANCE STRUCTURE

The Board of Directors ("the Board") has the overall responsibility for the Group's sustainability objectives, sets strategies and monitors the implementation of sustainability-related policies by the Sustainability Committee ("SC").

The Board composition includes the Chairman of the Board, Group Managing Director and Chief Executive Officer, Executive Director ("ED"), one Senior Independent Non-Executive Director and two (2) Independent Non-Executive Directors.

Board of Directors	Sustainability Committee	Senior Management

SUSTAINABILITY STATEMENT

02 SUSTAINABILITY STATEMENT

Established in 2018, the SC's function is mainly to promote and coordinate the development and implementation of sustainability initiatives across the Group. The SC's scope and tasks are stated below:

1. to manage and set sustainability objectives, strategies, key indicators and performance measures;
2. to provide advice and coordinate sustainability strategies across the Group;
3. to monitor sustainability matters across various businesses, divisions and units in line with the established Sustainability Policy;
4. to guide and create sustainability awareness within the Group and develop measures and action plans.

The SC is led by the Chairman of the Board, who is assisted by the ED and Group Chief Strategy Officer of Green Packet. The SC reports directly to the Board in delivering the abovementioned scope of work.

Each division within Green Packet has its own senior management that assists the SC in identifying material sustainability matters, providing and collecting information and overseeing the integration of sustainability management into business processes. The ED leads Green Packet's Senior Management in executing the established sustainability policies and action plans, and provides progress updates to the SC.

SUSTAINABILITY POLICY

Developed in 2018, the Sustainability Policy focuses on the framework of the Economic, Environmental and Social ("EES") Sustainability principles. This policy ensures the sustainability and ethical practices of Green Packet's financial performance, management and operations. It aims to positively contribute to overall environmental sustainability and create value from sustainable practices.

Objectives of Sustainability of the Policy

- To promote the implementation of the six (6) sustainabilty principles and practices, i.e. Awareness, Comprehension, Commitment, Action, Evaluation and Reporting, within the EES principles and practices of Management, staff and all of our business partners, intermediaries and customers.
- To develop a comprehensive set of actionable sustainable practices for Green Packet and to uphold a sustainable culture within the Group.

SUSTAINABILITY STATEMENT

02 SUSTAINABILITY STATEMENT

Our six (6) sustainability principles and practices are:

- Familiarisation with aspects involved in sustainability
- Ability to understand the causes and consequences (short, medium and long-term)
- Upholding sustainable practices
- Delivery of measurable benefits of sustainability
- Assessing the extent to which we benefit in terms of sustainability
- Methods to internalise and improve our commitment to sustainable development

The Sustainability Policy is available on our corporate website at:
https://www.greenpacket.com/investors-relations/governance

Our Value Creation

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

Financial Capital	Intellectual/Technological Capital	Skilled Talent	Stakeholder Relationships
Funds obtained through financing and/or generated through investment and operations	Intellectual/ technological infrastructure to aid the development of innovative products and services	Skilled talent from various backgrounds and experiences	Strong relationships with stakeholders such as employees, regulators, customers, business partners and suppliers

Moving forward, our plans are focused on the following areas:

1 Increasing awareness among internal stakeholders of the importance of continuously designing and implementing sustainability practices in our day-to-day work and ongoing projects Group-wide.	2 Enforcing best practices within our business operations to manage our impact on the environment.

SUSTAINABILITY STATEMENT

Stakeholder Engagement

We believe that greater transparency and accountability helps build trust and promotes sustainable business practices throughout our business operations. Green Packet undertakes to positively engage with our diverse group of directly and indirectly involved stakeholders, all of whom have different concerns and objectives and whose interests may be influenced by the Group's business activities.

The key stakeholders are identified through issues that are material based on their impact on the Group's operations and their relevance to the business. In engaging with our stakeholders, we pursue various approaches to enable them to understand our business operations and seek their feedback and input on matters that are relevant to them.

The communication channels we use to engage with stakeholders include conventional documents, electronic documents, web-based media platforms and face-to-face communications, as detailed below:

Key Stakeholder	Stakeholder's Concern	Communication Channels
Investors/Shareholders	• Financial performance • Return on investment/equity	• General meetings • Corporate announcements • Analysts briefings & media releases • Webinars • Corporate website
Customers/Consumers	• Product quality, performance and pricing • New products and services	• Direct engagement • Virtual exhibitions • Customer satisfaction surveys
Business Partners/ Suppliers/Joint Ventures	• Sustainable procurement system	• Direct engagements • Ongoing dialogue sessions • Periodic performance evaluation • Meetings, discussions and business communications
Regulatory Authorities & Government Agencies	• Compliance with laws and regulations	• Regular consultation and meetings • Reporting • Certification and licences
Media/Analysts	• Latest developments in the Group's business • New products and services	• Press conferences • Media releases • Media interviews • Corporate website

SUSTAINABILITY STATEMENT

02 SUSTAINABILITY STATEMENT

Key Stakeholder	Stakeholder's Concern	Communication Channels
Employees	• Career development • Employee welfare, health and wellness	• Quarterly town halls • Monthly engagement with the Group CEO & MD • Events and activities • Employee engagement surveys • Learning & Development programmes and training • Meetings and discussion sessions
Local Communities	• Community living • Personal well-being	• Corporate website • Community programmes and contributions

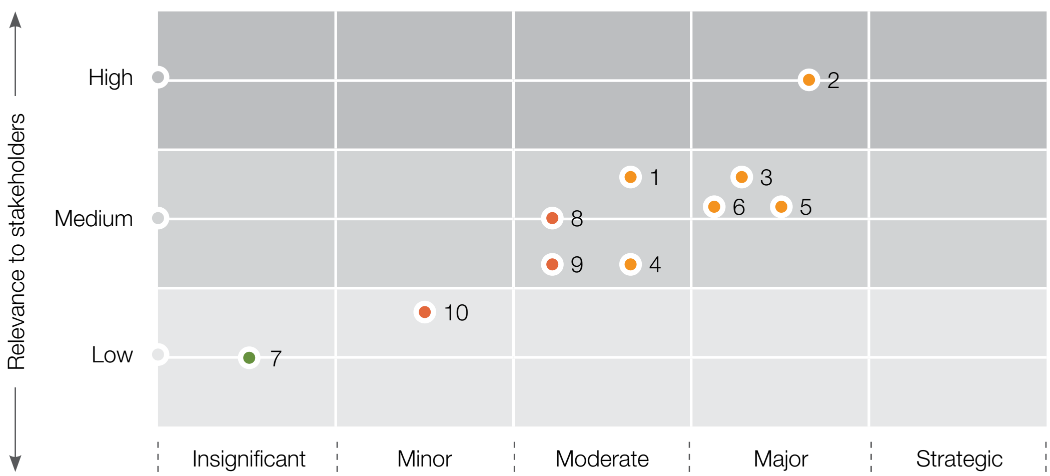
MATERIALITY SUSTAINABILITY MATTERS

In an environment of inevitable uncertainty and abrupt change, materiality is a critical part of our corporate sustainability strategy. It ensures that we provide our stakeholders with the sustainability information most relevant to them and applicable to our business operations.

A desktop review was convened with the Head of the Business Division during the year to review the materiality assessment results with the input of the senior management of each business division. We assessed materiality based on two dimensions – relevance to Green Packet and relevance to stakeholders.

The results of the assessment are shown in the graph below:

Sustainability Materiality Profile • Economic • Environmental • Social



1	Profitability	6	Innovation and Digital Transformation
2	Product and Service Quality and Engagement	7	Environmental Compliance
3	Customer Satisfaction and Engagement	8	Diversity and Equal Opportunity
4	Digital Data Protection - Customers' Privacy	9	Training and Education
5	Supply Chain Management	10	Community Engagement and Development

SUSTAINABILITY STATEMENT

The following diagram highlights our material sustainability matters and the mapping of our sustainability matters to the UN SDGs:

We defined each of the sustainability matters and mapped them to the GRI sustainability standards as follows:

Pillar	Material Issue under GRI	Material Sustainability Matters	Definition
Economic	**Economic Performance**	• Profitability • Digital Data Protection – Customers' privacy • Product and Service Quality	• Generating sustainable financial and economic returns • Generating sustainable financial and economic returns for stakeholders • Protection of Green Packet's information (including confidential business data and employee information) and customers' data privacy
	Customer Engagement	• Customer Satisfaction and Engagement	• Assessment of and response to customers' needs to enhance satisfaction

SUSTAINABILITY STATEMENT

02 SUSTAINABILITY STATEMENT

Pillar	Material Issue under GRI	Material Sustainability Matters	Definition
Economic	Supply Chain Management	• Supply Chain Management	• Relationships with suppliers • Strategic partnerships and joint ventures
	Innovation and Digital Transformation	• Innovation and Digital Transformation	• New products and services • Identifying business processes and improvements
Environmental	Regulatory Compliance	• Environmental Compliance	• Complying with legal and other core operational regulations
Social	Talent Management	• Training and Education	• Providing training and education to employees to expand their knowledge base for career development
	Employee Engagement	• Diversity and Equal Opportunity	• Diversity of employees and providing equal opportunities to them
	Employee Talent	• Training and Education	• Enhancement of employee skills • Talent development
	Community Engagement	• Community Engagement and Development	• Improving the quality of life within the communities Green Packet operates in through our digital innovations and various forms of corporate social responsibility activities

2.1 Summary of Key Achievements

- >250 customers in 30 countries. 85% of client portfolios are Tier 1 carriers and fixed/mobile network operators
- Delivering >2.5 billion voice minutes annually
- Innovations for businesses – Launched KipleLive solution with artificial intelligence & thermal scanning
- ISO/IEC 27001:2013 - certified

- All products are Conformity European ("CE") and Federal Communications Commission ("FCC") certified

- 31% of our workforce are Female
- 25.4 average training hours for each employee
- Achieved 81% (average) in the Employee Satisfaction Index
- RM990,000 invested in community engagement

2.2 Economic

Green Packet is a Malaysian-based global technology company with wide-reaching impacts on the local and global economy.

The scope of our business inspires job creation across our value chain. We contribute to the economic development of local communities by employing locals, purchasing goods, services and capital equipment from suppliers and supporting social development programmes.

SUSTAINABILITY STATEMENT

In Green Packet, we aim to achieve commercial success and reach greater heights as a responsible corporate entity. We believe our commitment to sustainability is unwavering, and we will continue to introduce and implement sustainable innovations in our business operations. We trust that, over the long term, these efforts will improve business viability and sustainable growth.

In pursuing strong and sustainable growth, we embed sustainability in our core values. Our core values guide us in what we do and how we operate as a team and an organisation. Our five core values are listed below:

Believe in **Grit**	Let's **Collaborate**	**Innovate** for a Difference	Feel **Empathy**	Be **Courageous**
Never give up	Believe in diversity and working together	Build things that impact others	Seek to understand others	Nothing is impossible
Dedicated to the long-term vision	Share expertise, experience and resources	Open to new ideas	Show care through our actions	Embrace new ways of doing things
Going the distance	Form partnerships with internal and external stakeholders	Explore, discover, experiment	Provide meaningful experiences	Speak up, confront challenges

For details and analysis of our financial results, please refer to the Management Discussion & Analysis section on pages 13 to 21 of this Annual Report.

COVID-19 IMPACT

The COVID-19 pandemic presented a significant challenge to the global economy, and many industries were adversely affected. Likewise, Green Packet was not spared from the impact as the Group had a significant customer base in international markets that faced uncertain economic prospects. Despite these challenging times, Green Packet continued to be committed to supporting our customers, employees and stakeholders in the areas in which we operate.

At Green Packet, we developed a long-term sustainable strategy to address the challenges we faced during the COVID-19 pandemic. Listed here are the three (3) strategic measures that were undertaken to cushion the economic impact of COVID-19.

Strategy to Address COVID-19 Impact

- Ensure Green Packet remains a sustainable business by conducting our own research and development to fully control our product development in terms of hardware, software and supply chains
- Execute a product replacement strategy and swap our previous generation products with redesigned products utilising materials that are more accessible, given the supply chain impacts caused by COVID-19
- Supply Chain Diversification – multiple suppliers & resources are essential, such as new original design manufacturer partners, new and alternative components or parts suppliers and regulatory or testing labs

SUSTAINABILITY STATEMENT

02 SUSTAINABILITY STATEMENT

Economic Challenges to Green Packet

Business Operations:

Sales – The COVID-19 pandemic may have indirectly driven the growth of Fixed Wireless Access ("FWA") expansion globally, faster than ever before. The pandemic created an opportunity for Green Packet due to the higher demand for broadband connectivity. FWA enables telecommunications companies to meet the broadband requirements of their customers by delivering Customer Premise Equipment ("CPE") and SIM cards to their subscribers to enable access to broadband services via 4G.

Customer Engagement – Aside from the inability to travel directly to the customer for sales meetings or technical support activities, COVID-19 had minimal impact on our engagement activities with customers. This was due to our business-as-usual approach when engaging with customers, which utilised digital mediums such as audio calls, emails and messaging, which are a commonplace practice among all employees.

Workforce – Our local and international workforce adhered to the respective standard operating procedures ("SOPs") established by their governments, and work-from-home policies were established throughout Green Packet. There was minimal impact on our workforce productivity; it was business as usual in terms of our customer engagement and support activities for our customers globally.

Supply Chain:

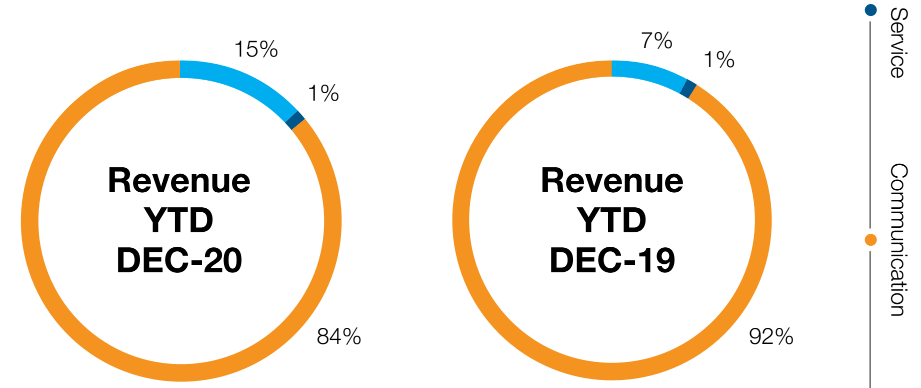
Production capacity was affected by COVID-19 due to factory closures in China during the pandemic. Factories in China only reopened at the end of February 2020. However, due to the uncertainties and the threat of lockdowns still persisting, production capacity has not fully recovered.

Materials suppliers encountered the same challenges and were unable to supply the materials required by Green Packet, which hindered production. As a result, our product shipments for orders received were impacted.

PROFITABILITY

In FYE2020, the three (3) main segments that contributed to revenue were Communications, Solutions and Digital Services. The Communications segment remained the main contributor to the Group's revenue. It is worth noting that the Group has been unrelenting in its efforts (i.e. it focused on profitable routes only, controlled costs, explored new markets and wound down the Mobile Virtual Network Operator business) to achieve better profits and growth for the business. We are confident that the potential profits of our businesses are intact, and we are positioned to benefit from any recovery in the market.

Revenue



For details and analysis of our financial results, please refer to the Management Discussion & Analysis section on pages 13 to 21 of this Annual Report.

SUSTAINABILITY STATEMENT

CORPORATE GOVERNANCE

We aspire to be transparent and conduct our business in an ethical and principled way to achieve long-term success and sustainable growth and ensure trust among shareholders and investors.

More details about our corporate governance framework are available in our Corporate Governance Overview Statement on pages 50 to 57 of this Annual Report.

Our corporate governance initiatives include risk management and internal controls, external audit and the code of ethical conduct, an anti corruption manual and whistleblowing policy. These areas are explained in subsequent sections of this Statement.

Risk Management and Internal Control

The fundamentals of good corporate governance are derived from maintaining a sound system of risk management and the adequacy and integrity of our internal control system.

Green Packet identifies its threats and opportunities in the Group's operations and development through risk management.

Our internal controls include various policies and documents to ensure Green Packet and its employees uphold the highest standards of integrity and ethics in their business conduct. The said policies are available on the Group's website.

Details of our risk management framework are explained in our Statement of Risk Management and Internal Control section on pages 58 to 60 of this Annual Report.

01	Board Charter
02	Terms of Reference (Audit Committee, Nomination Committee, Talent and Remuneration Committee, Sustainability Committee)
03	Code of Conduct for Directors, Remuneration Policy
04	External Audit Policy
05	Sustainability Policy
06	Gender Diversity Policy
07	Anti-Corruption Manual, Whistleblowing Policy and Procedure, Do's and Dont's

Code of Ethical Conduct and Conflicts of Interest

To adhere to the highest standards, all employees are to comply with the Code of Ethical Conduct and Conflicts of Interest (the "Code") in Green Packet's employee handbook. The Code for employees has been established and is adopted at all levels in the Group. It covers the principles and guides for employees' direct and indirect roles and responsibilities inside and outside the Company. These principles are shared with all employees and emphasised during training sessions. Upon employment in Green Packet, each employee pledges their agreement to ethical business conduct when signing their appointment letter.

Solicitation and Distribution

Policy against Harassment

Drug-Free Workplace and Substance Abuse

Anti-Corruption Manual

With the introduction of the Guidelines on Adequate Procedures in the Malaysian Anti-Corruption Commission ("MACC") (Amendment) Act 2018, an external consultant was engaged to assist in establishing its framework, principles and the expected standard of behaviour from our staff and external parties. The exercise was expected to embed a strong anti-bribery and anti-corruption culture Group-wide. These guidelines were approved and implemented in February 2020.

The Anti-Corruption Manual is available on our corporate website at:
https://www.greenpacket.com/investors-relations/governance

02 SUSTAINABILITY STATEMENT

Whistleblowing Policy and Procedure

We have zero tolerance for any acts of bribery and corruption. Any employee or third party suspecting misconduct or wrongdoing is encouraged to report this to Green Packet via the email address *speakup@greenpacket.com* or through the established reporting mechanism as stipulated in the Whistleblowing Policy & Guidelines. These guidelines have also been enhanced in line with the requirements of the MACC. No instances or complaints (FYE2019: Nil) of suspected corrupt or unethical behaviour were reported during the year.

The Whistleblowing Policy and Procedure is available on our corporate website at: https://www.greenpacket.com/investors-relations/governance

PRODUCTS, TECHNOLOGY AND DIGITAL SERVICES

At Green Packet, we strive to always ensure our products and services remain relevant, competitive and innovative while incorporating sustainability features into their design. This enables us to further serve our clients' needs and ensures our long-term viability.

Apart from design, Green Packet also focuses on quality control of the products and services to align them with international standards. Green Packet manages operations and ensures product and service quality by determining the unit responsible for quality control throughout the product and service development process and utilising technology for greater operational efficiency. As a result, Green Packet assures the quality of all its products and services and is determined to meet customers' expectations.

Solutions Division

In line with our motto, 'Life Improving Digital Innovations', Green Packet stresses the importance of providing uninterrupted connectivity to our customers. It uses the most advanced technologies and enhances competitive advantages and opportunities for telecommunications operators while allowing end-users to enjoy the best user experience.

Green Packet's commitment to offering quality and safe products to our clients is based on the assurance that our products, primarily devices for fixed and mobile wireless internet, have obtained certifications from the two major standards bodies for electronic devices – Conformity European ("CE") and the Federal Communications Commission ("FCC") from Europe and the United States, respectively. Our new products offered in 2020 were as follows:

- 5G New Radio ("NR") Indoor Unit ("IDU") CPE Model:D5A
- 5G NR Outdoor Unit ("ODU") CPE Model:O5A
- LTE Category 12 CBRS ODU CPE, Model:OA-B48
- LTE Category 4 IDU CPE, Model:DT-723
- LTE Category 6 MiFi, Model:M2A
- LTE Category 12 IDU CPE, Model:D4H

As mentioned in the COVID-19 Impact section, our customers are also supported by our dedicated teams who provide professional and personalised services when addressing their requirements and enquiries. And with over 38 customers worldwide, spanning the continents/regions of the Asia Pacific, North America, South America, Europe, the Middle East and Africa, this is a testament to our success.

Communications Division

Constant innovation is a priority as we help to improve connectivity and accessibility between rural and urban communities within nations. We continuously deliver services that meet the challenges of today's increasingly competitive environment.

SUSTAINABILITY STATEMENT

What makes us one of the largest and fastest-growing communications service providers in the world are the following:

01 Proven Track Record

- Retail – With our large group of existing migrant customers: >250,000 in our region
- Wholesale – One of the largest voice wholesalers in the Asia Pacific, delivering >2.5 billion minutes

02 Established Interconnections

- Direct connections with >500 suppliers and customers

03 Preferred Gateway into/out of Asia

- Preferred gateway of reputable Tier 1 carriers like Axiata Group, Maxis, Zain, Du, Oreedo, Telenor Global, Starhub, China Mobile International & many more

04 Economies of Scale

- One-stop service centre for all migrants in the Asia Pacific

05 Advance Carrier-Grade IP/TDM Switching

- Customers' valued voice traffic is supported by proven million-dollar IP/TDM switching

06 Strategic POPs in the Asia Pacific

- We have POPs linked up with dedicated International Private Lease Lines ("IPLLs") from Hong Kong, Thailand, Malaysia and Singapore to Indonesia

07 Exclusive Tailor-Made Voice Products

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

Digital Services Division

With COVID-19 cases lingering, returning to the status quo of pre-COVID-19 times may prove difficult, as businesses are now required to adhere to new norms such as having constant body temperature checks and a significant portion of the workforce working from home. Above all, business owners are now faced with the daunting task of ensuring that the workplace is safe for employees, visitors and customers.

On 7 May 2020, Green Packet launched KipleLive, a solution comprising AI thermal scanners, an app for the users (customers, employees or visitors) and software for business owners.

The Ai thermal scanner enables the identification and detection of an individual's face and body temperature even if a face mask is being worn. This solution will help businesses resume operations as seamlessly as possible with relatively low cost and effort. This is a further testament to Green Packet's ability to adapt and innovate efficiently and effectively to suit growing trends and customers' needs.

CUSTOMER SATISFACTION AND SURVEY

Communications Division

As an airtime wholesaler, we enforce stringent network monitoring to prevent hardware or network failures. Our Network Operation Centre ("NOC") comprises teams who are experienced and competent technicians, guided by the NOC's Standard Operating Procedures ("SOPs") and Guidelines. These SOPs outline procedures in responding to our customers' enquiries and managing the airtime traffic of our complex network of telecommunications infrastructure to deliver optimal network performance.

Solutions Division

We have established dedicated Business and Technical Support Teams to engage with our customers, respond to their enquiries and obtain feedback on service quality. We assess our customers' feedback via a Customer Satisfaction Survey exercise to help us improve the way we do things. This two-way feedback process enables us to identify opportunities for developing new and customised products and enhancing existing services for our customers. Assessment criteria of the Customer Satisfaction Survey include availability, responsiveness, reliability and technical capability in meeting customers' requirements.

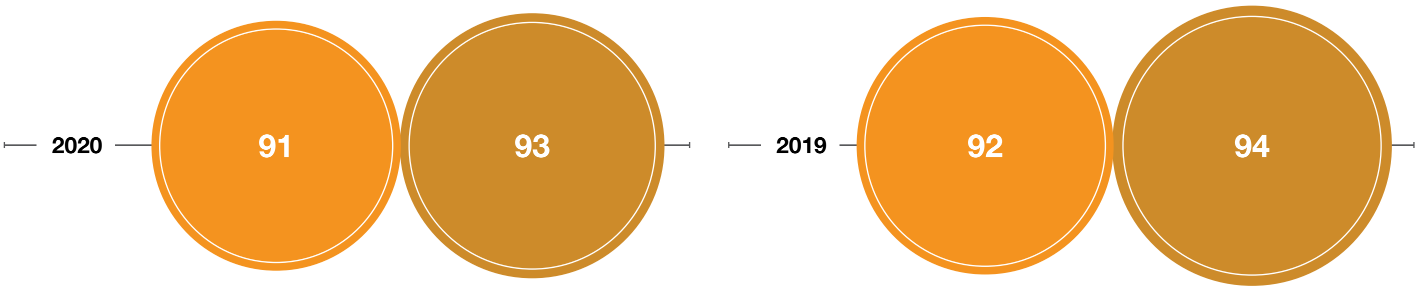
Green Packet's customer satisfaction index for our internal customers decreased by 1% to 93% in FYE2020 (FYE2019: 94%) while our external customers' satisfaction index was 91% for FYE2020 (FYE2019: 92%), as the Group embarks on its business transformation to become an exponential organisation.

SUSTAINABILITY STATEMENT

02 SUSTAINABILITY STATEMENT

Customer Satisfaction Survey

● External Customer ● Internal Customer



At Green Packet, customer service remains our main focus, our aim being to improve the understanding of the factors influencing customer satisfaction and efficiency in the divisions' operations.

To achieve excellent customer satisfaction, a strategy execution framework called 4DX was adopted whereby every employee defines their Key Result Area. A scoreboard is maintained to ensure each employee is focused on achieving customer expectations and providing consistent customer experience while meeting service level agreement requirements.

The other element is investing in employees' training to empower the operations teams to be equipped with the latest technological and product knowledge, which in turn enables employees to better serve our customers efficiently.

Other initiatives to improve customer satisfaction include:

1. Measuring customer satisfaction regularly instead of yearly by implementing a process to gather customer feedback per service case. This method enables us to identify a specific service case, if necessary, compared with the blanket customer satisfaction survey that is performed on a yearly basis.

2. Designing and executing product overview and configuration training for every customer who receives our product samples. This provides an opportunity for our Technical Support team to educate customers on product capability and how to configure/manage the product with ease.

3. Based on an analysis conducted on the 2020 Customer Satisfaction Index results, customers' feedback highlighted that an area we can improve on is documentation.

AWARDS AND CERTIFICATIONS

We are committed to ensuring our products are certified and that we adhere to best management practices by implementing sustainable standards. On 13 September 2019, our Digital Services division (Fintech) implemented an information security management system ("ISMS") and obtained ISO/IEC 27001:2013 certification.

SUSTAINABILITY STATEMENT

The certification required us to establish, implement, maintain and continually improve our information security management system. It also includes requirements for the assessment and treatment of information security risks tailored to the needs of Green Packet.

We are pleased to highlight that, in FYE2020, we obtained additional certifications for the following products from the Shenzhen Universal Test Technology Service:

Date Issued	Certification	Model	Product Description
23 April 2020	Declaration of Conformity	MZ-725	LTE Mifi Router
12 May 2020	Declaration of Conformity	D2K-FT10	LTE CPE
1 June 2020	Declaration of Conformity	MQ-725	LTE Mifi
1 June 2020	Attestation of Conformity	MQ-725	LTE Mifi
8 June 2020	Declaration of Conformity	DT-723	LTE CPE
8 June 2020	Attestation of Conformity	DT-723	LTE CPE

SOCIAL AND ECONOMIC COMPLIANCE

It is in our interest to comply with national laws and regulations in the countries where we operate. We ensure our employees are aware of and fully comprehend our standards in all sustainability aspects. Measures and controls such as standard operating procedures, audits and inspections by local authorities are in place, among others, to strengthen compliance with regulations, thereby reducing financial risk and impact.

The following is a list of key laws and regulations that are related to our business activities:

	Area	
	Labour	**ICT**
Laws and standards	• Employment Act 1955 • Personal Data Protection Act 2010 • Employees' Social Security Act 1969 • Employees Provident Fund Act 1991 • Income Tax Act 1967	• e-Money Guidelines • Risk Management in Information Technology • SIRIM QAS International Sdn Bhd – ISO/IEC 27001:2013

2.3 Environmental Sustainability

Environmental sustainability is an increasing global concern. As published in the Global Risks Report 2020 by the World Economic Forum, climate change has become a critical risk that is occurring more forcefully and rapidly than expected. At Green Packet, we recognise the severity of climate change and its associated adverse impacts on our operations and the fact that the challenges before us demand immediate collective action. Hence, Green Packet takes climate change into consideration when developing our business strategy and sustainability manifesto to minimise any related risks.

Our commitment to managing the impacts and future risks generated from the expansion of Green Packet's business operations is also conveyed in our core values.

SUSTAINABILITY STATEMENT

02 SUSTAINABILITY STATEMENT

GREEN INITIATIVES

Green Packet is committed to reducing our impact on the environment and adopting practices that use resources sustainably as we strive to attain greater energy and water consumption efficiency.

Several initiatives have been implemented, such as the use of LED lights and the switching off of lights and air-conditioning during breaks and after working hours. We have upgraded our photocopy machines, computers and laptops with power-saving features and implemented double-sided printing, private code controls for the printing of documents and limited colour printing to authorised personnel. These initiatives, although small, can contribute to conserving energy and consequently saving costs.

Employees are encouraged to use public transportation, carpool and practise flexible working hours, allowing them to plan their travel to and from the office and thereby reduce petrol consumption by avoiding traffic congestion. During the COVID-19 pandemic, our employees optimised the use of audio calls, videoconferencing, webinars, instant messaging, phones and emails to avoid or reduce travelling to remain healthy and safe.

The air-conditioning system at our headquarters is centrally controlled and switched off after working hours, while washrooms are equipped with dual flushes, preventing excessive water consumption. Some practices may seem to be trivial actions, but we believe such practices do contribute toward reducing environmental impact.

ENVIRONMENTAL COMPLIANCE

Green Packet is committed to adhering to the standards prescribed by the Department of Environment ("DOE") and other environmental laws and regulations. The Group regularly reviews its business operations for any risks and potential issues related to the environment.

No incidents of non-compliance with environmental laws and regulations were reported, and we were not penalised or fined for any environmental violation in FYE2020 (FYE2019: Nil).

2.4 Social Investment

The Group strongly opposes all forms of discrimination and practices which condone inequality. To ensure we operate as an ethical and responsible company, we emphasise human rights considerations in developing our business strategy. This includes initiatives to prevent incidents of child labour, forced labour and sexual harassment. The Group has several measures in place to address human rights-related risks, including our Code of Ethical Conduct and Conflicts of Interest that covers sexual harassment and discrimination. This Code warrants that no employee, regardless of gender, status or stature, is to be subjected to any form of harassment within the Company.

Along with building a solid relationship internally with employees, we believe in developing relationships with our customers, suppliers and local communities. The key to Green Packet achieving sustainable growth and providing long-term value creation for our stakeholders is to build a strong and enriching community.

OUR PEOPLE

DIVERSITY AND EQUAL OPPORTUNITIES

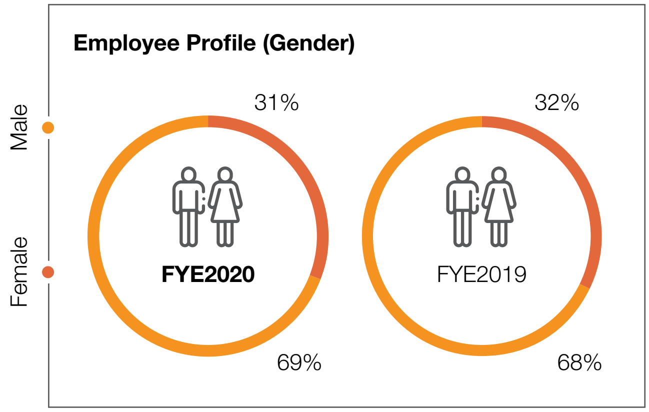
Green Packet aspires to be an employer of choice by fostering a culture that encourages every employee to reach their full potential while providing opportunities for everyone.

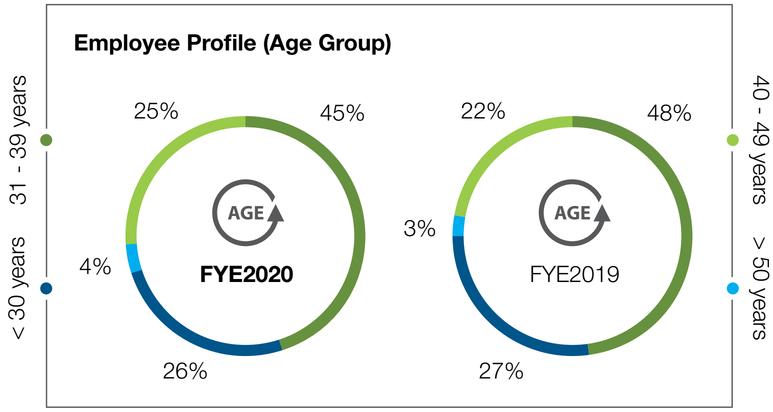
We recognise that creating a culture that respects unique differences allows us to benefit from the wealth of knowledge, experience, creativity and innovation our people bring and that these attributes enable us to operate and succeed in diverse markets and communities.

In embracing gender diversity and equality, Green Packet adopted the Board Gender Diversity Policy in FYE2020. The Company aims to have an appropriate level of diversity in the boardroom to reflect the diverse nature of its operations and support the achievement of its long-term strategic vision and sustainable operating objectives.

As at 31 December 2020, our workforce comprises 154 employees, with 69% male and 31% female (FYE2019: 159 employees; male - 68%; female - 32%). Our workforce includes 28 expatriate employees (i.e. 18% of the workforce), while the remaining 126 (i.e. 82%) were hired locally (FYE2019: expatriates - 20%; locals - 80%).

SUSTAINABILITY STATEMENT

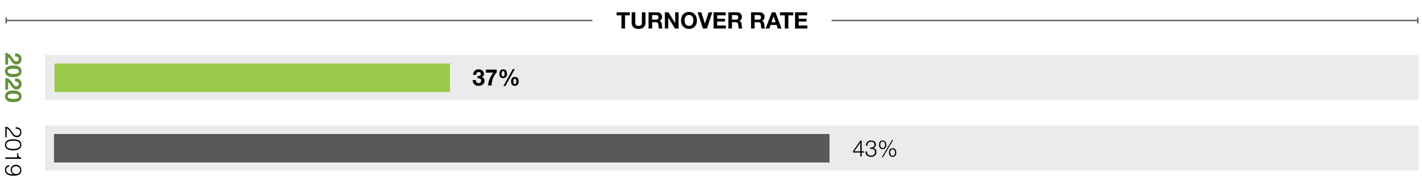




Our Group's workforce is relatively young with 71% of the workforce below the age of 40, 25% between 40 and 49 years old and the remaining 4% represented by our experienced employees aged 50 and above.

In FYE2020, Green Packet hired 61 new employees, comprising 32 male and 29 female employees at 52% and 48%, respectively. A total of 58 employees resigned in FYE2020, with 19 employees (33%) resigning at the end of their employment contract and the remaining 39 employees (67%) leaving due to personal reasons.

The employee turnover rate was lower in FYE2020, at 37% (58 resigned employees), compared to 43% in FYE2019 (68 resigned employees).



We recognise employees' contributions to the Group's success. Green Packet's employee benefits programmes are designed to meet the needs of a diverse workforce and include competitive remuneration packages covering hospitalisation and surgical plans, personal accident insurance, leave benefits and travel allowances. Effective FYE2021, we further increased the benefits limits (i.e. for optical and dental claims, medical check-ups, outpatient treatment, maternity leave, per diem, etc.) offered to employees amid the COVID-19 pandemic.

Medical

- Outpatient medical claims & health screening
- Optical & dental claims

Leave

- Paid study and examination leave
- Maternity and paternity leave
- Compassionate leave
- Prolonged illness leave
- Marriage leave
- National service training leave
- Sports participation leave

Allowances

- Travelling allowance including mileage and subsistance allowance
- Car park benefit
- Handphone allowance
- Petrol allowance
- Overseas training/work allowance

Source: Extracted from Green Packet's Employee Handbook

SUSTAINABILITY STATEMENT

02 SUSTAINABILITY STATEMENT

We also conducted Employee Satisfaction Index ("ESI") surveys by business units on a quarterly basis to identify areas of improvement and action plans from the employees' perspective. Among the categories reviewed by employees in the ESI survey were meeting organisational expectations, resources & support, empowerment, leadership & development, connection to strategy & direction, teamwork & collaboration, trust relationships, leadership engagement, career growth and performance recognition.

In FYE2020, we achieved an average score of 81% in the ESI Survey. With the ESI Survey, we strive to create a sustainable yet competitive working environment within Green Packet to meet our business goals.

TRAINING AND EDUCATION

The Group is committed to talent development and continuously provides a platform for employees to continue building their capabilities and learning experiences.

Training programmes are identified based on business strategies and operational needs, meeting regulatory requirements and ensuring the development of our people's technical, interpersonal, business and management skills.

Despite the COVID-19 pandemic, Green Packet was steadfast in ensuring that the training of its employees was not disrupted. In FYE2020, the Group conducted 18 sessions of in-house and external training. A total of 3,905 training hours were provided, and a cost of RM26,280 was incurred (FYE2019: 3,815 training hours; RM129,680 spent), with a total of 1,115 (FYE2019: 124) employees participating.

Training Category	FYE2020		FYE2019	
	Number of Pax	Training Hours	Number of Pax	Training Hours
Technical skills & competency development training	**449**	**1,525**	71	2,195
Core cultures & value/Soft skills development training	**329**	**1,964**	51	1,596
Corporate governance	**337**	**416**	2	24
Total	**1,115**	**3,905**	**124**	**3,815**

SAFE WORK ENVIRONMENT

THE HEALTH AND SAFETY OF OUR EMPLOYEES IS A PRIORITY AT GREEN PACKET AND WILL CONTINUE TO BE SO. THE PHYSICAL AND MENTAL HEALTH OF OUR EMPLOYEES IS THE DRIVING FORCE BEHIND OUR PERFORMANCE.

To reduce exposure risk during the pandemic, a COVID-19 Workplace SOP was implemented on 5 May 2020. The SOP detailed strict procedures and precautionary measures that adhered to the guidelines established by the Ministry of International Trade and Industry ("MITI") and Ministry of Health ("MOH"). The SOP included daily health declarations, social distancing within office premises, provision of face masks and hand sanitisers to all employees, temperature checks to safeguard our employees, proper signage for face mask requirements and social distancing markers as a reminder to all employees.

Apart from flexible working hours, we implemented work-from-home arrangements to minimise employees' exposure to the COVID-19 virus. Virtual meetings were encouraged to safeguard not only employees but also visitors to Green Packet whenever possible.

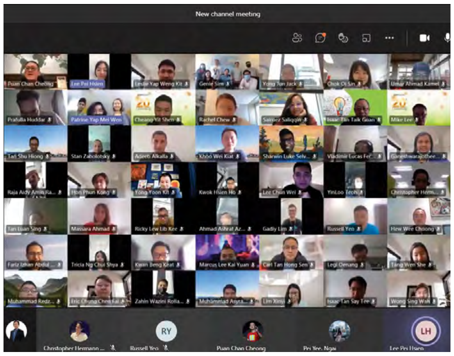
A Response Team, which consisted of the Chairman, Deputy Chairman, Management Observer, Secretary and representatives from Corporate Communications, Human Resources, Information Technology and Regulatory & Compliance, was formed to ensure appropriate measures are carried out should an emergency arise (e.g. suspected cases of COVID-19). The detailed responsibilities of the Response Team were stipulated in the COVID-19 Workplace SOP.

EMPLOYEE ENGAGEMENT

Town Halls 2020

The ongoing COVID-19 pandemic added challenges to the organisation of physical interactions or engagements with our employees. However, just before the Movement Control Order, which took effect on 18 March 2020, Green Packet managed to conduct its first quarter Town Hall meeting on 20 January 2020.

SUSTAINABILITY STATEMENT



Despite working from home during the MCO, Packeteers continued to engage with the Senior Management Team through Town Halls in 2020

GREEN PACKET TURNED 20 YEARS OLD IN 2020

We have been on a two-decade journey since Day 1 to where we are now. Accordingly, we took the opportunity to showcase our products, solutions and services to all Packeteers at this Kick-off Town Hall. And the happy faces of our Packeteers said it all as they came to realise how much they had accomplished in improving the lives of so many through digital innovations.

Subsequently, quarterly town halls were held virtually, amounting to four town halls in total with a year-end virtual celebration to kick off Green Packet's 20th Anniversary campaign.

Other Engagements in 2020

In addition to the town halls, a monthly brown bag session was organised where the Group Managing Director and CEO hosted a sharing session covering the Company's history and its Green Packet 5.0 business trajectory, its Massive Transformative Purpose and the five Core Values. This session was coined the CXO session.

We also contributed donations and cash aid, primarily to help improve people's lives with technology, allowing them to conduct their businesses with complete integrity.

In FYE2020, we organised the following programmes, with donations and cash assistance being provided to:

1

MDEC MyIndustry Ai Scholarship

- Green Packet sponsored and funded a research project under the MDEC MyIndustry Ai Programme in the area of research in the facial recognition technology.
- A total of RM45,000 sponsorship was allocated to the participating university, Universiti Teknology Malaysia (UTM).

2

School reopening campaign with United Chinese School Committees' Association of Malaysia (Dong Zong)

- Green Packet has inked a deal with United Chinese School Committees' Association Of Malaysia (Dong Zong) to deploy KipleLive thermal scanners in 63 independent Chinese secondary schools in Klang Valley including those in Sabah and Sarawak.
- The contribution amounted to RM441,000 for device and installation fees for setting up of Artifical Intelligence ("AI")-enabled face recognition scanners at schools to screen and record the temperature as well as attendance of each student, teacher, staff member or visitors. This served to give all stakeholders the comfort of re-opening the schools in the safest possible way in June 2020.

3

End-to-end digital experiences for schools (joint corporate social responsibility (CSR) with Malaysia Xiang Lian Youth Association Charity and Education Fund)

- Approximately 51 schools nationwide are set to benefit from the implementation of cashless solutions and AI-enabled facial recognition to address schools' needs in protecting the safety and wellbeing of schoolchildren starting July 2020.
- RM357,000 worth of device and installation contributions created an end-to-end digital experience; from digitalising the school' attendance, capturing and recording students' temperatures and adopting a cashless solution for the convenience of students, teachers, merchants, and parents.

4

KipleSchool (joint CSR with University Book Store Malaysia (UBSM))

- As a technology partner with UBSM for this CSR programme, Green Packet offered a solution namely KipleSchool, integrating four different solutions into a single platform which includes AI, facial recognition, thermal scanning and digital payment.
- This provided an end to end digital experience in schools for students, teachers, merchants, school management and parents. Approximately RM147,000 worth of devices and installation fees were covered by Green Packet for a total of 21 private schools registered for this CSR programme to provide safer learning spaces and environment for the next generation.

GRI CONTENT INDEX

GRI CONTENT INDEX – CORE OPTION

	GRI Standard	Disclosure	Reference
General Disclosures	102-1	Name of the organisation	Green Packet Berhad
	102-2	Activities, brands, products and services	• Annual Report FYE2020 ("AR"), Pages 04 - 05 • AR, Management Discussion and Analysis, Pages 13 - 21
	102-3	Location of headquarters	AR, Corporate Information, Page 06
	102-4	Locations of operations	• AR, Corporate Information, Page 06 • AR, Corporate Structure, Page 07
	102-5	Ownership and legal form	• AR, Corporate Information, Page 06 • AR, Analysis of Securities and Substantial Shareholders' and Directors' Interest, Pages 181 - 184
	102-6	Markets served	• AR, About Green Packet, Pages 04 - 05 • AR, Chairman's Message, Pages 10 - 12 • AR, Management Discussion and Analysis, Pages 13 - 21
	102-7	Scale of the organisation	• AR, Chairman's Message, Pages 10 - 12 • AR, Management Discussion and Analysis, Pages 13 - 21 • 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 42 - 47 • AR, Key Senior Management, Pages 48 - 49 • AR, Sustainability Statement – Social: Diversity and Equal Opportunities, Pages 36 - 38
	102-9	Supply chain	• AR, Management Discussion and Analysis, Pages 13 - 21 • AR, Sustainability Statement – Supply Chain Management, Pages 28 - 30
	102-10	Significant changes to the organisation and its supply chain	• AR, Management Discussion and Analysis, Pages 13 - 21
	102-11	Precautionary principle or approach	Not applicable
	102-12	External initiatives	• AR, Management Discussion and Analysis, Pages 13 - 21
	102-13	Membership of associations	Not Applicable
	102-14	Statement from senior decision-maker	• AR, Chairman's Message, Pages 10 - 12 • AR, Management Discussion and Analysis, Pages 13 - 21
	102-18	Governance structure	• AR, Corporate Structure, Page 07 • AR, Sustainability Statement, Governance Structure section, Pages 22 - 26
	102-40	List of stakeholder groups	AR, Sustainability Statement, Pages 22 - 39
	102-42	Identifying and selecting stakeholders	AR, Sustainability Statement, Pages 22 - 39
	102-43	Approach to stakeholder engagements	AR, Sustainability Statement, Pages 22 - 39
	102-44	Key topics and concerns raised	AR, Sustainability Statement, Pages 22 - 39
	102-45	Entities included in the consolidated financial statements	• AR, Corporate Structure, Page 07 • AR, Sustainability Statement, Pages 22 - 39 • AR, Notes to the Financial Statement: Note 5 – Investment in Subsidiaries; Note 6 – Investment in Associates; Note 7 – Investment in Joint Ventures

GRI CONTENT INDEX

	GRI Standard	Disclosure	Reference
General Disclosures	102-46	Defining report content and topic boundaries	AR, Sustainability Statement, Scope and Overview sections, Page 22
	102-47	List of material topics	AR, Sustainability Statement, Pages 22 - 39
	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 22
	102-51	Date of most recent report	AR, Sustainability Statement, About This Statement section, Page 22
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	• AR, Corporate Information, Page 06
	102-54	Claims of reporting in accordance with the GRI Standards	• AR, Sustainability Statement, Overview section, Page 22 • 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.

GRI SPECIFIC INDEX – MATERIAL TOPICS

	Sustainability Matters	GRI Standard	Disclosure	Reference
Specific Disclosures	**Economy**			
	Profitability	201-1	Direct economic value generated and distributed	Page 30
	Innovation and Digital Transformation	203-2	Significant Indirect Economic Impact	Page 28
	Customer Satisfaction and Engagement	203-2	Significant Indirect Economic Impact	Pages 27 & 33
	Environment			
	Environmental Compliance	307	Environmental Compliance	Pages 28 & 36
	Social			
	Supply Chain Management	308-1	Negative Environmental Effects and Action Taken	Pages 28 & 30
	Diversity and Equal Opportunity	401-2	Employment benefits to full-time employees	Pages 36 - 38
	Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	Page 38
	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Pages 36 - 38
	Community Engagement and Development	413-1	Operations with local community engagement, impact assessments, and development programs	Page 39
		413-2	Operations with significant actual and potential negative impacts on local communities	Page 39
	Product and Service Quality	416-1	Assessment of the health and safety impacts of product and service categories	Pages 32 - 33

BOARD OF DIRECTOR'S PROFILE

Length of Service
16 years

Board Attendance in FYE 2020
13/13

Date of last Re-election
23 July 2020

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

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

TAN SRI DATUK DR. HAJI OMAR BIN ABDUL RAHMAN
Chairman/Non-Independent Non-Executive Director

Gender	Nationality	Age	Date of Appointment
Male	Malaysian	88	25 June 2004

Qualifications
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 to these, 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 the 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
None

BOARD OF DIRECTOR'S PROFILE

PUAN CHAN CHEONG
Group Managing Director and Chief Executive Officer

Gender	Nationality	Age	Date of Appointment
Male	Malaysian	52	1 November 2003

Length of Service
17 years

Board Attendance in FYE 2020
12/13

Date of last Re-election
23 July 2020

Membership of Board Committees
- Talent and Remuneration Committee
- Share Grant Scheme Committee

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

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 the University of Nebraska-Lincoln, USA.

Working Experience
Puan is the founder and Group Managing Director and CEO of Green Packet Berhad ("Green Packet" or "GPB"). 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 has 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 drove 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 the company 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

BOARD OF DIRECTOR'S PROFILE

Length of Service
13 years

Board Attendance in FYE 2020
12/13

Date of last Re-election
19 June 2019

Membership of Board Committees

- Audit Committee
- Talent and Remuneration Committee
- Share Grant Scheme Committee

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.

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

Gender	Nationality	Age	Date of Appointment
Male	Malaysian	64	21 May 2008

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 joined 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, and 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 institutions. 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

BOARD OF DIRECTOR'S PROFILE

DATUK NG SOON HONG
Senior Independent Non-Executive Director

Gender	Nationality	Age	Date of Appointment
Male	Malaysian	52	22 May 2020

Length of Service
1 year

Board Attendance in FYE 2020
9/10

Date of last Re-election
23 July 2020

Membership of Board Committees
- Nomination Committee (Chairman)

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

Qualifications
Completed Year 11 from Knoxfield College.

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

Throughout his 28 years of experiences especially in the field in property, investment and club management, Datuk Ng demonstrated significant skills from many aspects which lent to his style of visionary leadership and effective management along with his in-depth knowledge and wide public relationship and presentation skills. He is also 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

BOARD OF DIRECTOR'S PROFILE

SHARMAN A/L ARUMUGAM
Independent Non-Executive Director

Gender	Nationality	Age	Date of Appointment
Male	Malaysian	50	25 May 2021

Membership of Board Committees

- Audit Committee (Chairman)
- Talent and Remuneration Committee

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

Qualifications
Certified Public Accountant, Malaysia (CPA), Chartered Accountant (CA) and Certified Public Accountant, Australia (CPA).

Working Experience
Sharman A/L Arumugam is a Chartered Accountant (Malaysia), a fellow of CPA Australia, member of Malaysian Institute of Certified Public Accountants (CPA) and an ASEAN of the Chartered Professional Accountant. He is also a member of INSOL International, and a Chartered Member of Malaysian Institute of Directors and a member of the Institute of Corporate of the Directors Malaysia.

He was the President of CPA Australia (Malaysia Division) and was a Council Member of the Malaysian Institute of Accountants (MIA) for 2019-2020. He was a member of CPA Australia's Council of Presidents and Public Practice Advisory Committee, both of which are international committees. He was the Chairman of the MIA's Audit & Risk Management Committee 2019-2020 and also a committee member of MIA's Investigation Committee.

His career began with Arthur Andersen & Co in the early 1990s where he built his corporate skills in the areas of Business & Process Assurances, Technology Consulting and Corporate Finance. His job exposure includes public institutions/multinationals and public listed companies in various industries such as manufacturing, services, hospitality, transport and in particular, financial institutions.

In the late 1990s, he was the Corporate Finance Head of a Bursa Malaysia listed entity where he managed all financial and regulatory submissions to all relevant authorities. He was a significant contributor to the Group wide reorganization and disposal of a subsidiary worth USD600mil to Ministry of Finance, Malaysia

From early to mid-2000s, he was with the SIH Group where he was based in a South Asian country in the initial years as Finance Director of a telecommunication subsidiary. He was subsequently promoted to Group Finance Director and relocated back to Malaysia. His principal function was to assist the Board of Directors in managing a portfolio of investments and companies located in North America, Europe and Asia.

Currently, as Country Partner for SCS Global Consulting, he provides corporate advisory services, which includes corporate valuations, fund raisings, mergers and acquisitions, corporate re-organizations and insolvency workouts for a broad spectrum of domestic and international companies. He also sits on the Boards of MNC subsidiaries in Malaysia such as Toshiba Precision, Rakuten Insight, Iwaki Pumps, and Fuyo General Lease amongst many others.

Present Directorship In Public Company and Listed Entity
None

BOARD OF DIRECTOR'S PROFILE

SYAFINAZ MERICAN BINTI ISAHAK MERICAN
Independent Non-Executive Director

Gender	Nationality	Age	Date of Appointment
Female	Malaysian	48	25 May 2021

Membership of Board Committees

- Audit Committee
- Nomination Committee

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

Qualifications

Bachelor of Science in Business Administration-International Business and University of Nebraska-Lincoln, Lincoln, Nebraska, USA.

Working Experience

A global professional across multiple industries including business advisory, corporate finance and luxury retail with main work experiences in Malaysia, Lebanon, the United Arab Emirates and Singapore. Mdm Syafinaz currently serves as a Director in three funds managed by Fairshore Asset Management Company Private Limited ("FAMCO") in Singapore representing over USD$4.0 billion in assets. A strategic thinker with strong commercial instincts. Possesses a credible personality to engage with senior management and heads of leading organisations to establish and develop long-term relationships. Enjoys initiatives that drive transformational businesses and lasting cultural changes. Additionally, is passionate to be involved in undertakings that build sustainability for generations to come. Highly efficient yet diplomatic in handling sensitive company crises without jeopardising the human factor and has been described as a natural leader. Global exposure and self-awareness combined with holistic approach in every situation have been driving factors that sets apart her career successes, aside from knowledge, work ethics and technical training. Self-driven, strong managerial background and leads by example.

Present Directorship In Public Company and Listed Entity

None

KEY SENIOR MANAGEMENT PROFILES

TAN KAY YEN

Chief Executive Officer
Green Packet Capital Sdn Bhd

Gender
Male

Nationality
Malaysian

Age
51

Date of Appointment
1 January 2021

Qualification & Working Experience

Mr. Tan Kay Yen (better known as Kay) is the Chief Executive Officer of Green Packet Capital Sdn Bhd. He spearheads the late-stage private equity arm, which was established to identify potential strategic investment and acquisitions that is aligned and favourable to the Group's growth strategies and direction moving forward.

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, holding a range of leadership positions.

Tan previously led the charge in growing our financial technology service division as Chief Executive Officer of kiplePay Sdn Bhd. Prior to that, he was the Group Chief Executive Officer of Green Packet Berhad from 2014 to 2019. He had also held positions such as Group Chief Operating Officer and Acting Group Chief Financial Officer in Green Packet Berhad.

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

Present directorship in Public Company and Listed Entity

None

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

MR. KU KOK PENG

Group Chief Strategy Officer

Gender
Male

Nationality
Malaysian

Age
51

Date of Appointment
1 October 2020

Qualification & Working Experience

Ku heads the Group Strategy Office, where he oversees the broad spectrum of functions relating to Strategy, Change Management, Investor Relations, Communications, People and Academy. The Group Strategy Office works in close alignment with Green Packet's five core business units to drive its growth strategy of becoming a leading player in Malaysia's journey towards digital transformation.

He joined Green Packet from PEMANDU Associates, where he was Executive Vice President & Partner and led public sector transformation, business quantum leap and turnaround projects in Malaysia and internationally. He brings deep experience in direct investment, investor relations, fiscal management and strategic communications, with exposure to multiple vertical sectors.

Prior to that, Ku served as Director with Performance Management & Delivery Unit (PEMANDU) under the Prime Minister's Department, covering two portfolios of Palm Oil & Rubber NKEA, and Investment & Innovation. In this capacity, he also served as an alternate member of the Governing Council of Agensi Inovasi Malaysia and National Export Council chaired by the Prime Minister and a member of the Current Accounts Committee, AIM Investment Committee on Equity and Ministerial Council of the Construction Industry Transformation Programme.

Ku graduated with a Bachelor of Law degree from the University of London and holds the Certificate of Legal Practice.

Present directorship in Public Company and Listed Entity

None

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 PROFILES

DR JAMES TEE KIM SIONG

Chief Executive Officer
Smart City & Urban Tech

Gender
Male

Nationality
Malaysian

Age
49

Date of Appointment
17 September 2020

Qualification & Working Experience

Dr. James spearheads Green Packet's developments in AI City, hyperscale data centre and thematic next-generation technology parks. This is in line with the Group's smart city and urban tech growth strategy to be a leading player in Malaysia's journey towards digital transformation.

He is a Senior Executive with more than 20 years of extensive work experience and impressive track record in general management, financial management, strategic planning, performance transformation and value creation. He has strong expertise in integrated real estate and smart city developments, construction and investment, asset management, insurance and management strategy consulting. Dr. James previously served as the CEO of public-listed and non-listed real estate companies and was also a management consultant with McKinsey & Company.

Dr. James holds a Ph.D. in Materials Science & Metallurgy from the University of Cambridge, United Kingdom. A Commonwealth Scholar, he also has a First Class Honours Degree in Bachelor of Engineering from Universiti Teknologi Malaysia (UTM). He is the author of a comprehensive book, Malaysian Real Estate Industry – Value Creation Strategies, and was Honorary Secretary of the Malaysian REIT Managers Association.

He is a registered Graduate Engineer with the Board of Engineers Malaysia and is a Certified GreenRE Manager – under REDHA – for green buildings assessment. He is passionate about developing young leaders and making a difference through innovative technologies.

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

MS. SEREEN TEOH HOOI LING

Group Chief Financial Officer

Gender
Female

Nationality
Malaysian

Age
43

Date of Appointment
5 April 2021

Qualification & Working Experience

With over 20 years' experience, Sereen has wide-ranging expertise across strategic planning and stakeholder management, financial management, financial forecasting, regulatory reporting, corporate finance, capital raising, valuation, taxation, and procurement.

She was the Chief Financial Officer of BIG Rewards, a subsidiary of AirAsia Digital. She provided leadership in all aspects of business and strategy, including profit and loss accountability, and driving business expansion with a strong focus on digitalisation and product innovation across ASEAN.

Prior to AirAsia Digital, she was head of finance at Malayan Banking Berhad. She established the global shared services function and led the financial functions of four units – operations, technology, customer service and enterprise transformation service. She has also worked at CIMB Bank Berhad as Head of MIS & Planning for Group Cards and Personal Financing, and Pricewaterhouse Coopers Malaysia as an Auditor when she started her career.

Sereen graduated with a bachelor's degree in accountancy from the National University of Malaysia in 2002.

Present directorship in Public Company and Listed Entity

None

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is pleased to provide the following Corporate Governance Overview Statement on how the Group has applied the principles and best practices as set out in the Malaysian Code of Corporate Governance ("the Code").

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.

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

Board's Roles and Responsibilities

The Company is led by a Board which comprises (6) members. The Chairman, who is a Non-Independent Non-Executive Director, heads the Board with an Executive Director and (5) Non-Executive Directors (inclusive of (3) Independent Non-Executive Directors).

The non-executive members of the Board bring a wide range of skills and experiences 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.

The Board is responsible for approving and overseeing of the long-term objectives, business/corporate strategic plans, major acquisitions & divestment and financial matters of the Group. The Board delegates the day-to-day management of the Company to the Group Managing Director and Chief Executive Officer. The day-to-day operations 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 discharges some of its responsibilities through delegation to the respective Board Committees. There are five (5) Board Committees and a Management-led Committee, namely the Risk Management Committee. The Board Committees are Audit Committee, Nomination Committee, Talent and Remuneration Committee, Sustainability Committee and Share Grant Scheme Committee. These Committees have their roles/functions, written Terms of Reference, Bye-Laws, operating procedures and authorities clearly defined. The Board appoints the Chairman and members of each Board Committee 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 Committees.

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 the succession planning process for executive leadership to identify and track Senior Management staff with the potential for top management responsibility. Competency gaps identified during year end performance assessments 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. Appropriate formal training is also identified for continuous development of 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Ethical Standards through the Code of Ethics

The Company has in place established Code of Ethics policies governing the conduct of business of the Group which is applicable to every employee. The Code of Ethics policy includes appropriate communication and feedback channels for employees to raise concerns about possible improprieties llike Anti-Corruption practices and stakeholder can report via improprieties through Whistleblowing Policies and Procedures.

The Board adopts 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

The Group's Strategies for Sustainability

The Group is committed to sustainable practices. The Board believes that 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.

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 statutes and directives issued by regulatory authorities.

Board Charter

To facilitate the Board in discharging 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 is reviewed annually. It is available on the Company's website: www.greenpacket.com

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Nomination Committee

The Nomination Committee comprises (3) members, made up solely of non-executive directors, with a majority being independent. The membership of the Nomination Committee is set out in the Corporate Information section of this Annual Report. It is headed by the Senior Independent Director, Datuk Ng Soon Hong.

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

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

During the financial year, the Nomination Committee's activities include the nomination of new directors, annual assessment of the Board and its Board committees including an assessment of the independent directors on their independence, redesignation of Director and employment of Senior Management staff. The Nomination Committee evaluates and recommends to shareholders, the Directors who are due for retiring/election at the next Annual General Meeting.

On 25 May 2021, the Company appointed (2) Independent Non-Executive Directors, namely Mr Sharman A/L Arumugam and Mdm Syafinaz Merican Binti Isahak Merican.

The Board is mindful of the push for 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. The Company continues to make efforts to fulfill the 30% female representation on Board level.

Talent and Remuneration Committee

The Talent and Remuneration Committee comprises four (4) members made up of a majority of non-independent non-executive directors. 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 Group Managing Director and Chief Executive Officer and Non-Executive Directors abstained themselves from deliberation for matters relating to their remuneration. 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. Remuneration and meeting allowances for Non-Executive Directors are recommended by the Board for shareholders' approval at the next Annual General Meeting.

The remuneration of the Board of Directors is benchmarked 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 Board has approved the recommendation of the Talent and Remuneration Committee to formalize and implement the following new fee structure for the whole Board for the financial year ending 31 December 2021.

Additional Fee

Annual (RM)
Director Base Fee
36,000

Annual (RM)
Board Chairman
30,000

Annual (RM)
Audit Committee Chairman
24,000

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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)	Total (RM)
Executive Director			
Puan Chan Cheong	1,200,000	150,923.40	1,350,923.40
Tan Kay Yen	797,442	100,308.76	897,750.76
Total:	**1,997,442**	**251,232.16**	**2,248,674.16**

	Directors' Fees (RM)	Meeting Allowances (RM)	Total (RM)
Non-Executive Directors			
Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman	91,052	30,000	121,052
A. Shukor Bin S. A. Karim	34,144	28,000	62,144
Datuk Ng Soon Hong	20,482	9,000	29,482
Nora Junita Binti Mohd Hussaini	19,713	8,000	27,713
Tan Sri Dato' Kok Onn	5,691	1,000	6,691
Dato' Lai Yit Loong	12,059	2,000	14,059
Boey Tak Kong*	59,732	13,000	72,732
Total:	**242,873**	**91,000**	**333,873**

** Included total Director's fee and meeting allowance of RM21,000 from a subsidiary.*

Range of Remuneration for FYE 31 December 2020	Executive	Non-Executive	Total
Below RM50,000	-	4	4
RM50,000 – RM100,000	-	2	2
RM100,001 – RM150,000	-	1	1
RM850,001 – RM900,000	1	-	1
RM1,350,001 – RM1,400,000	1	-	1
Total:	**2**	**7**	**9**

Share Grant Scheme Committee

The Share Grant Scheme Committee ("SGS") comprises four (4) members, made up of Senior Management and guided by two (2) Board members. The membership of the SGS is set out in the Corporate Information section of this Annual Report.

The Committee's work includes overseeing the management's implementation according to SGS Bye-Laws as an incentive to lead the Company towards prosperity as well as to create loyalty/retention among employees. The Committee shall be responsible for implementing remuneration programs formulated by the Board and ensuring that these are carried out as planned.

Annual Assessment of Independent Directors

The assessment for independent Directors are done in accordance with the definition of Independent Director as prescribed by Bursa Malaysia Securities Berhad under the Main Market Listing Requirements. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

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 of

3	2	1
Independent Non-Executive Directors	Non-Independent Non-Executive Directors	Executive Director

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

The Board has appointed Datuk Ng Soon Hong 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.

The Gender Diversity Policy can be viewed at the Company's website: www.greenpacket.com

Time Commitment

The Board has given sufficient time and attention to the affairs of the Company for the year. As at 31 December 2020, none of our Directors, individually, held directorships in more than (5) 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 to give Directors time to consider and deliberate on the issues to be raised at the meetings in relation to the Group's financial performance, corporate proposals & development, strategic issues and business plan.

During the financial year under review there were (13) Board Meetings held and the attendance record of each director is as follows:

Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman
No. of meetings attended **13/13**

Puan Chan Cheong
No. of meetings attended **12/13**

A. Shukor Bin S.A Karim
No. of meetings attended **12/13**

Datuk Ng Soon Hong
No. of meetings attended **9/10**

Board attendances of the Directors who resigned/retired during the financial year and as of the date of this report were as follows:

Nora Junita Binti Mohd Hussaini (resigned on 14 April 2021)
No. of meetings attended **5/5**

Tan Kay Yen (resigned on 5 April 2021)
No. of meetings attended **11/13**

Boey Tak Kong (retired on 23 July 2020)
No. of meetings attended **6/7**

Dato' Lai Yit Loong (resigned on 15 May 2020)
No. of meetings attended **1/2**

Tan Sri Dato' Kok Onn (retired on 28 February 2020)
No. of meetings attended **1/2**

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors' Training

All Directors complete 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. Each Director attends continuous training and learning to empower themselves with the right skills and knowledge.

Directors are regularly updated on the Group's business and the competitive and regulatory environment in which they operate as well as the market outlook and industry trends in the ICT industry. All Directors are kept informed of the latest developments on relevant rules and regulations, in view of discharging their legal duties more effectively.

PRINCIPAL 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 its 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 reasonableness and prudence in making estimates, statements and explanations.

Audit Committee (AC)

The Board's obligation to establish a formal and transparent arrangement 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.

The majority of the members of the Audit Committee ("AC") are Independent Non-Executive Directors and one of its members fulfills the financial expertise requisite of the Main Board Listing Requirements.

Changes in membership in the AC are as follows:

- Boey Tak Kong (retired on 23 July 2020)
- Mdm Nora Junita Binti Mohd Hussaini (resigned on 14 April 2021)
- Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman (stepped down as Audit Committee member on 25 May 2021)

The present AC members are as follows:

- Mr Sharman A/L Arumugam – Chairman/Independent Non-Executive Director
- Mdm Syafinaz Merican Binti Isahak Merican – Independent Non-Executive Director
- A. Shukor Bin S.A. Karim – Non-Independent Non-Executive Director

A full AC report detailing its composition, Terms of Reference and summary of activities during the financial year under review is set out on pages 61 to 62 of the Annual Report.

Compliance with Applicable Financial Reporting Standards

The Board is responsible in ensuring that the financial statements of the Group are drawn up in accordance with the provisions of the Companies Act 2016 and other 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.

Assessment of External Auditors

The AC has the responsibility in reviewing 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 next Annual General Meeting.

The Board has an established 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

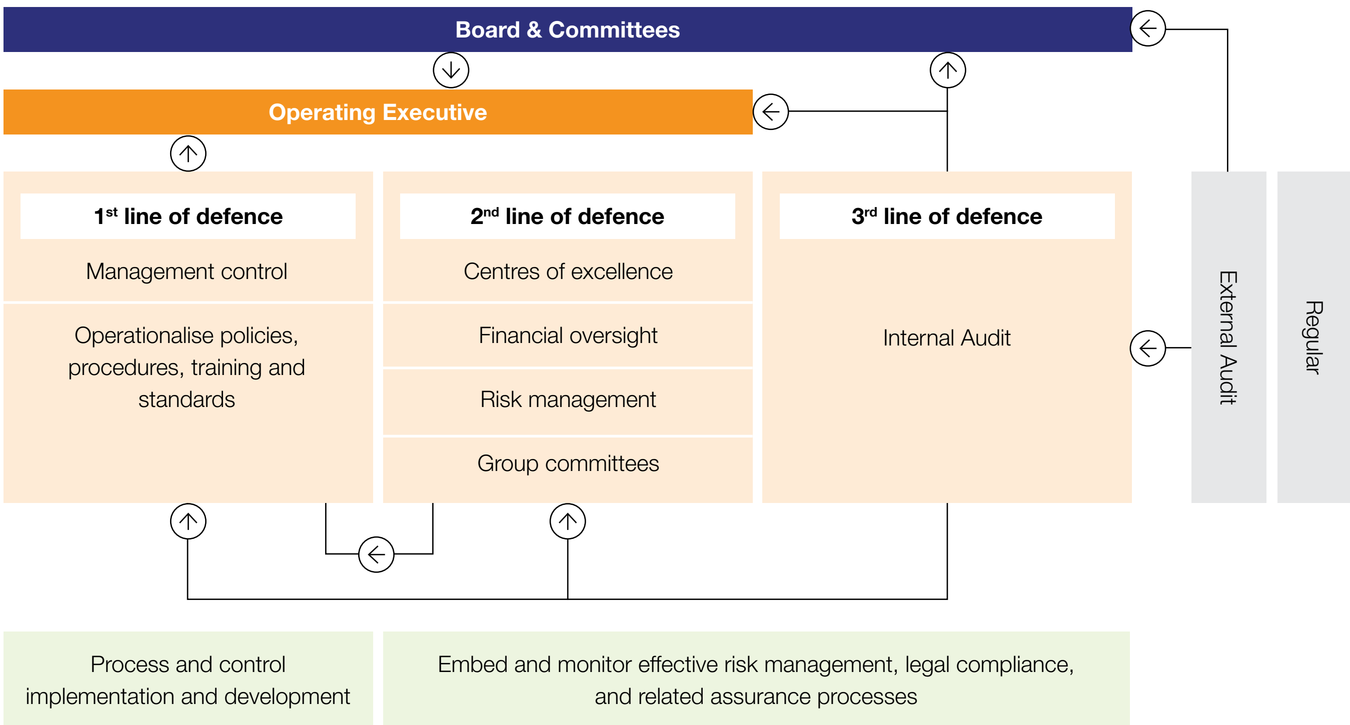
PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

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.

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

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 Procedure 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 disclose 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

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 pages 61 to 62 of the AC Report.

Internal Control

The Statement on Risk Management and Internal Control of the Group is set out on pages 58 to 60 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' investments and the Group's assets.

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

Effective Stakeholder Communication and Continuous Disclosure

The Company is fully committed to practicing high standards of 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 the investment community. The Company leverages 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.

The Notice of 19th AGM together with the Form of Proxy will be dispatched to you in due course.

Annual Report for financial year ended 31 December 2020 ("AR 2020")

The Company has published its AR 2020 on its website www.greenpacket.com. You can download the AR 2020 under the investor relations section.

Should you wish to receive a printed copy of the AR 2020, please email the form or fax to the fax number below:

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

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 : Ku Kok Peng
Position : Group Chief Strategy Officer
Telephone : 603.27146288
E-mail : kokpeng.ku@greenpacket.com

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION 01

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") are pleased to present this 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.

BOARD RESPONSIBILITY 02

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 systems for internal control and risk management 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 an Internationally accepted framework. The framework aids in the achievement of the Group's objectives and strategies by instilling continuous processes 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.

The Management is responsible for developing procedures and processes as well as implementing internal controls which will help identify, assess, mitigate and monitor business risks. The 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 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.

RISK MANAGEMENT POLICY 03

The Group regularly updates the Risk Management Policy to 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:

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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
- Financial risks
- Inventories risk
- Impairment risk in relation to investment in other investments

INTERNAL AUDIT FUNCTION

04

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 pillars is 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 Organisation Governance and Risk Management, Sales and Marketing, Human Resource Management, Financial Management and Procurement to payment.

The costs incurred for the aforesaid internal audit function in respect of the financial year ended 31 December 2020 was RM85,000.

KEY PROCESS & CONTROL ENVIRONMENT

05

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'.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 standard 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 achievements and the progress of corrective actions implemented.

CONCLUSION 06

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 a 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 the 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.

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 of 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
Nora Junita Binti Mohd Hussaini (appointed on 26 August 2020)	Chairlady	Independent Non-Executive Director	2/2
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	4/5

Cik Nora Junita Binti Mohd Hussaini is a Chartered Accountant of the Malaysian Institute of Accountants and fulfils the requirements of having at least one (1) of the members being a qualified accountant pursuant to Paragraph 15 .09(1) (c) of the Main Market Listing Requirements.

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 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 members individually were carried out annually. The NC was satisfied and recommended 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.

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 the 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:

01 Review the quarterly financial results and the annual audited accounts of the Company and the Group before recommending to the Board for approval;

02 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 the Management's response to these recommendations.

03 Review related party transactions and conflict of interest situation that may arise within the Group, including any transaction, procedure or course that may raise questions on the Management's integrity.

04 Assess the effectiveness of the external auditors and determine their audit fees.

05 Oversee the development and assess 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;

06 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

07 Review the Terms of Reference annually in accordance with the needs of the Company and any new regulations that warrant updates and policy changes.

AUDIT COMMITTEE REPORT

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

% of Time Spent		% of Time Spent		% of Time Spent		% of Time Spent		% of Time Spent
35 Financial reporting	+	15 Internal Audit	+	25 External Audit	+	25 Risk Management & Internal Controls	→	Total 100

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 25 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 their 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 plans, 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 organisational governance and risk management, sales and marketing, financial and procurement to payment functions. The Internal Audit Reports were presented to the AC and to the Management for their 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 2020 was RM85,000.

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	Firm's commitment to perform the work within Bursa Malaysia Securities Berhad's timelines

The AC recommended to the Board for approval, the retention of Crowe Malaysia PLT as the External Auditor for the financial year ending 31 December 2021.

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

The AC, to reinforce the independence and objectivity of the External Auditors, 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 Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements for the year ended 31 December 2020, the Directors shall ensure that the Management have:-

1. Adopted suitable accounting policies and applied them consistently
2. Made judgments and estimates that are reasonable and prudent
3. Ensured applicable accounting standards have been followed, subject to any material departure and explained in the financial statements
4. 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 the responsibility to ensure that proper and adequate accounting records which disclose with reasonable accuracy at all times the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the CA, 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 2020 are 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	1,309,777
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**	**51,390,777**

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 Share Grant Scheme ("**SGS**") was implemented on 16 January 2019. As at the date of the issuance of this Annual Report 2020, the Company has granted and vested the following SGS Shares to eligible executive director(s) and employees of the Company and its subsidiaries (excluding subsidiaries which are dormant):

	No. of SGS Shares Granted	No. of SGS Shares Vested
1	**15,305,900**	**885,100**
2	**45,330,700**	**next vesting in May 2022**

Remaining of 14,420,800 units are forfeited.

The Audit Committee of the Board had verified the above allocations pursuant to the aforesaid Scheme and is in compliance with the criteria for the allocations.

AUDIT AND NON-AUDIT FEES

The amount of audit fees incurred by the Company and Group amounted to approximately RM178,135 and RM635,620 respectively.

The amount of non-audit fees of the Company and the Group paid or payable to the Company's external auditors and affiliated firms or corporation companies for the financial year ended 31 December 2020 amounted to approximately RM50,000 and RM81,500 respectively.

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 2020, 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.

FINANCIAL
STATEMENTS

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 2020.

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)/Profit after taxation for the financial year	(74,674)	38,357
Attributable to:-		
Owners of the Company	(74,198)	38,357
Non-controlling interests	(476)	-
	(74,674)	38,357

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 increased its issued and paid-up share capital by way of:-

  (i) issuance of 155,134,000 new ordinary shares from the exercise of private placement for a cash consideration of RM79,569,680 as disclosed in Note 26 to the financial statements; and

  (ii) issuance of 75,734,557 new ordinary shares from the exercise of Warrants at the exercise price of RM0.40 per warrant which amounted to RM30,293,823 as disclosed in Note 26 to the financial statements.

  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.

DIRECTORS' REPORT

TREASURY SHARES

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

As at 31 December 2020, the Company held a total of 7,707,700 of its 1,164,421,732 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 27 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").

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.

(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.

DIRECTORS' REPORT

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.
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.

DIRECTORS' REPORT

WARRANTS (CONT'D)

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

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.

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

	Entitlement of Ordinary Shares			
	At 1.1.2020	Issued	Exercised	At 31.12.2020
Number of warrants	425,977,668	-	75,734,557	350,243,111

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.

DIRECTORS' REPORT

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.

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
A. Shukor Bin S.A. Karim
Datuk Ng Soon Hong (Appointed on 22.5.2020)
Nora Junita Binti Mohd Hussaini (Appointed on 26.8.2020 and resigned on 14.4.2021)
Tan Sri Dato' Kok Onn (Retired on 28.2.2020)
Dato' Lai Yit Loong (Resigned on 15.5.2020)
Boey Tak Kong (Retired on 23.7.2020)
Tan Kay Yen (Resigned on 5.4.2021)

DIRECTORS' REPORT

DIRECTORS (CONT'D)

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:-

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
Lim Boon Hong (Appointed on 14.8.2020)
Tan Andrew (Appointed on 27.1.2021)
Lum Piew (Appointed on 2.2.2021)
Ku Kok Peng (Appointed on 8.2.2021)
Tee Kim Siong (Appointed on 16.4.2021)
Tan Taik Guan (Appointed on 22.4.2021)
Liew Kok Seong (Resigned on 16.10.2020)

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 1.1.2020**	**Bought**	**Sold**	**At 31.12.2020**
Direct Interests				
Puan Chan Cheong	**95,984,924**	**28,442,200**	**(30,000,000)**	**94,427,124**
Indirect Interests				
Puan Chan Cheong #	**169,200,000**	**-**	**-**	**169,200,000**

	Number of Warrants			
The Company	**At Date of Appointment**	**Bought**	**Sold**	**At 31.12.2020**
Direct Interests				
Nora Junita Binti Mohd Hussaini	**4,800**	**-**	**-**	**4,800**

Deemed interested by virtue of his direct substantial shareholding 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

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.

DIRECTORS' REPORT

AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 38 to the financial statements.

Signed in accordance with a resolution of the directors dated 24 May 2021.

Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman

Puan Chan Cheong

STATEMENT BY DIRECTORS

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

We, Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman and Puan Chan Cheong, being two of the directors of Green Packet Berhad, state that, in the opinion of the directors, the financial statements set out on pages 66 - 184 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 2020 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 24 May 2021.

Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman

Puan Chan Cheong

STATUTORY DECLARATION

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

I, Tan Kay Yen, 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 66 - 184 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
Tan Kay Yen, NRIC Number: 711121-10-5847,
at Kuala Lumpur
in the Federal Territory
on this 24 May 2021

Before me

Tan Kay Yen

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 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 66 - 184.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT

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

Key Audit Matters (Cont'd)

<table>
<tr><td colspan="2">Recoverability of Trade and Financing Receivables
Refer to Note 17, Note 18 and Note 46.1(b)(iii) to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the Key Audit Matter</td></tr>
<tr><td>As at 31 December 2020, trade and financing receivables amounted to approximately RM104.68 million and RM6.40 million, respectively. The details of trade and financing 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 and financing 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 and financing receivables involved the use of judgement.</td><td>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 and financing 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.</td></tr>
</table>

<table>
<tr><td colspan="2">Impairment of development costs and other intangible assets
Refer to Note 12 and Note 13 to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the Key Audit Matter</td></tr>
<tr><td>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 RM4.55 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.</td><td>Our procedures included, amongst others:-

(a) We obtained the 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.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of 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.

INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

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

Ooi Song Wan
02901/10/2022 J
Chartered Accountant

Kuala Lumpur
24 May 2021

STATEMENTS OF FINANCIAL POSITION

At 31 December 2020

	Note	The Group 2020 RM'000	The Group 2019 RM'000	The Company 2020 RM'000	The Company 2019 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	**-**	-	**42,181**	31,960
Investments in associates	6	**16,339**	19,820	**35,037**	35,037
Investments in joint ventures	7	**-**	-	**-**	-
Right-of-use assets	8	**3,067**	1,385	**901**	342
Plant and equipment	9	**8,401**	3,446	**2,317**	610
Other investments	10	**271,988**	429,403	**271,046**	219,917
Goodwill	11	**1,544**	1,544	**-**	-
Development costs	12	**4,551**	9,418	**212**	318
Other intangible assets	13	**5,951**	5,951	**-**	-
Deferred tax assets	14	**-**	-	**251**	243
		311,841	470,967	**351,945**	288,427
CURRENT ASSETS					
Inventories	15	**14,360**	17,535	**2,221**	11,908
Contract assets	16	**2,927**	-	**2,927**	-
Trade receivables	17	**104,683**	142,917	**9,300**	1,299
Financing receivable	18	**6,400**	-	**-**	-
Other receivables, deposits and prepayments	19	**27,069**	21,596	**13,837**	13,317
Amount owing by subsidiaries	20	**-**	-	**122,805**	279,966
Amount owing by associates	21	**3,724**	11,697	**789**	-
Amount owing by joint ventures	22	**707**	670	**-**	-
Amount owing by a related party	23	**-**	-	**2,477**	7,566
Current tax assets		**1,147**	1,163	**1,477**	1,428
Short-term investments	24	**2,016**	1,136	**2,016**	#
Fixed deposits with licensed banks	25	**11,715**	8,331	**7,158**	3,738
Cash and bank balances		**32,260**	37,200	**362**	2,176
		207,008	242,245	**165,369**	321,398
TOTAL ASSETS		**518,849**	713,212	**517,314**	609,825

 # - Amount less than RM1,000

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

STATEMENTS OF FINANCIAL POSITION

At 31 December 2020 (Cont'd)

	Note	The Group 2020 RM'000	The Group 2019 RM'000	The Company 2020 RM'000	The Company 2019 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	26	**268,262**	153,408	**268,262**	153,408
Treasury shares	27	**(12,217)**	(12,217)	**(12,217)**	(12,217)
Reserves	28	**144,064**	119,050	**228,229**	153,716
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**400,109**	260,241	**484,274**	294,907
NON-CONTROLLING INTERESTS		**(7,566)**	(7,090)	**-**	-
TOTAL EQUITY		**392,543**	253,151	**484,274**	294,907
NON-CURRENT LIABILITIES					
Exchangeable Medium Term Notes	29	**-**	272,598	**-**	272,598
Lease liabilities	30	**1,995**	186	**541**	43
Term loan	31	**-**	112	**-**	-
Deferred tax liabilities	14	**1,178**	1,075	**-**	-
		3,173	273,971	**541**	272,641
CURRENT LIABILITIES					
Trade payables	32	**59,269**	121,871	**848**	127
Contract liabilities	16	**1,513**	2,776	**174**	150
Other payables and accruals		**47,355**	42,033	**3,040**	2,706
Amount owing to directors	33	**357**	452	**-**	71
Amount owing to subsidiaries	20	**-**	-	**28,061**	33,219
Amount owing to associates	21	**6,267**	10,255	**-**	5,719
Amount owing to a related party	23	**165**	-	**-**	-
Lease liabilities	30	**1,129**	1,251	**376**	285
Short-term borrowings	34	**7,078**	7,452	**-**	-
		123,133	186,090	**32,499**	42,277
TOTAL LIABILITIES		**126,306**	460,061	**33,040**	314,918
TOTAL EQUITY AND LIABILITIES		**518,849**	713,212	**517,314**	609,825

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 2020

		The Group		The Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE	36	**617,427**	608,181	**27,095**	16,900
COST OF SALES		**(592,457)**	(581,434)	**(27,494)**	(12,865)
GROSS PROFIT/(LOSS)		**24,970**	26,747	**(399)**	4,035
OTHER INCOME		**26,751**	33,267	**27,903**	37,708
		51,721	60,014	**27,504**	41,743
ADMINISTRATIVE EXPENSES		**(81,672)**	(59,669)	**(19,979)**	(13,096)
SELLING AND DISTRIBUTION EXPENSES		**(9,618)**	(6,982)	**-**	-
OTHER EXPENSES		**(15,574)**	(17,348)	**(8,306)**	(1,524)
FINANCE COSTS		**(15,318)**	(21,028)	**(14,638)**	(20,296)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	37	**(684)**	(2,119)	**53,768**	(21,084)
SHARE OF LOSSES OF EQUITY ACCOUNTED ASSOCIATES		**(3,386)**	(5,017)	**-**	-
SHARE OF LOSSES OF EQUITY ACCOUNTED JOINT VENTURES		**-**	-	**-**	-
(LOSS)/PROFIT BEFORE TAXATION	38	**(74,531)**	(52,149)	**38,349**	(14,257)
INCOME TAX EXPENSE	39	**(143)**	642	**8**	(217)
(LOSS)/PROFIT AFTER TAXATION		**(74,674)**	(51,507)	**38,357**	(14,474)
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Item that Will be Reclassified Subsequently to Profit or Loss:					
- Foreign currency translation		**(3)**	(1,043)	**53**	14
		(3)	(1,043)	**53**	14

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 2020 (Cont'd)

		The Group		The Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
OTHER COMPREHENSIVE INCOME (CONT'D)					
Item that Will Not be Reclassified Subsequently to Profit or Loss:					
- Fair value changes of equity investments		**104,016**	127,289	**40,904**	127,289
TOTAL OTHER COMPREHENSIVE INCOME		**104,013**	126,246	**40,957**	127,303
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**29,339**	74,739	**79,314**	112,829
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		**(74,198)**	(45,965)	**38,357**	(14,474)
Non-controlling interests		**(476)**	(5,542)	**-**	-
		(74,674)	(51,507)	**38,357**	(14,474)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		**29,815**	80,281	**79,314**	112,829
Non-controlling interests		**(476)**	(5,542)	**-**	-
		29,339	74,739	**79,314**	112,829
LOSS PER SHARE (SEN)					
Basic	40	**(7.03)**	(5.03)		
Diluted	40	**(7.03)**	(5.03)		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2020

The Group	Note	Share Capital RM'000	Treasury Shares 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
			← Non-distributable			→	Distributable			
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		-	-	-	-	-	(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.

STATEMENTS OF CHANGES IN EQUITY
For The Financial Year Ended 31 December 2020 (Cont'd)

The Group	Note	Share Capital RM'000	Treasury Shares 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
		← Non-distributable				→	Distributable			
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 exercise	26	9,852	-	-	-	-	-	9,852	-	9,852
- Crystallisation of warrant reserves	26,28	1,696	-	(1,696)	-	-	-	-	-	-
- Capital reduction	26	(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 2020 (Cont'd)

The Group	Note	Share Capital RM'000	Treasury Shares RM'000	Share Grant Scheme Reserve RM'000 (Non-distributable)	Warrant Reserve RM'000 (Non-distributable)	Translation Reserve RM'000 (Non-distributable)	Fair Value Reserve RM'000 (Non-distributable)	Accumulated Losses RM'000 (Distributable)	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2020		153,408	(12,217)	-	29,332	4,267	169,754	(84,303)	260,241	(7,090)	253,151
Loss after taxation for the financial year		-	-	-	-	-	-	(74,198)	(74,198)	(476)	(74,674)
Other comprehensive income for the financial year:											
- foreign currency translation		-	-	-	-	(3)	-	-	(3)	-	(3)
- fair value changes of equity investment		-	-	-	-	-	104,016	-	104,016	-	104,016
Total comprehensive income		-	-	-	-	(3)	104,016	(74,198)	29,815	(476)	29,339
Transactions with owners of the Company:											
- Issuance of ordinary shares pursuant to private placement	26	79,570	-	-	-	-	-	-	79,570	-	79,570
- Issuance of ordinary shares pursuant to warrants exercise	26	30,294	-	-	-	-	-	-	30,294	-	30,294
- Crystallisation of warrant reserves	26,28	5,215	-	-	(5,215)	-	-	-	-	-	-
- Share issuance expenses	26	(225)	-	-	-	-	-	-	(225)	-	(225)
- Share options granted under Share Grant Scheme	28	-	-	414	-	-	-	-	414	-	414
		114,854	-	414	(5,215)	-	-	-	110,053	-	110,053
Disposal of equity investment		-	-	-	-	-	(63,112)	63,112	-	-	-
Balance at 31.12.2020		268,262	(12,217)	414	24,117	4,264	210,658	(95,389)	400,109	(7,566)	392,543

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

STATEMENTS OF CHANGES IN EQUITY

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

				← Non-distributable		→		
The Company	Note	Share Capital RM'000	Treasury Shares RM'000	Warrant Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Accumulated Losses RM'000	Total Equity 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		-	-	-	-	-	(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	26	9,852	-	-	-	-	-	9,852
- Crystallisation of warrant reserves	26,28	1,696	-	(1,696)	-	-	-	-
- Capital reduction	26	(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 CHANGES IN EQUITY

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

The Company	Note	Share Capital RM'000	Treasury Shares RM'000	← Non-distributable: Warrant Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Share Grant Scheme Reserve RM'000 →	Accumulated Losses RM'000	Total Equity RM'000
Balance at 1.1.2020		153,408	(12,217)	29,332	(52)	169,754	-	(45,318)	294,907
Profit after taxation for the financial year		-	-	-	-	-	-	38,357	38,357
Other comprehensive income for the financial year:									
- foreign currency translation		-	-	-	53	-	-	-	53
- fair value changes of equity investment		-	-	-	-	40,904	-	-	40,904
Total comprehensive income		-	-	-	53	40,904	-	38,357	79,314
Transactions with owners of the Company:									
- Issuance of ordinary shares pursuant to private placement	26	79,570	-	-	-	-	-	-	79,570
- Issuance of ordinary shares pursuant to warrants exercise	26	30,294	-	-	-	-	-	-	30,294
- Crystallisation of warrant reserves	26,28	5,215	-	(5,215)	-	-	-	-	-
- Share issuance expenses	26	(225)	-	-	-	-	-	-	(225)
- Share options granted under Share Grant Scheme		-	-	-	-	-	414	-	414
		114,854	-	(5,215)	-	-	414	-	110,053
Balance at 31.12.2020		268,262	(12,217)	24,117	1	210,658	414	(6,961)	484,274

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2020

		The Group		The Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FOR OPERATING ACTIVITIES					
(Loss)/Profit before taxation:		**(74,531)**	(52,149)	**38,349**	(14,257)
Adjustments for:-					
Amortisation of development costs		**3,298**	3,638	**106**	696
Bad debts written off		**7,463**	-	**7,455**	-
Depreciation of plant and equipment		**1,612**	1,457	**365**	363
Depreciation of right-of-use assets		**1,458**	1,413	**461**	458
Development cost written off		**50**	-	**-**	-
Equipment written off		**26**	280	**-**	-
Impairment loss on:					
- plant and equipment		**122**	-	**-**	-
- development costs		**1,687**	303	**-**	-
- goodwill		**-**	937	**-**	-
- trade receivables		**1,072**	2,119	**-**	-
- other intangible assets		**-**	3,190	**-**	-
- amount owing by subsidiaries		**-**	-	**6,571**	21,084
- investments in associates		**-**	4,728	**-**	-
Interest expense on lease liabilities		**138**	139	**55**	43
Interest expense		**14,864**	20,637	**14,575**	20,236
Inventories written off		**137**	365	**-**	9
Loss on disposal of plant and equipment		**49**	-	**-**	-
Loss on disposal of development costs		**263**	-	**-**	-
Loss on dilution of equity interest in an associate		**-**	1,351	**-**	-
Loss/(Gain) on lease termination		**12**	(3)	**-**	-
Right-of-use assets written off		**14**	-	**-**	-
Share of loss of associates		**3,386**	5,017	**-**	-
Share grant scheme expense		**414**	-	**-**	-
Unrealised loss/(gain) on foreign exchange		**1,447**	56	**(81)**	28
Interest income		**(652)**	(1,363)	**(2,891)**	(4,472)
Gain on fair value adjustments		**(10,162)**	(31,822)	**(10,225)**	(31,822)
Gain from settlement of EMTN		**(14,391)**	-	**(14,391)**	-
Reversal of impairment loss on:					
- trade receivables		**(388)**	-	**-**	-
- amount owing by subsidiaries		**-**	-	**(60,339)**	-
- investment in subsidiaries		**-**	-	**-**	(474)
Write back of inventories written off		**(290)**	-	**-**	-
Operating loss before working capital changes		**(62,902)**	(39,707)	**(19,990)**	(8,108)
Decrease/(Increase) in inventories		**3,423**	233	**9,687**	(1,199)
Decrease/(Increase) in trade financing and other receivables		**25,669**	(18,804)	**(8,521)**	(2,413)
Increase in contract assets		**(2,927)**	-	**(2,927)**	-
Balance carried forward		**(36,737)**	(58,278)	**(21,751)**	(11,720)

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

STATEMENTS OF CASH FLOWS

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

		The Group		The Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Balance brought forward		**(36,737)**	(58,278)	**(21,751)**	(11,720)
(Decrease)/Increase in trade and other payables		**(58,672)**	34,419	**1,055**	379
Increase in amount owing by subsidiaries		**-**	-	**(58,916)**	(46,164)
(Increase)/Decrease in amount owing by related party		**-**	-	**(2,366)**	1,977
Decrease/(Increase) in amount owing by associates		**518**	(1,804)	**(789)**	-
(Increase)/Decrease in amount owing by joint ventures		**(37)**	42	**-**	-
(Decrease)/Increase in amount owing to subsidiaries		**-**	-	**(5,080)**	15,563
(Decrease)/Increase in amount owing to associates		**(3,988)**	5,189	**(5,719)**	683
(Decrease)/Increase in contract liabilities		**(1,263)**	1,848	**24**	54
(Decrease)/Increase in amount owing to a director		**(95)**	354	**(71)**	(27)
Increase in amount owing to a related party		**165**	-	**-**	-
Decrease/(Increase) in fiduciary cash		**4,721**	(6,149)	**-**	-
CASH FOR OPERATIONS		**(95,388)**	(24,379)	**(93,613)**	(39,255)
Tax (paid)/refund		**(25)**	1,669	**(49)**	1,365
NET CASH FOR OPERATING ACTIVITIES		**(95,413)**	(22,710)	**(93,662)**	(37,890)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Additional investment in subsidiaries		**-**	-	**(9,807)**	-
Acquisition of subsidiaries		**-**	-	**-**	(302)
Acquisition of other investment		**(1,060)**	-	**-**	-
Purchase of plant and equipment		**(6,777)**	(1,343)	**(2,060)**	(41)
Proceeds from disposal of plant and equipment		**27**	164	**-**	68
Proceeds from capital reduction of investment in a subsidiary		**-**	-	**-**	3,562
Development costs incurred		**(500)**	(1,475)	**-**	(264)
Interest received		**652**	1,363	**138**	610
Net withdrawal of fixed deposits pledged with a licensed bank		**41**	285	**-**	344
NET CASH (FOR)/FROM INVESTING ACTIVITIES		**(7,617)**	(1,006)	**(11,729)**	3,977

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

STATEMENTS OF CASH FLOWS

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

		The Group		The Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Net proceeds from issuance of shares		**109,639**	9,852	**109,639**	9,852
Net repayment of term loans	41(a)	**(321)**	(201)	**-**	-
Net drawdown of revolving credit	41(a)	**(165)**	(45)	**-**	-
Net repayment of bankers' acceptances	41(a)	**-**	(2,390)	**-**	(2,390)
Repayment of lease liabilities	41(a)	**(1,468)**	(1,374)	**(431)**	(445)
Interest paid	41(a)	**(611)**	(585)	**(239)**	(88)
NET CASH FROM FINANCING ACTIVITIES		**107,074**	5,257	**108,969**	6,929
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**4,044**	(18,459)	**3,578**	(26,984)
Foreign exchange translation differences		**42**	(966)	**44**	7
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**30,917**	50,342	**3,756**	30,733
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	41(c)	**35,003**	30,917	**7,378**	3,756

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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 24 May 2021.

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)
Amendments to MFRS 3: Definition of a Business
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendment to MFRS 16: COVID-19-Related Rent Concessions (Early adoption)
Amendments to MFRS 101 and MFRS 108: Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards

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.

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 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The outbreak of COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

Key Sources of Estimation Uncertainty

The 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 amounts 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 the 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 which are subject to a higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. 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 the Company's current tax asset as at the reporting date is RM1,146,517 (2019 – RM1,162,821) and RM1,476,624 (2019 – RM1,427,538), respectively.

(d) Write-down of Inventories

Reviews are made periodically by the 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(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. The 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 and Financing Receivable

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and financial receivable. The Group develops the expected loss rates based on the payment profiles of past sales (including changes in the customer payment profile in response to the COVID-19 pandemic) 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 values of trade receivables and financing receivable. The carrying amounts of trade receivables and financing receivable as at the reporting date are disclosed in Note 17 and Note 18 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 incorporating the impact of COVID-19 pandemic 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 19, 20, 21, 22 and 23 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 the 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 amounts of development costs and other intangible assets as at the reporting date are disclosed in Note 12 and Note 13 to the financial statements.

(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 which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and increase volatility in markets in which the Group operates. The carrying amounts 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(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

The 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, the 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).

(c) Contingent Liabilities

The recognition and measurement for contingent liabilities is based on the 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.

(d) Share-based Payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Equity Instruments

All equity investments are subsequently 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.

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 2020

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 is reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is 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.

4.6 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 the end of the reporting period. 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.

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 the end of the reporting period. 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 JOINT ARRANGEMENTS (CONT'D)

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.

4.9 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 2020

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 the 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets (Cont'd)

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 rata 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.

4.14 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(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.

4.23 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2020 RM'000	**2019 RM'000**
Unquoted shares, at cost		
- in Malaysia	**50,430**	49,430
- outside Malaysia	**50,172**	41,365
	100,602	90,795
Share options granted to the employees of subsidiaries:		
- At 1 January	**-**	-
- Additions during the financial year	**414**	-
- At 31 December	**414**	-
	101,016	90,795
Accumulated impairment losses:-		
At 1 January	**(58,835)**	(59,382)
Reversal of impairment loss	**-**	474
Write off during the financial year	**-**	73
At 31 December	**(58,835)**	(58,835)
	42,181	31,960

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 2020 %	2019 %	Principal Activities
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 functions including finance, human resources, IT, administrative and others.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2020 %	2019 %	Principal Activities
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.
Next Telecommunications Sdn. Bhd. ("NTSB")	Malaysia	**100**	100	Provision of total communication services, solutions and products.
Packet Interactive Sdn.Bhd. ("PISB")	Malaysia	**100**	100	Investment holding, provision of financial technology, digital and money lending 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 operations; 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.
Kiple Sdn. Bhd. ("KSB")&	Malaysia	**100**	100	Provision of internet portal services, e-commerce and other web related business.
Kiple Digital Sdn. Bhd. (Formerly known as Kiple Media Sdn. Bhd.)	Malaysia	**100**	100	Business of a 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**	100	Provision of total communication services.
Roadmio Technologies Pte. Ltd. ("RTPL")@	The Republic of Singapore	**100**	100	Provision of voice over internet protocol services and service for internet of vehicle products.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2020 %	2019 %	Principal Activities
Roadmio Technologies Corporation ("RTC")[*%+]	Taiwan	**100**	100	Provision of total solutions in fleet telematics industry and other high technology products and services.
Kiple Technology Co., Ltd. ("KTCL")[>@]	The People's Republic of China	**100**	100	Dormant.
Kiple ID Sdn. Bhd. ("KISB")[&]	Malaysia	**100**	-	Dormant.
Kiple Go Sdn. Bhd. ("KGSB")[&]	Malaysia	**100**	-	Dormant.
Green Packet Cloud Sdn. Bhd. ("GPCSB")	Malaysia	**100**	-	Dormant.
X Bamboo Fund I Sdn. Bhd. (Formerly known as Kiple Capital Sdn. Bhd.) ("XBFISB")	Malaysia	**100**	-	Dormant.
Kiple X Sdn. Bhd. ("KXSB")	Malaysia	**100**	-	Engaged in the business to acquire, subscribe for and hold for investment shares.
Kiple Kendall Capital Partners Sdn. Bhd. ("KKCPSB")[~]	Malaysia	**51**	-	Dormant.
Green Packet Capital Sdn. Bhd. ("GPCASB")[!]	Malaysia	**100**	-	Dormant.

* *These subsidiaries were not audited by Crowe Malaysia PLT.*
@ *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 financial statements of the subsidiary for the financial year as it was incorporated on 24 September 2020.*
! *There is no audit carried out on the financial statements of the subsidiary for the financial year as it was incorporated on 21 December 2020.*
< *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.*
\+ *The subsidiary is under member's voluntary winding-up.*

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) During the financial year,

(i) PISB acquired 100% equity interests in KISB for a cash consideration of RM1;

(ii) PISB acquired 100% equity interests in KGSB for a cash consideration of RM1;

(iii) the Company acquired 100% equity interests in GPCASB for a cash consideration of RM1;

(iv) the Company acquired 100% equity interests in XBFISB for a cash consideration of RM1;

(v) the Company acquired 100% equity interests in KXSB for a cash consideration of RM1;

(vi) the Company acquired 51% equity interests in KKCPSB for a cash consideration of RM51;

(vii) the Company acquired 100% equity interests in GPCSB for a cash consideration of RM1,000,000;

(viii) the Company subscribed for the increase in share capital of GPS for a cash consideration of USD2,000,000 (approximately RM8,034,000) to retain its equity interest of 100%;

(ix) the Company subscribed for the increase in share capital of Green Packet (Shanghai) Ltd. for a cash consideration of USD184,414 (approximately RM773,000) to retain its equity interest of 100%;

(x) PISB subscribed for the increase in share capital of KPSB for a cash consideration of RM28,250,000 to retain its equity interest of 100%; and

(xi) EBSB subscribed for the increase in share capital of KTCL for a cash consideration of RMB9,055,000 (approximately RM5,600,000) to retain its equity interest of 100%.

(b) In the last 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%.

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

	Effective Equity Interest		The Group	
	2020 %	2019 %	2020 RM'000	2019 RM'000
VMPL	**40**	40	**(7,669)**	(7,195)
Other individually immaterial subsidiaries			**103**	105
			(7,566)	(7,090)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(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	
	2020 RM'000	2019 RM'000
At 31 December		
Non-current assets	**16**	518
Current assets	**1,813**	4,600
Current liabilities	**(21,065)**	(23,193)
Net liabilities	**(19,236)**	(18,075)
Financial Year Ended 31 December		
Revenue	**4,514**	7,463
Loss for the financial year	**(1,186)**	(13,845)
Total comprehensive expenses	**(1,186)**	(13,845)
Total comprehensive expenses attributable to non-controlling interests	**(474)**	(5,538)
Net cash flows for operating activities	**(2,545)**	(10,601)
Net cash flows from/(for) investing activities	**4**	(46)
Net cash flows from financial activities	**1,973**	12,519

6. INVESTMENTS IN ASSOCIATES

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 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	**(19,657)**	(16,272)	**-**	-
Elimination of unrealised profit arising from sales of goods	**27**	123	**-**	-
	21,867	25,348	**35,037**	35,037
Accumulated impairment losses	**(5,528)**	(5,528)	**-**	-
	16,339	19,820	**35,037**	35,037

	The Group/The Company	
	2020 RM'000	2019 RM'000
Market value of quoted shares in Malaysia	**265,320**	352,440

6. INVESTMENTS IN ASSOCIATES (CONT'D)

The details of the associates are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest 2020 %	2019 %	Principal Activities
G3 Global Berhad ("G3")*	Malaysia	**28**	28	Investment holding.
Shenzhen Memo Technology Co., Ltd. ("SMTCL")*@	The People's Republic of China	**49**	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 not audited by Crowe Malaysia PLT.*

@ *Held through WESB*

(a) During the financial year, the Group's equity interest in SMTCL had increased from 20% to 49% as a result of the additional share capital issued by SMTCL.

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

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

	G3 Group 2020 RM'000	2019 RM'000
At 31 December		
Non-current assets	**-**	3,390
Current assets	**28,370**	40,668
Current liabilities	**(2,692)**	(5,852)
Net assets	**25,678**	38,206
12 month period ended 31 December		
Revenue	**15,029**	14,214
Loss for the financial year	**(12,345)**	(16,396)
Total comprehensive expenses	**(12,345)**	(16,396)
Group's share of loss for the financial year	**(3,481)**	(5,048)
Reconciliation of Net Assets to Carrying Amount		
Group's share of net assets above	**7,190**	10,697
Goodwill	**15,761**	15,761
Adjustment on measurement of rights shares with warrants	**(6,639)**	(6,639)
Elimination of unrealised profits	**27**	1
Carrying amount of the Group's interests in this associate	**16,339**	19,820

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

6. INVESTMENTS IN ASSOCIATES (CONT'D)

(d) The summarised financial information for the associate that is individually immaterial to the Group is as follows:-

	SMTCL	
	2020 RM'000	2019 RM'000
At 31 December		
Group share of profit for the financial year	**-**	1
Group share of total comprehensive income	**-**	1
Aggregate carrying amount of the Group's interests in the associate	**-**	-

In the previous year, the Group carried out a review of the recoverable amount in SMTCL. Based on the assessment, the Group recognised an impairment loss of RM4,728,053 in the previous year.

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 RM278,681 (2019 - RM268,780). The Group has no obligation in respect of these losses.

7. INVESTMENTS IN JOINT VENTURES

	The Group	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	**#**	#
Share of post-acquisition losses	**(#)**	(#)
	-	-

 # - Amount less than RM1,000

The details of the joint venture are as follows:-

Name of Joint Venture	Principal Place of Business	Effective Equity Interest 2020 %	Effective Equity Interest 2019 %	Principal Activities
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 arrangement is structured through separate vehicle which provide the Group rights to the net assets of the entity. Accordingly, the Group has classified the investment as joint venture.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

7. INVESTMENTS IN JOINT VENTURES (CONT'D)

(b) The summarised financial information for the joint venture that is individually immaterial to the Group is as follows:-

	PIESB	
	2020 **RM'000**	**2019** **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	-	-

(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 RM345,374 (2019 – RM211,013). The Group has no obligation in respect of these losses.

8. RIGHT-OF-USE ASSETS

The Group	At 1.1.2020 RM'000	Additions RM'000	Reassessment of Lease Liabilities RM'000	Written Off RM'000	Termination of Lease RM'000	Depreciation Charge RM'000	Effect of Foreign Translation Difference RM'000	At 31.12.2020 RM'000
Carrying Amount								
Premises	1,187	120	3,138	-	(130)	(1,332)	11	2,994
Office Equipment	23	15	-	(14)	-	(2)	-	22
Motor Vehicles	175	-	-	-	-	(124)	-	51
	1,385	135	3,138	(14)	(130)	(1,458)	11	3,067

The Group	1.1.2019 As Previously Reported RM'000	1.1.2019 Initial Application of MFRS 16 RM'000	1.1.2019 As Restated 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

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2020

8. RIGHT-OF-USE ASSETS (CONT'D)

The Company	At 1.1.2020 RM'000	Reassessment of Lease Liabilities RM'000	Depreciation Charge RM'000	At 31.12.2020 RM'000
Carrying Amount				
Premises	**167**	**1,020**	**(337)**	**850**
Motor Vehicles	**175**	**-**	**(124)**	**51**
	342	**1,020**	**(461)**	**901**

The Company	1.1.2019 As Previously Reported RM'000	1.1.2019 Initial Application of MFRS 16 RM'000	1.1.2019 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		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Analysed by:-				
Cost	**6,644**	4,035	**2,463**	1,443
Accumulated depreciation	**(3,577)**	(2,650)	**(1,562)**	(1,101)
	3,067	1,385	**901**	342

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.

The Group reassesses whether it is reasonably certain to exercise the options if there is a significant change in circumstances within its control. During the financial year, the financial effect of revising the lease terms to reflect the effect of exercising the extension and termination options was an increase in recognised lease liabilities and right-of-use assets of RM3,008,000.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2020

9. PLANT AND EQUIPMENT

The Group	At 1.1.2020 RM'000	Additions RM'000	Disposal RM'000	Impairment Loss RM'000	Written Off RM'000	Depreciation Charge RM'000	Effect of Foreign Translation Difference RM'000	At 31.12.2020 RM'000
2020								
Carrying Amount								
Plant and Machinery	976	96	-	(122)	(8)	(360)	13	595
Office Equipment	110	46	-	-	(15)	(32)	1	110
Furniture and Fittings	89	3,372	-	-	-	(214)	(2)	3,245
Computer Equipment	936	560	(7)	-	(3)	(374)	-	1,112
Renovation	746	2,074	(31)	-	-	(323)	7	2,473
Computer Software	589	629	(38)	-	-	(309)	(5)	866
	3,446	6,777	(76)	(122)	(26)	(1,612)	14	8,401

The Group	1.1.2019 As Previously Reported RM'000	1.1.2019 Initial Application of MFRS 16 RM'000	1.1.2019 As 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 Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment Loss RM'000	Net Book Value RM'000
2020				
Plant and Machinery	**3,796**	**(3,079)**	**(122)**	**595**
Office Equipment	**782**	**(672)**	**-**	**110**
Furniture and Fittings	**4,215**	**(970)**	**-**	**3,245**
Computer Equipment	**5,246**	**(4,134)**	**-**	**1,112**
Renovation	**9,652**	**(7,179)**	**-**	**2,473**
Computer Software	**8,813**	**(7,947)**	**-**	**866**
	32,504	**(23,981)**	**(122)**	**8,401**

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

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2020

9. PLANT AND EQUIPMENT (CONT'D)

The Company	At 1.1.2020 RM'000	Additions RM'000	Depreciation Charge RM'000	Effect of Foreign Translation Difference RM'000	At 31.12.2020 RM'000
2020					
Carrying Amount					
Plant and Machinery	218	-	(85)	10	143
Office Equipment	8	5	(4)	-	9
Furniture and Fittings	73	-	(24)	-	49
Renovation	303	2,055	(248)	4	2,114
Computer Software	8	-	(4)	(2)	2
	610	2,060	(365)	12	2,317

The Company	1.1.2019 As Previously Reported RM'000	1.1.2019 Initial Application of MFRS 16 RM'000	1.1.2019 As 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

For The Financial Year Ended 31 December 2020

9. PLANT AND EQUIPMENT (CONT'D)

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
2020			
Plant and Machinery	**2,296**	**(2,153)**	**143**
Office Equipment	**479**	**(470)**	**9**
Furniture and Fittings	**763**	**(714)**	**49**
Computer Equipment	**1,504**	**(1,504)**	**-**
Renovation	**8,723**	**(6,609)**	**2,114**
Computer Software	**1,106**	**(1,104)**	**2**
	14,871	**(12,554)**	**2,317**

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

10. OTHER INVESTMENTS

	Note	The Group 2020 RM'000	The Group 2019 RM'000	The Company 2020 RM'000	The Company 2019 RM'000
Financial assets at fair value through other comprehensive income					
Unquoted shares	(a)	**-**	172,031	**-**	-
Convertible unsecured medium term notes	(b)	**-**	37,455	**-**	-
Club membership		**137**	137	**137**	137
Quoted warrants	(c)	**216,728**	175,824	**216,728**	175,824
		216,865	385,447	**216,865**	175,961
Financial assets at fair value through profit or loss					
Quoted warrants		**54,181**	43,956	**54,181**	43,956
Convertible note		**942**	-	**-**	-
		55,123	43,956	**54,181**	43,956
		271,988	429,403	**271,046**	219,917

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

10. OTHER INVESTMENTS (CONT'D)

(a) During the financial year, the Group completed a corporate exercise for the exchange of the entire unquoted shares and convertible unsecured medium term notes as disclosed in Note 10(b) to the financial statements, with all the Exchangeable Medium Term Notes issued by the Company subscribed by Mobikom Sdn. Bhd. ("Mobikom"), as disclosed in Note 29 to the financial statements. The Group realised a cumulative fair value gain of RM63,112,211 in relation to this exercise.

In the previous financial year, these were in respect of the investment in Webe Digital Sdn. Bhd. ("WEBE") and were pledged to Mobikom, a wholly-owned subsidiary of Telekom Malaysia Berhad ("TM"), for the borrowing disclosed in Note 29 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 intended to hold these investments for long-term strategic purposes.

(b) In the previous financial year, this was 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 was 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 was 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 29 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 intended to hold for long-term strategic purposes.

(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	
	2020 RM'000	**2019 RM'000**
Cost:-		
At 1 January/31 December	**18,763**	18,763
Accumulated impairment losses:-		
At 1 January	**(17,219)**	(16,282)
Impairment during the financial year (Note 38)	**-**	(937)
At 31 December	**(17,219)**	(17,219)
	1,544	1,544

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	The Group	
	2020 RM'000	**2019 RM'000**
Digital services	**1,544**	1,544

NOTES TO THE FINANCIAL STATEMENTS

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11. GOODWILL (CONT'D)

(b) In the last 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.

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 the 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	
	2020	2019	2020	2019	2020	2019
Digital services	**48%**	41%	**203%**	104%	**14%**	9%

(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 the 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 2020

12. DEVELOPMENT COSTS

	The Group		The Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Cost:-				
At 1 January	**33,999**	32,608	**16,315**	23,500
Additions during the financial year	**500**	1,475	**-**	264
Transfer to subsidiary – GPS	**-**	-	**-**	(4,571)
Transfer to subsidiary – RTPL	**-**	-	**-**	(2,878)
Foreign exchange adjustments	**(135)**	(84)	**-**	-
Written off	**(302)**	-	**-**	-
Disposals	**(490)**	-	**-**	-
	33,572	33,999	**16,315**	16,315
Accumulated amortisation:-				
At 1 January	**(21,562)**	(17,934)	**(13,281)**	(13,569)
Amortisation charge	**(3,298)**	(3,638)	**(106)**	(696)
Foreign exchange adjustments	**66**	10	**-**	-
Transfer to subsidiary – GPS	**-**	-	**-**	685
Transfer to subsidiary – RTPL	**-**	-	**-**	299
Written off	**252**	-	**-**	-
Disposals	**227**	-	**-**	-
At 31 December	**(24,315)**	(21,562)	**(13,387)**	(13,281)
Accumulated impairment losses:-				
At 1 January	**(3,019)**	(2,716)	**(2,716)**	(2,716)
Impairment during the financial year	**(1,687)**	(303)	**-**	-
At 31 December	**(4,706)**	(3,019)	**(2,716)**	(2,716)
At 31 December	**4,551**	9,418	**212**	318

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	
	2020 RM'000	**2019 RM'000**
Solution group	**3,136**	6,173
Communication services	**-**	344
Digital services	**1,415**	2,901
	4,551	9,418

NOTES TO THE FINANCIAL STATEMENTS

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13. OTHER INTANGIBLE ASSETS

	Intellectual Property RM'000	Software RM'000	Licence RM'000	Trademark and Patents RM'000	Total RM'000
The Group					
Cost:-					
At 31.12.2019/1.1.2020	**26,805**	**3,988**	**5,951**	**88**	**36,832**
Written off	**(26,805)**	**-**	**-**	**-**	**(26,805)**
At 31.12.2020	**-**	**3,988**	**5,951**	**88**	**10,027**
Amortisation:-					
At 31.12.2019/1.1.2020	**(25,915)**	**(798)**	**-**	**(88)**	**(26,801)**
Written off	**25,915**	**-**	**-**	**-**	**25,915**
At 31.12.2020	**-**	**(798)**	**-**	**(88)**	**(886)**
Impairment losses:-					
At 1.1.2019	(890)	-	-	-	(890)
Addition during the financial year	-	(3,190)	-	-	(3,190)
At 31.12.2019	(890)	(3,190)	-	-	(4,080)
Written off	890	-	-	-	890
At 31.12.2020	**-**	**(3,190)**	**-**	**-**	**(3,190)**
Carrying amounts					
At 31.12.2020	-	-	5,951	-	5,951
At 31.12.2019	-	-	5,951	-	5,951

(a) The software comprises the development cost of a virtual platform and is related to the Group's digital services reportable segment.

(b) The licence comprises the acquisition costs for the licence to issue electronic money and is related to the Group's digital services reportable segment.

(c) In the last 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.

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 the 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	
	2020	2019	2020	2019	2020	2019
Digital services	**48%**	41%	**203%**	104%	**14%**	9%

NOTES TO THE FINANCIAL STATEMENTS

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13. OTHER INTANGIBLE ASSETS (CONT'D)

(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 the 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	**(1,075)**	(2,359)	**243**	251
Recognised in profit or loss (Note 39)	**(102)**	1,278	**8**	(8)
Exchange difference	**(1)**	6	**-**	-
At 31 December	**(1,178)**	(1,075)	**251**	243

The deferred tax liabilities are attributable to the following:-

	The Group	
	2020 RM'000	2019 RM'000
Accelerated capital allowances	**254**	351
Other temporary differences	**(1,432)**	(1,426)
	(1,178)	(1,075)

15. INVENTORIES

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At cost:-				
Inventories held for resale	**14,360**	17,535	**2,221**	11,908

NOTES TO THE FINANCIAL STATEMENTS

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15. INVENTORIES (CONT'D)

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Recognised in profit or loss:				
- as cost of sales	**82,346**	50,231	**16,714**	11,573
- written off	**137**	365	**-**	9
- reversal of inventories previously written off	**(290)**	-	**-**	-

16. CONTRACT ASSETS/(LIABILITIES)

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Contract Assets				
Contract assets relating to service contract	**2,927**	-	**2,927**	-
Contract Liabilities				
Contract liabilities relating to advances received from customers	**(1,505)**	(2,768)	**(174)**	(150)
Contract liabilities relating to income collected but not earned	**(8)**	(8)	**-**	-
	(1,513)	(2,776)	**(174)**	(150)

The contract assets primarily relate to the Company's right to consideration for services completed but not yet billed as at the reporting date. The amount will be invoiced within one year.

17. TRADE RECEIVABLES

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade receivables	**108,219**	144,511	**10,600**	1,299
Allowance for impairment losses	**(3,536)**	(1,594)	**(1,300)**	-
	104,683	142,917	**9,300**	1,299
Allowance for impairment losses:-				
At 1 January	**(1,594)**	(745)	**-**	-
Addition during the financial year (Note 37)	**(1,072)**	(2,119)	**-**	-
Reclassification from other receivables (Note 19)	**(1,300)**	-	**(1,300)**	-
Reversal during the year (Note 37)	**388**	-	**-**	-
Write-off during the year	**15**	1,270	**-**	-
Effect of foreign translation difference	**27**	-	**-**	-
At 31 December	**(3,536)**	(1,594)	**(1,300)**	-

The Group's normal trade credit terms range from 30 to 90 (2019 - 30 to 90) days.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2020

18. FINANCING RECEIVABLE

The Group's normal credit term is 12 months from the date of loan disbursement.

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Other receivables	**3,039**	12,557	**287**	10,730
Deposits	**3,673**	3,597	**1,427**	1,170
Prepayments	**20,357**	6,742	**12,123**	2,717
	27,069	22,896	**13,837**	14,617
Allowance for impairment losses	**-**	(1,300)	**-**	(1,300)
	27,069	21,596	**13,837**	13,317
Allowance for impairment losses:-				
At 1 January	**(1,300)**	(1,300)	**(1,300)**	(1,300)
Reclassification to trade receivable (Note 17)	**1,300**	-	**1,300**	-
At 31 December	**-**	(1,300)	**-**	(1,300)

20. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing by/(to) subsidiaries consist of the following:-

	The Company	
	2020 RM'000	**2019 RM'000**
Amount owing by subsidiaries		
Current		
- trade balances	**19,287**	7,549
- non-trade balances	**458,334**	681,001
	477,621	688,550
Allowance for impairment losses	**(354,816)**	(408,584)
	122,805	279,966
Allowance for impairment losses:-		
At 1 January	**(408,584)**	(387,500)
Addition during the financial year (Note 37)	**(6,571)**	(21,084)
Reversal during the financial year (Note 37)	**60,339**	-
At 31 December	**(354,816)**	(408,584)
Amount owing to subsidiaries		
Current		
- trade balance	**(4)**	-
- non-trade balances	**(28,057)**	(33,219)
	(28,061)	(33,219)

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 2020

21. AMOUNT OWING BY/(TO) ASSOCIATES

	The Group 2020 RM'000	The Group 2019 RM'000	The Company 2020 RM'000	The Company 2019 RM'000
Amount owing by associates				
- trade balances	**(146)**	4,130	**(764)**	-
- non-trade balances	**4,370**	8,067	**1,553**	-
	4,224	12,197	**789**	-
Allowance for impairment losses	**(500)**	(500)	**-**	-
	3,724	11,697	**789**	-
Allowance for impairment losses:-				
At 1 January/31 December	**(500)**	(500)	**-**	-
Amount owing to associates				
- trade balances	**(6,256)**	(10,228)	**-**	(5,719)
- non-trade balances	**(11)**	(27)	**-**	-
	(6,267)	(10,255)	**-**	(5,719)

The trade amounts are subject to normal credit terms. The non-trade amounts represent 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.

22. AMOUNT OWING BY JOINT VENTURES

The amounts are unsecured, interest-free and receivable on demand. The amounts are to be settled in cash.

23. AMOUNT OWING BY/(TO) A RELATED PARTY

	The Group 2020 RM'000	The Group 2019 RM'000	The Company 2020 RM'000	The Company 2019 RM'000
Amount owing by a related party	**-**	-	**2,977**	8,066
Allowance for impairment losses	**-**	-	**(500)**	(500)
	-	-	**2,477**	7,566
Allowance for impairment losses:-				
At 1 January/31 December	**-**	-	**(500)**	(500)

	The Group 2020 RM'000	The Group 2019 RM'000	The Company 2020 RM'000	The Company 2019 RM'000
Amount owing to a related party	**(165)**	-	**-**	-

(a) 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.

(b) The amount owing to a related party is unsecured, interest-free and receivable on demand. The amounts are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

24. SHORT-TERM INVESTMENTS

The short-term investments represent investment in a 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 4.66% (2019 – 2.34%) per annum at the end of the reporting period.

25. 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 2.18% (2019 – 2.63%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 months (2019 – 1 to 12 months). The Group and the Company have pledged RM6,473,000 and RM2,158,000 (2019 - RM6,514,000 and RM2,158,000) out of the total fixed deposits with licensed banks respectively as security for banking facilities.

26. SHARE CAPITAL

	The Group/The Company			
	2020	2019	2020	2019
	Number of Shares		RM'000	RM'000
Issued And Fully Paid-Up	'000	'000		
Ordinary shares				
At 1 January	**933,553**	908,923	**153,408**	597,375
Issuance of new shares for cash pursuant to:				
- private placements	**155,134**	-	**79,570**	-
- warrants exercise	**75,735**	24,630	**30,294**	9,852
Share issuance expenses	**-**	-	**(225)**	-
Crystallisation of warrant reserves (Note 28.3)	**-**	-	**5,215**	1,696
Capital reduction	**-**	-	**-**	(455,515)
	230,869	24,630	**114,854**	(443,967)
At 31 December	**1,164,422**	933,553	**268,262**	153,408

(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) In the last 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.

27. TREASURY SHARES

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

As at 31 December 2020, the Company held a total of 7,707,700 of its 1,164,421,732 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 2020

28. RESERVES

		The Group		The Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Foreign exchange translation reserve	28.1	**4,264**	4,267	**1**	(52)
Fair value reserve	28.2	**210,658**	169,754	**210,658**	169,754
Warrant reserve	28.3	**24,117**	29,332	**24,117**	29,332
Share Grant Scheme reserve	28.4	**414**	-	**414**	-
Accumulated losses		**(95,389)**	(84,303)	**(6,961)**	(45,318)
		144,064	119,050	**228,229**	153,716

28.1 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.

28.2 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.

28.3 WARRANT RESERVE

	The Group/The Company	
	2020 RM'000	2019 RM'000
At 1 January	**29,332**	31,028
Exercised during the financial year	**(5,215)**	(1,696)
At 31 December	**24,117**	29,332

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.

28.4 SHARE GRANT SCHEME RESERVE

The share grant scheme reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options. The details of the amount recognised in profit or loss during the year is disclosed in Note 35.

The movement of the ESGS is as follows:-

	← Number of Options over Ordinary Shares →			
	At 1.1.2020	Granted	Forfeited	At 31.12.2020
ESGS	**-**	**15,305,900**	**(935,700)**	**14,370,200**

The share grant were forfeited during the financial year as they were granted to employees who resigned subsequent to the grant date, but prior to vesting date.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

29. EXCHANGEABLE MEDIUM TERM NOTES

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current	-	272,598	-	272,598

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.

On 24 July 2020, all the relevant parties entered into a supplemental agreement to vary certain terms contained in the programme agreement dated 22 September 2014.

On 18 September 2020, the Company entered into the Termination Deed to cancel the EMTN and to terminate the programme agreement and supplemental agreement following the completion of the exchange.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

30. LEASE LIABILITIES

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January				
- As previously reported	**1,437**	-	**328**	-
- Initial application of MFRS 16	**-**	2,249	**-**	773
- As restated	**1,437**	2,249	**328**	773
Addition during the year	**135**	583	**-**	-
Changes due to reassessment of lease term	**3,138**	-	**1,020**	-
Interest expense recognised in profit or loss (Note 38)	**138**	139	**55**	43
Repayment of principal	**(1,468)**	(1,374)	**(431)**	(445)
Repayment of interest expense	**(138)**	(139)	**(55)**	(43)
Termination of lease	**(118)**	(21)	**-**	-
At 31 December	**3,124**	1,437	**917**	328

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Analysed by:-				
Current liabilities	**1,129**	1,251	**376**	285
Non-current liabilities	**1,995**	186	**541**	43
	3,124	1,437	**917**	328

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.

31. TERM LOAN

	The Group	
	2020 RM'000	2019 RM'000
Current liabilities (Note 34)	**-**	209
Non-current liabilities	**-**	112
	-	321

In the last financial year, the term loan was 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.

The term loan was fully settled during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

32. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company range from 30 to 90 (2019 - 30 to 90) days.

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	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Term loan (Note 31)	**-**	209	**-**	-
Revolving credits	**7,078**	7,243	**-**	-
	7,078	7,452	**-**	-

(a) Revolving credits bore interest rates ranging from 2.78% to 5.43% (2019 - 4.53% to 5.43% 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.

35. EMPLOYEE BENEFITS

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").

On 25 August 2020, the Company granted 15,305,900 ordinary shares of the Company under ESGS to the eligible directors and employees in accordance with the ESGS By-Laws.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

35. EMPLOYEE BENEFITS (CONT'D)

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

(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.

	The Group		The Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Amount recognised as employee expense over vesting period	**414**	-	**-**	-

36. REVENUE

	The Group		The Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Sale of goods	**91,399**	44,534	**25,968**	13,086
Rendering of services:-				
- telecommunication services	**517,103**	557,993	**-**	-
- internet portal and e-commerce services	**8,810**	5,654	**-**	-
- research and development services	**-**	-	**1,127**	3,814
Interest income	**115**	-	**-**	-
	617,427	608,181	**27,095**	16,900

The information on the disaggregation of revenue is disclosed in Note 44 to the financial statements.

37. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group		The Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Impairment losses during the financial year:				
- Additions under MFRS 9 (Notes 17 and 20)	**1,072**	2,119	**6,571**	21,084
- Reversal of impairment losses (Notes 17 and 20)	**(388)**	-	**(60,339)**	-
	684	2,119	**(53,768)**	21,084

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

38. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
(Loss)/Profit before taxation is arrived at after charging/ (crediting):-				
Amortisation on:				
- development costs	**3,298**	3,638	**106**	696
Impairment loss on:				
- development costs	**1,687**	303	**-**	-
- investment in associate	**-**	4,728	**-**	-
- goodwill	**-**	937	**-**	-
- other intangible assets	**-**	3,190	**-**	-
- plant and equipment	**122**	-	**-**	-
Auditors' remuneration:				
- audit fee:				
- current financial year	**636**	571	**178**	175
- non-audit fee:				
- auditors of the Company	**40**	5	**40**	5
- member firm of the auditors of the Company	**42**	113	**10**	10
- other auditors	**277**	281	**85**	114
Bad debt written off	**7,463**	-	**7,455**	-
Depreciation:				
- plant and equipment	**1,612**	1,457	**365**	363
- right-of-use assets	**1,458**	1,413	**461**	458
Directors' fee	**243**	298	**225**	280
Directors' remuneration	**2,340**	1,576	**88**	79
Development cost written off	**50**	-	**-**	-
Equipment written off	**26**	280	**-**	-
Interest expense:				
- term loan	**11**	19	**-**	-
- revolving credit	**278**	382	**-**	-
- exchangeable MTNs	**14,391**	20,191	**14,391**	20,191
- bankers' acceptances	**184**	45	**184**	45
- lease liabilities	**138**	139	**55**	43

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2020

38. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/Profit before taxation is arrived at after charging/ (crediting)(Cont'd):-				
Inventories written off	**137**	365	**-**	9
Loss on disposal of development cost	**263**	-	**-**	-
Loss on disposal of plant and equipment	**49**	-	**-**	-
Loss on dilution of equity interest in an associate	**-**	1,351	**-**	-
Loss/(Gain) on lease termination	**12**	(3)	**-**	-
Loss/(Gain) on foreign exchange:				
- realised	**663**	(1,022)	**70**	(717)
- unrealised	**1,447**	56	**(81)**	28
Lease expenses:				
- short-term leases	**374**	517	**74**	263
- rental of equipment	**1,812**	1,364	**33**	-
- low value lease	**18**	-	**-**	-
Right-of-use assets written off	**14**	-	**-**	-
Staff costs:				
- defined contribution plan	**3,171**	2,814	**57**	143
- salaries and other benefits	**39,843**	35,704	**1,300**	2,539
- Share Grant Scheme expense	**414**	-	**-**	-
COVID-19-related rent recessions	**(21)**	-	**-**	-
Fair value gain on financial assets designated upon initial recognition at fair value through profit or loss	**(10,162)**	(31,822)	**(10,225)**	(31,822)
Gain on settlement of EMTN	**(14,391)**	-	**(14,391)**	-
Total interest income on financial assets measured at amortised cost	**(652)**	(1,363)	**(2,891)**	(4,472)
Reversal of impairment loss on investment in subsidiaries	**-**	-	**-**	(474)
Write back of inventories written off	**(290)**	-	**-**	-

39. INCOME TAX EXPENSE

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax:				
- for the financial year	**56**	689	**-**	209
- overprovision in the previous financial year	**(15)**	(53)	**-**	-
	41	636	**-**	209
Deferred taxation (Note 14):				
- for the financial year	**(8)**	(765)	**(8)**	8
- under/(over) provision in the previous financial year	**110**	(513)	**-**	-
	102	(1,278)	**(8)**	8
	143	(642)	**(8)**	217

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

39. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the (loss)/profit 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	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
(Loss)/Profit before taxation	**(74,531)**	(52,149)	**38,349**	(14,257)
Tax at the statutory tax rate of 24% (2019 - 24%)	**(17,887)**	(12,516)	**9,204**	(3,422)
Tax effects of:-				
Non-taxable income	**(5,434)**	(7,032)	**(20,389)**	(7,972)
Non-deductible expenses	**6,489**	5,144	**4,803**	6,280
Deferred tax assets not recognised in the current financial year	**15,782**	13,726	**6,372**	5,337
Utilisation of deferred tax assets previously not recognised	**-**	(360)	**-**	-
Differential in tax rates	**1,098**	962	**2**	(6)
(Over)/Underprovision in the previous financial year				
- current tax	**(15)**	(53)	**-**	-
- deferred tax	**110**	(513)	**-**	-
	143	(642)	**(8)**	217

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019 - 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	
	2020 RM'000	**2019 RM'000**
Unabsorbed capital allowances	**12,373**	10,951
Unutilised tax losses	**209,145**	69,192
Other temporary differences	**(1,108)**	70,400
	220,410	150,543

For the Malaysia entities, the unused tax losses are allowed to be utilised for 7 consecutive years of assessment while unabsorbed capital allowances are allowed to be carried forward indefinitely.

The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

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40. 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 2020	2019
Loss attributable to owners of the Company (RM'000)	**(74,198)**	(45,965)
Weighted average number of ordinary shares ('000):-		
Issued ordinary shares at 1 January	**933,553**	908,923
Effect of new ordinary shares issued	**122,325**	5,153
Weighted average number of ordinary shares at 31 December	**1,055,878**	914,076
Basic loss per ordinary share (Sen)	**(7.03)**	(5.03)

The diluted loss per share for current financial year and previous financial year will be the same as basic loss per share due to anti-dilutive effect as diluted loss per share should not be lower than basic loss per share.

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	Bankers' Acceptances RM'000	Revolving Credit RM'000	Lease Liabilities RM'000	Total RM'000
2020						
At 1 January	**321**	**272,598**	**-**	**7,243**	**1,437**	**281,599**
Changes in Financing Cash Flows						
Drawdown	**-**	**-**	**10,321**	**-**	**-**	**10,321**
Repayment of borrowings principal	**(321)**	**-**	**(10,321)**	**(165)**	**(1,468)**	**(12,275)**
Repayment of borrowings interest	**(11)**	**-**	**(184)**	**(278)**	**(138)**	**(611)**
	(332)	**-**	**(184)**	**(443)**	**(1,606)**	**(2,565)**
Non-cash Changes						
Exchange with other investments	**-**	**(272,598)**	**-**	**-**	**-**	**(272,598)**
Finance charges recognised in profit or loss (Note 38)	**11**	**14,391**	**184**	**278**	**138**	**15,002**
Acquisition of new leases	**-**	**-**	**-**	**-**	**135**	**135**
Changes due to reassessment of lease term	**-**	**-**	**-**	**-**	**3,138**	**3,138**
Termination of lease	**-**	**-**	**-**	**-**	**(118)**	**(118)**
Gain on settlement	**-**	**(14,391)**	**-**	**-**	**-**	**(14,391)**
At 31 December	**-**	**-**	**-**	**7,078**	**3,124**	**10,202**

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 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 38)	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

The Company	Bankers' Acceptances RM'000	Exchangeable Medium Term Notes RM'000	Lease Liabilities RM'000	Total RM'000
2020				
At 1 January	**-**	**272,598**	**328**	**272,926**
Changes in Financing Cash Flows				
Drawdown	**10,321**	**-**	**-**	**10,321**
Repayment of borrowings principal	**(10,321)**	**-**	**(431)**	**(10,752)**
Repayment of borrowings interest	**(184)**	**-**	**(55)**	**(239)**
	(184)	**-**	**(486)**	**(670)**
Non-cash Changes				
Exchange with other investments held by a subsidiary	**-**	**(272,598)**	**-**	**(272,598)**
Changes due to reassessment of lease term	**-**	**-**	**1,020**	**1,020**
Gain on settlement	**-**	**(14,391)**	**-**	**(14,391)**
Finance charges recognised in profit or loss (Note 38)	**184**	**14,391**	**55**	**14,630**
At 31 December	**-**	**-**	**917**	**917**

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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 38)	45	-	20,191	43	20,279
At 31 December	-	-	272,598	328	272,926

(b) The total cash outflows for leases as a lessee are as follows:-

	The Group 2020 RM'000	The Group 2019 RM'000	The Company 2020 RM'000	The Company 2019 RM'000
Interest paid on lease liabilities	**138**	139	**55**	43
Payment of lease liabilities	**1,468**	1,374	**431**	445
	1,606	1,513	**486**	488

NOTES TO THE FINANCIAL STATEMENTS

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41. CASH FLOW INFORMATION (CONT'D)

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Short-term investments	**2,016**	1,136	**2,016**	#
Fixed deposits with licensed banks	**11,715**	8,331	**7,158**	3,738
Cash and bank balances	**32,260**	37,200	**362**	2,176
	45,991	46,667	**9,536**	5,914
Less: Fixed deposits pledged with licensed bank	**(6,473)**	(6,514)	**(2,158)**	(2,158)
Less: Fiduciary cash	**(4,515)**	(9,236)	**-**	-
	35,003	30,917	**7,378**	3,756

 # - 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	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Cost of right-of-use assets acquired (Note 8)	**135**	583	**-**	-
Less: Addition of new lease liabilities (Note 30)	**(135)**	(583)	**-**	-
	-	-	**-**	-

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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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors				
Directors of the Company				
Executive directors:				
Short-term employee benefits:				
- fee	**-**	17	**-**	17
- salaries, bonuses and other benefits	**1,998**	1,340	**-**	6
- defined contribution benefit	**251**	158	**-**	-
Non-executive directors:				
Short-term employee benefits:				
- fee	**243**	281	**225**	263
- allowances	**91**	78	**88**	73
	2,583	1,874	**313**	359
Directors of the Subsidiaries				
Executive directors:				
Short-term employee benefits:				
- fee	**42**	42	**-**	-
- salaries, bonuses and other benefits	**2,038**	2,380	**-**	-
- defined contribution benefit	**70**	49	**-**	-
	2,150	2,471	**-**	-

In the previous financial year, 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other Key Management Personnel				
Short-term employee benefits	**1,433**	981	**-**	-
Defined contribution benefits	**177**	111	**-**	-

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sales to subsidiaries:				
- GPS	**-**	-	**-**	5,578
- KSB	**-**	-	**2,662**	-
- KPSB	**-**	-	**-**	6
- KGSB	**-**	-	**6,652**	-

NOTES TO THE FINANCIAL STATEMENTS

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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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Purchase from subsidiaries:				
- GPS	-	-	9	700
- RTPL	-	-	-	229
- KSB	-	-	236	-
- KPSB	-	-	135	-
- RTC	-	-	5	-
Sales to an associate:				
- Atilze Digital Sdn. Bhd.	1,520	222	1,520	222
Purchase from associates:				
- Atilze Digital Sdn. Bhd.	3,985	9,341	3,985	9,341
- Memo Technology (HK) Ltd.	106	2,693	-	-
- Shenzhen Memo Technology Co., Ltd.	2,569	-	-	-
Purchase from a related party:				
- Memo Technology (HK) Ltd.	-	-	106	2,693
- Shenzhen Memo Technology Co., Ltd.	-	-	2,569	-
Interest received/receivable from subsidiaries:				
- POSB	-	-	2,753	3,862
Management fees paid/payable to subsidiary:				
- GPISB	-	-	8,202	4,207
Transfer of development cost to subsidiaries:				
- GPS	-	-	-	4,049
- RTPL	-	-	-	2,657
Research and development cost charged by a subsidiary:				
- GPS	-	-	-	2,576

NOTES TO THE FINANCIAL STATEMENTS

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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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Research and development cost charged by associates:				
- Memo Technology (HK) Ltd.	-	85	-	-
- Shenzhen Memo Technology Co., Ltd.	-	664	-	-
Research and development cost charged by related parties:				
- Memo Technology (HK) Ltd.	-	-	-	85
- Shenzhen Memo Technology Co., Ltd.	-	-	-	664
Consultancy fee charged by an associate:				
- Memo Technology (HK) Ltd.	**2,472**	-	-	-
Consultancy fee charged by a related party:				
- Memo Technology (HK) Ltd.	-	-	**2,472**	-

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.

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.

44. OPERATING SEGMENTS (CONT'D)

(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.

44.1 BUSINESS SEGMENTS

2020	Solutions Group RM'000	Communication Services RM'000	Digital Services RM'000	Group RM'000
Revenue				
External revenue	91,004	517,103	9,320	617,427
Inter-segment revenue	33,691	314,651	131	348,473
	124,695	831,754	9,451	965,900
Consolidation adjustments and eliminations				(348,473)
Consolidated revenue				617,427
Represented by:-				
Revenue recognised at a point of time				
- Sales of products	100,326	-	394	100,720
- Internet portal and e-commerce service	-	-	8,942	8,942
Revenue recognised overtime				
- Telecommunication service	-	831,754	-	831,754
- Research development service	2,403	-	-	2,403
- Shared service function	21,966	-	-	21,966
- Interest income	-	-	115	115
	124,695	831,754	9,451	965,900
Consolidation adjustments				(348,473)
Consolidated revenue				617,427

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

44. OPERATING SEGMENTS (CONT'D)

44.1 BUSINESS SEGMENTS (CONT'D)

2020	Solutions Group RM'000	Communication Services RM'000	Digital Services RM'000	Group RM'000
Results				
Segment results	(39,858)	3,554	(26,282)	(62,586)
Interest income	387	42	223	652
Depreciation of property, plant and equipment	(758)	(301)	(553)	(1,612)
Depreciation of right-of-use assets	(482)	(569)	(407)	(1,458)
Other non-cash expenses (Note a)	2,134	(878)	(2,241)	(985)
	(38,577)	1,848	(29,260)	(65,989)
Gain on fair value adjustment				10,162
Share of result in associates, net of tax				(3,386)
Finance costs				(15,318)
Income tax expense				(143)
Consolidated loss after taxation				(74,674)
Assets				
Segment assets	363,749	91,368	46,246	501,363
Investment in associates				16,339
Current tax asset				1,147
Consolidated total assets				518,849
Additions to non-current assets other than financial instruments and deferred tax assets:-				
Plant and equipment	6,392	48	337	6,777
Development costs	-	-	500	500
Right-of-use assets	15	120	-	135
Liabilities				
Segment liabilities	28,152	80,100	13,752	122,004
Deferred tax liabilities				1,178
Lease liabilities				3,124
Consolidated total liabilities				126,306

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

44. OPERATING SEGMENTS (CONT'D)

44.1 BUSINESS SEGMENTS (CONT'D)

2019	Solutions Group RM'000	Communication Services RM'000	Digital Services RM'000	Group RM'000
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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

44. OPERATING SEGMENTS (CONT'D)

44.1 BUSINESS SEGMENTS (CONT'D)

2019	Solutions Group RM'000	Communication Services RM'000	Digital Services RM'000	Group RM'000
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)
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
For The Financial Year Ended 31 December 2020

44. OPERATING SEGMENTS (CONT'D)

44.1 BUSINESS SEGMENTS (CONT'D)

(a) Other non-cash (gain)/expenses consist of the following:-

	The Group	
	2020 RM'000	2019 RM'000
Amortisation of:-		
- development costs	**3,298**	3,638
Bad debts written off	**7,463**	-
Development cost written off	**50**	-
Equipment written off	**26**	280
Impairment of:-		
- Development costs	**1,687**	303
- Goodwill	**-**	937
- Other intangible assets	**-**	3,190
- Trade receivables	**1,072**	2,119
- Investment in an associate	**-**	4,728
- Plant and equipment	**122**	-
Inventories written off	**137**	365
Loss on disposal of plant and equipment	**49**	-
Loss on disposal of development costs	**263**	-
Loss/(Gain) on lease termination	**12**	(3)
Right-of-use assets written off	**14**	-
Share Grant Scheme expense	**414**	-
Write back of inventories written off	**(290)**	-
Gain from settlement of EMTN	**(14,391)**	-
Unrealised loss on foreign exchange	**1,447**	56
Reversal of impairment loss on trade receivables	**(388)**	-
	985	15,613

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	**25,593**	12,217	**307,103**	463,055
Outside Malaysia	**591,834**	595,964	**4,738**	7,912
	617,427	608,181	**311,841**	470,967

The information on the disaggregation of revenue based on geographical region is summarised below:-

	At a Point in Time		Over Time		Group	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	**25,478**	12,217	**115**	-	**25,593**	12,217
Outside Malaysia	**74,731**	37,971	**517,103**	557,993	**591,834**	595,964
	100,209	50,188	**517,218**	557,993	**617,427**	608,181

44.3 MAJOR CUSTOMERS

The following are major external customers with revenue equal to or more than 10% of Group revenue:-

	Revenue Contribution		
	2020 RM'000	2019 RM'000	Segment
Customer A	**88,624**	-	Communication services
Customer B	**83,241**	-	Communication services
Customer C	**62,643**	103,856	Communication services

45. CAPITAL COMMITMENT

	The Group	
	2020 RM'000	2019 RM'000
Purchase of property	**7,445**	-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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.

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
2020				
Financial Assets				
Other investments	-	271,988	-	271,988
Trade receivables	93,432	11,216	35	104,683
Financing receivable	-	6,400	-	6,400
Other receivables	2,467	434	138	3,039
Amount owing by associates	-	3,724	-	3,724
Amount owing by joint ventures	707	-	-	707
Short-term investments	-	2,016	-	2,016
Fixed deposits with licensed banks	4,315	7,400	-	11,715
Cash and bank balances	10,646	19,353	2,261	32,260
	111,567	322,531	2,434	436,532

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2020

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
2020				
Financial Liabilities				
Revolving credit	**7,078**	**-**	**-**	**7,078**
Trade payables	**57,164**	**1,238**	**867**	**59,269**
Other payables and accruals	**24,226**	**22,017**	**1,112**	**47,355**
Amount owing to associates	**6,256**	**11**	**-**	**6,267**
Amount owing to a related party	**-**	**165**	**-**	**165**
Amount owing to directors	**-**	**357**	**-**	**357**
	94,724	**23,788**	**1,979**	**120,491**
Net financial assets	**16,843**	**298,743**	**455**	**316,041**
Less: Net financial assets denominated in the respective entities' functional currencies	**(16,032)**	**(298,412)**	**(138)**	**(314,582)**
Currency Exposure	**811**	**331**	**317**	**1,459**
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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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

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For The Financial Year Ended 31 December 2020

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
2020				
Financial Assets				
Other investments	-	271,046	-	271,046
Trade receivables	-	9,265	35	9,300
Other receivables	-	263	24	287
Amount owing by subsidiaries	-	121,806	999	122,805
Amount owing by a related party	2,473	4	-	2,477
Amount owing by associate	-	789	-	789
Short-term investments	-	2,016	-	2,016
Fixed deposits with licensed banks	-	7,158	-	7,158
Cash and bank balances	225	105	32	362
	2,698	412,452	1,090	416,240
2020				
Financial Liabilities				
Other payables and accruals	-	2,805	235	3,040
Trade payables	4	844	-	848
Amount owing to subsidiaries	15,553	12,508	-	28,061
	15,557	16,157	235	31,949
Net financial (liabilities)/assets	(12,859)	396,295	855	384,291
Less: Net financial assets denominated in the entity's functional currency	-	(396,295)	-	(396,295)
Currency Exposure	(12,859)	-	855	(12,004)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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
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 (liabilities)/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)

 # - Amount less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Effects on (Loss)/Profit After Taxation				
USD/RM:				
- strengthened by 5%	**-30**	-307	**-489**	+350
- weakened by 5%	**+30**	+307	**+489**	-350
Others:				
- strengthened by 5%	**-12**	-18	**+32**	-33
- weakened by 5%	**+12**	+18	**-32**	+33

(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 24 and 25 to the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(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% (2019 – 5%) with all other variables being held constant, the other comprehensive income of the Group and of the Company would have increased by RM13,545,000 (2019 – RM10,989,000). A 5% (2019 – 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 1 customer which constituted approximately 15% of its trade and financing receivables at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade and financing 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	**17,650**	5,093	**9,265**	801
Outside Malaysia	**93,433**	137,824	**35**	498
	111,083	142,917	**9,300**	1,299

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the 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.

Trade Receivables, Financing Receivable and Contract Assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, financing receivable and contract assets.

To measure the expected credit losses, trade receivables, financing receivable, contract assets 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 and 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
2020				
Current (not past due)	**71,221**	**(469)**	**(117)**	**70,635**
1 to 30 days past due	**14,940**	**(1,300)**	**(11)**	**13,629**
31 to 60 days past due	**11,478**	**-**	**(23)**	**11,455**
61 to 90 days past due	**739**	**-**	**(2)**	**737**
Past due more than 90 days	**15,804**	**(1,176)**	**(1)**	**14,627**
Credit impaired	**437**	**(437)**	**-**	**-**
Trade receivables and financing receivable	**114,619**	**(3,382)**	**(154)**	**111,083**
Contract assets	**2,927**	**-**	**-**	**2,927**
	117,546	**(3,382)**	**(154)**	**114,010**

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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, Financing Receivable and Contract Assets (Cont'd)

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

The Company	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2020				
Current (not past due)	**46**	**-**	**-**	**46**
1 to 30 days past due	**10,554**	**(1,300)**	**-**	**9,254**
31 to 60 days past due	**-**	**-**	**-**	**-**
61 to 90 days past due	**-**	**-**	**-**	**-**
Trade receivables	**10,600**	**(1,300)**	**-**	**9,300**
Contract assets	**2,927**	**-**	**-**	**2,927**
	13,527	**(1,300)**	**-**	**12,227**

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

The movements in the loss allowances in respect of trade receivables are disclosed in Note 17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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)

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.

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 RM'000	12-month Loss Allowance RM'000	Lifetime Loss Allowance RM'000	Carrying Value RM'000
2020				
Low credit risk	-	-	-	-
Significant increase in credit risk	460,422	-	(337,617)	122,805
Credit impaired	17,199	-	(17,199)	-
	477,621	-	(354,816)	122,805

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
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

The movements in the loss allowances are disclosed in Note 20 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 practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

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
2020						
Non-derivative Financial Liabilities						
Lease liabilities	2.51 - 8.00	3,124	3,431	1,304	2,127	-
Revolving credit	2.78 - 5.4	7,078	7,078	7,078	-	-
Trade payables	-	59,269	59,269	59,269	-	-
Other payables and accruals	-	47,355	47,355	47,355	-	-
Amount owing to associates	-	6,267	6,267	6,267	-	-
Amount owing to a related party	-	165	165	165	-	-
Amount owing to directors	-	357	357	357	-	-
		123,615	123,922	121,795	2,127	-

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
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	-

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2020

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 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
2020						
Non-derivative Financial Liabilities						
Lease liabilities	2.51 – 8.00	917	1,015	440	575	-
Trade payables	-	848	848	848	-	-
Other payables and accruals	-	3,040	3,040	3,040	-	-
Amount owing to subsidiaries	-	28,061	28,061	28,061	-	-
Financial guarantee contracts in relation to corporate and bank guarantee given to certain subsidiaries	-	-	7,170	7,170	-	-
		32,866	40,134	39,559	575	-

NOTES TO THE FINANCIAL STATEMENTS

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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 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 directors	-	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	-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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 debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	The Group	
	2020 RM'000	**2019 RM'000**
Exchangeable Medium Term Note	**-**	272,598
Term loan	**-**	321
Revolving credit	**7,078**	7,243
Lease liabilities	**3,124**	1,437
	10,202	281,599
Less: Short-term investments	**(2,016)**	(1,136)
Less: Fixed deposits with licensed banks	**(11,715)**	(8,331)
Less: Cash and bank balances	**(32,260)**	(37,200)
Net debt	**(35,789)**	234,932
Total equity	**392,543**	253,151
Debt-to-equity ratio	**Not applicable**	0.93

There was no change in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2020

46. FINANCIAL INSTRUMENTS (CONT'D)

46.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2020		2019	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Financial Assets				
Designated at Fair Value Through Profit or Loss Upon Initial Recognition				
Quoted warrant (Note 10)	**54,181**	**54,181**	43,956	43,956
Unquoted investments (Note 10)	**942**	**-**	-	-
	55,123	**54,181**	43,956	43,956
Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition				
Quoted warrant (Note 10)	**216,728**	**216,728**	175,824	175,824
Unquoted investments (Note 10)	**137**	**137**	209,623	137
	216,865	**216,865**	385,447	175,961
Amortised Cost				
Trade receivables (Note 17)	**104,683**	**9,300**	142,917	1,299
Financing receivable (Note 18)	**6,400**	**-**	-	-
Other receivables (Note 19)	**3,039**	**287**	11,257	9,430
Amount owing by subsidiaries (Note 20)	**-**	**122,805**	-	279,966
Amount owing by associates (Note 21)	**3,724**	**789**	11,697	-
Amount owing by joint ventures (Note 22)	**707**	**-**	670	-
Amount owing by a related party (Note 23)	**-**	**2,477**	-	7,566
Short-term investments (Note 24)	**2,016**	**2,016**	1,136	#
Fixed deposits with licensed banks (Note 25)	**11,715**	**7,158**	8,331	3,738
Cash and bank balances	**32,260**	**362**	37,200	2,176
	164,544	**145,194**	213,208	304,175

 # - Amount less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

46. FINANCIAL INSTRUMENTS (CONT'D)

46.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2020		2019	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Financial Liabilities				
Amortised Cost				
Exchangeable Medium Term Note (Note 29)	**-**	**-**	272,598	272,598
Revolving credit (Note 34)	**7,078**	**-**	7,243	-
Term loans (Note 31)	**-**	**-**	321	-
Trade payables (Note 32)	**59,269**	**848**	121,871	127
Other payables and accruals	**47,355**	**3,040**	42,033	2,706
Amount owing to subsidiaries (Note 20)	**-**	**28,061**	-	33,219
Amount owing to associates (Note 21)	**6,267**	**-**	10,255	5,719
Amount owing to a related party (Note 23)	**165**	**-**	-	-
Amount owing to directors (Note 33)	**357**	**-**	452	71
	120,491	**31,949**	454,773	314,440

46.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2020		2019	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Financial Assets				
Fair Value Through Profit or Loss				
Net gains recognised in profit or loss by designated upon initial recognition	**10,162**	**10,225**	31,822	31,822
Equity Investments at Fair Value Through Other Comprehensive Income				
Net gains recognised in other comprehensive income	**40,904**	**40,904**	127,289	127,289
Amortised Cost				
Net (losses)/gains recognised in profit or loss	**(32)**	**56,659**	(756)	(16,612)
Financial Liability				
Amortised Cost				
Net losses recognised in profit or loss	**(473)**	**(184)**	(20,637)	(20,236)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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				
The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
2020								
Financial Assets								
Unquoted investment	**-**	**-**	**942**	**-**	**-**	**-**	**942**	**942**
Club membership	**-**	**137**	**-**	**-**	**-**	**-**	**137**	**137**
Quoted warrants	**270,909**	**-**	**-**	**-**	**-**	**-**	**270,909**	**270,909**
Short-term investments								
- money market funds	**-**	**2,016**	**-**	**-**	**-**	**-**	**2,016**	**2,016**
Financial Liabilities								
Revolving credits	**-**	**-**	**-**	**-**	**7,078**	**-**	**7,078**	**7,078**
2019								
Financial Assets								
Unquoted investments	-	-	209,486	-	-	-	209,486	209,486
Club membership	-	137	-	-	-	-	137	137
Quoted warrant	219,780	-	-	-	-	-	219,780	219,780
Short-term investments								
- money market funds	-	1,136	-	-	-	-	1,136	1,136
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

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2020

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				
The Company	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Carrying Fair Value RM'000**	**Total Amount RM'000**
2020								
Club membership	**-**	**137**	**-**	**-**	**-**	**-**	**137**	**137**
Quoted warrant	**270,909**	**-**	**-**	**-**	**-**	**-**	**270,909**	**270,909**
Short-term investments								
- money market funds	**-**	**2,016**	**-**	**-**	**-**	**-**	**2,016**	**2,016**
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

(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 cash flow projections performed by the management based on the significant unobservable inputs.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

46. FINANCIAL INSTRUMENTS (CONT'D)

46.5 FAIR VALUE INFORMATION (CONT'D)

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values 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	
	2020 %	2019 %	2020 %	2019 %
Exchangeable Medium Term Notes	**-**	8.86	**-**	8.86
Term loans	**-**	4.50	**-**	-
Revolving credits	**2.78 – 5.43**	4.53 – 5.43	**-**	-

47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a global pandemic. Following the declaration, the Government of Malaysia had on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The management has assessed the impact on the Group and is of the opinion that there were no material financial impacts arising from the pandemic. Nevertheless, the Group has taken and will continue to take the necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs.

Given the dynamic nature of the COVID-19 pandemic, it is not practicable to provide a reasonable estimate of its impacts on the Group's financial position, operating results and cash flows at the date on which these financial statements are authorised for issue.

(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 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%.

(iv) On 2 April 2020, the Company announced the withdrawal of the arbitration proceedings between the Company and MYTV Broadcasting Sdn. Bhd.. 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 Set-Top-Boxes Agreement.

(v) 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 RM3,000,000 to retain its equity interest of 100%.

(vi) 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(vii) 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.

Subsequently, on 23 July 2020, the Proposed Diversification was duly passed by the shareholders of the Company at the extraordinary general meeting.

(viii) 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 intended to be satisfied through a combination of cash amounting to USD 1.5 million and the remaining USD 8.5 million via the issuance of new ordinary shares ("Consideration Shares") of the Company. The Proposed Acquisition is subject to all condition precedents being fulfilled.

On 15 September 2020, both parties mutually agreed to extend the validity of the term sheet to 31 December 2020.

On 2 December 2020, the Company entered into a share sale agreement with Xendity for the Proposed Acquisition with Purchase Price to be paid in the following manner:-

a) USD1,500,000 will be paid by cash within five (5) Business Days from the next Business Day on which the last of the condition precedent have been satisfied ("Closing Date")("Tranche 1 Consideration Shares");

b) USD3,000,000 will be settled through the issuance of Consideration Shares within thirty (30) Business Days from the Closing Date; and

c) USD5,500,000 will be settled through the issuance of two (2) tranches of Additional Consideration Shares, being one (1) tranche for each financial period from 1 July 2020 to 30 June 2021 and from 1 July 2021 to 30 June 2022, subject to the fulfillment of Gross Revenue Targets and within thirty (30) Business Days from issuance of a final report for a special audit to certify the Gross Revenue achieved for each of the financial periods.

On 4 December 2020, the Company submitted an application to Bursa in respect of the listing and quotation of Consideration Shares to be issued pursuant to the Proposed Acquisition on the Main Market of Bursa.

(ix) 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.

(x) On 13 July 2020, the Company issued a total of 100,134,000 Private Placement Shares representing 9.99% of the issued share capital of the Company (excluding treasury shares) as at 2 July 2020, pursuant to the announcement of the Private Placement on 10 September 2019 and the approval of Bursa Malaysia Securities Berhad ("Bursa") on 25 September 2019 and 17 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(xi) On 24 July 2020, the Company, Mobikom, RHB Investment Bank, CIMB Investment Bank Berhad and Malaysian Trustee Berhad entered into a Supplemental Agreement to vary certain terms contained in the Programme Agreement dated 22 September 2014 relating to the issuance of up to RM210.0 million nominal value of eight (8)-year redeemable exchangeable medium term notes ("EMTN") by the Company ("Proposed Variation"). The Supplemental Agreement became unconditional on 13 August 2020 following the fulfillment of all condition precedents set out in the Supplemental Agreement.

On 24 August 2020, Mobikom issued a notice to exchange all its EMTN at nominal value of RM186,782,377 upon the terms and conditions set out in the Programme Agreement and Supplemental Agreement.

On 7 September 2020, the Company completed the above exchange with 5,200,694 WEBE shares held by POSB and RM37,455,000 nominal value of CMTN issued by WEBE. The completion of the exchange denoted the full and final settlement of the accreted value of EMTN. Following this, POSB ceased to be a shareholder of WEBE.

Subsequently on 18 September 2020, the Company, Mobikom, RHB Investment Bank, CIMB Investment Bank Berhad and Malaysian Trustee Berhad entered into the Termination Deed to cancel the EMTN and to terminate the Programme Agreement and Supplemental Agreement with immediate effect.

(xii) On 7 August 2020, the Company incorporated a wholly-owned subsidiary, Green Packet Cloud Sdn. Bhd. in Malaysia with a total issued and paid-up capital of RM1,000,000.

(xiii) On 12 August 2020, 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 190,273,400 new shares of the Company ("Placement Shares").

Subsequently, on 13 August 2020, the application for the Proposed Private Placement had been submitted to Bursa. On 1 September 2020, Bursa had vide its letter approved the listing and quotation of up to 190,273,400 Placement Shares to be issued pursuant to the Proposed Private Placement, subject to the conditions stated in Bursa's approval letter.

On 28 October 2020, the Company issued 55,000,000 Placement Shares at RM0.50 per share.

(xiv) On 14 August 2020, the Company incorporated a wholly-owned subsidiary, Kiple Capital Sdn. Bhd. in Malaysia with a total issued and paid-up capital of RM1.

(xv) On 3 September 2020, the Company incorporated a wholly-owned subsidiary, Kiple X Sdn. Bhd. in Malaysia with a total issued and paid-up capital of RM1.

(xvi) On 11 September 2020, the Company granted up to 15,305,900 new ordinary shares under the Share Grant Scheme ("SGS") to the eligible Executive Directors and employees of the Company ("Eligible Persons") at no consideration in accordance with the By-Laws. The SGS Shares will be allotted and vested with the Eligible Persons at any point in time during the duration of the SGS, subject to the fulfillment of the Vesting Conditions which include the achievement of the identified performance targets and/or service objectives as determined by the SGS Committee at its discretion.

(xvii) On 24 September 2020, the Company subscribed for 51 ordinary shares representing 51% of the total issued and paid-up capital in Kiple Kendall Capital Partners Sdn. Bhd. for a total cash consideration of RM51.

(xviii) On 28 September 2020, PISB entered into a share subscription agreement with Censof Holdings Berhad to subscribe for 5,356,831 new ordinary shares representing 51% of the enlarged share capital in T-Melmax Sdn. Bhd. for a total cash consideration of RM250,000.

(xix) On 4 November 2020, RTC commenced member's voluntary winding-up made pursuant to Taiwan Company Act (Section 83 & 326).

(xx) On 21 December 2020, the Company incorporated a wholly-owned subsidiary, Green Packet Capital 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 2020

48. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(i) On 8 January 2021, Bursa approved the listing and quotation of up to 147,581,250 Consideration Shares to be issued pursuant to the Proposed Acquisition of Xendity, subject to the conditions stated in Bursa's approval letter.

Subsequently, on 2 February 2021, the Proposed Acquisition has been completed following the fulfillment of all condition precedents asset out in the share sale agreement. Following this, Xendity is a wholly-owned subsidiary of the Company.

On 10 March 2021, the Company allotted and issued 28,892,853 new ordinary shares to Xendity at an issue price of RM0.42 per share as settlement of Tranche 1 Consideration Shares.

The provisionally determined fair value of the identifiable assets acquired and liabilities assumed are as follows:-

	The Group RM'000
Plant and equipment	94
Intangible asset	4,686
Trade receivables	78
Accrued revenue	2
Cash at bank	251
Right-of-use assets	6
Trade and other payables	(103)
Amount owing to directors	(245)
Lease liability	(6)
Net identifiable assets acquired	4,763
Add: Goodwill on acquisition of Xendity	29,579
Purchase consideration	34,342

At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of Xendity.

(ii) On 8 February 2021, the Company incorporated a wholly-owned subsidiary, Rypcot Assets Sdn. Bhd. in Malaysia with a total issued and paid-up capital of RM1.

48. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONT'D)

(iii) On 10 February 2021, all condition precedents pertaining to share subscription agreement with Censof Holdings Berhad have been fulfilled. Following this, T-Melmax Sdn. Bhd. became a 51%-owned subsidiary of PISB.

The provisionally determined fair value of the identifiable assets acquired and liabilities assumed are as follows:-

	The Group RM'000
Right-of-use assets	20
Trade and other receivables	7
Accrued revenue	4
Deposits	23
Cash and bank balances	275
Deferred tax assets	2
Deferred income	(6)
Trade and other payables	(18)
Lease liability	(20)
Net identifiable assets acquired	287
Less: Non-controlling interests, measured at the proportionate share of the fair value of the net identifiable assets	(140)
Add: Goodwill on acquisition of T-Melmax Sdn. Bhd.	103
Purchase consideration	250

At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of T-Melmax Sdn. Bhd..

(iv) On 17 February 2021, Bursa had vide its letter dated 16 February 2021, granted the Company an extension of time until 1 September 2021 to complete the implementation of the Private Placement.

Subsequently on 26 February 2021, the Company issued 31,000,000 Placement Shares at RM0.38 per share.

On 26 March 2021, the Company issued the remaining 34,208,800 Placement Shares at RM0.36 per share and marked the completion of the Private Placement.

(v) On 1 March 2021, RTPL has entered into an agreement with a related party to transfer the ownership of the development costs with net carrying value of USD428,570 as at 31 December 2020.

(vi) On 24 March 2021, RTPL's subsidiary, RTC, has received a letter from the Civil Division of Taiwan Shi Lin District Court on the approval of Mr. Wang Chang-Hsien as the Liquidator of RTC.

(vii) On 25 March 2021, the Company announced that it had disposed G3 Global Berhad ("G3") shares in the open market for total cash consideration of RM63,220,618 from 18 March 2021 to 24 March 2021.

(viii) On 9 April 2021, the Company granted up to 45,330,700 new ordinary shares under the SGS to the eligible Executive Directors and employees of the Company ("Eligible Persons") at no consideration in accordance with the By-Laws. The SGS Shares will be allotted and vested with the Eligible Persons at any point in time during the duration of the SGS, subject to the fulfillment of the Vesting Conditions which include the achievement of the identified performance targets and/or service objectives as determined by the SGS Committee at its discretion.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

48. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONT'D)

(ix) On 13 April 2021, GPS allotted 3,000,000 ordinary shares by way of capitalising loan due to its holding company, Green Packet Berhad, amounting to USD3,000,000.

(x) On 16 April 2021, the Company incorporated a wholly-owned subsidiary, GP Smart City Sdn. Bhd., in Malaysia with a total issued and paid-up capital of RM1,000.

(xi) On 22 April 2021, the Company incorporated a wholly-owned subsidiary, Green Packet Academy Sdn. Bhd. in Malaysia with a total issued and paid-up capital of RM1.

(xii) On 18 May 2021, the Company proposes to undertake a renounceable rights issue of new ordinary shares in the Company ("new Shares") together with free detachable warrants in the Company ("Warrants C") on an entitlement basis and an issue price basis to be determined and fixed by the Board, and announced at a later date to raise gross proceeds of up to RM328.37 million ("Proposed Rights Issue with Warrants").

The Proposed Rights Issue with Warrants is subject to the following approvals being obtained:-

(a) Bursa Securities, for the following:

- admission of the Warrants C to the official list of Bursa Securities;

- listing and quotation for the Rights Shares and Warrants C and the new Shares to be issued arising from the exercise of the Warrants C, on the Main Market of Bursa Securities; and

- listing and quotation for any additional Warrants B to be issued arising from the adjustments pursuant to the Proposed Rights Issue with Warrants and the new Shares to be issued arising from the exercise of any additional Warrants B on the Main Market of Bursa Securities.

(b) Shareholders of the Company at an extraordinary general meeting of the Company to be convened; and

(c) Any other relevant authority or party, if required.

ANALYSIS OF SECURITIES

STATEMENT OF SHAREHOLDINGS AND WARRANT HOLDINGS AS AT 3 MAY 2021

Total Number of Shares Issued	:	**1,250,815,685** (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	219	1.23	8,709	0.00
100-1,000	1,167	6.54	832,304	0.07
1,001-10,000	7,358	41.22	45,016,116	3.60
10,001-100,000	7,654	42.88	280,437,906	22.42
100,001 – 62,540,783 (*)	1,448	8.11	663,320,650	53.03
62,540,784 and above (**)	3	0.02	261,200,000	20.88
Total	**17,849**	**100.00**	**1,250,815,685**	**100.00**

Notes:
** - Less than 5% of issued holdings*
*** - 5% and more of the issued holdings*

Thirty Largest Registered Holders

No.	Name	No. of Shares Held	% of Issued Shares
1.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Puan Chan Cheong (MGN-PCC0004M)	92,000,000	7.36
2.	Kenanga Nominees (Asing) Sdn. Bhd. Pledged securities account for Green Packet Holdings Ltd.	90,000,000	7.20
3.	MIDF Amanah Investment Nominees (Asing) Sdn. Bhd. Pledged securities account for Green Packet Holdings Ltd. (MGN-PCC0004M)	79,200,000	6.33
4.	Gemtek Technology Co., Ltd.	26,273,280	2.10
5.	Citigroup Nominees (Tempatan) Sdn. Bhd. Great Eastern Life Assurance (Malaysia) Berhad (LGF)	17,117,900	1.37
6.	Citigroup Nominees (Tempatan) Sdn. Bhd. Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	13,221,200	1.06
7.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Raja Abdullah Bin Raja Baharudin	10,879,900	0.87
8.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Law Seeh Key	10,708,800	0.86
9.	Sia Hui Yong	9,164,111	0.73
10.	Universal Trustee (Malaysia) Berhad TA Dynamic Absolute Mandate	8,674,500	0.69
11.	MKW Jaya Sdn. Bhd.	8,000,000	0.64
12.	Sia Hui Min	7,500,898	0.60
13.	Chang, Jin-Yi	6,379,000	0.51
14.	Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Poh Seng Kian (TJJ/KEN)	6,150,000	0.49

ANALYSIS OF SECURITIES

No.	Name	No. of Shares Held	% of Issued Shares
15.	Jasvinder Singh A/L Gurbakhes Singh	5,550,000	0.44
16.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Teh Beng Khim (MY3941)	5,500,000	0.44
17.	Tasec Nominees (Tempatan) Sdn. Bhd. Exempt An for TA Investment Management Berhad (Clients)	5,368,100	0.43
18.	Tan Yew Sing	4,914,800	0.39
19.	Liew Wai Kiat	4,836,500	0.39
20.	Puan Kam Fook	4,162,300	0.33
21.	Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Leow Kay Pin (E-SS2)	4,100,000	0.33
22.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Premier Elite Marketing Sdn. Bhd.	4,029,800	0.32
23.	Teh Beng Khim	3,700,100	0.30
24.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB for Song Teik Sun (PB)	3,600,000	0.29
25.	Wong Horng Yuen	3,582,736	0.29
26.	Tan Koon Ming	3,542,726	0.28
27.	Saravanan A/L Murugan	3,470,000	0.28
28.	Tokio Marine Life Insurance Malaysia Bhd. As Beneficial Owner (TMEF)	3,400,000	0.27
29.	Amsec Nominees (Asing) Sdn. Bhd. KGI Securities (Singapore) Pte Ltd for Puan Kan Yow (134753)	3,100,000	0.25
30.	Loh Swee Leang	2,774,000	0.22
	Total	**450,900,651**	**36.06**

Statement of Warrant Holdings

Total Number of Warrants Issued & Unexercised	:	350,243,111
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	0.42	561	0.00
100-1,000	103	2.72	51,485	0.01
1,001-10,000	964	25.49	6,772,500	1.93
10,001-100,000	2,056	54.36	86,754,315	24.77
100,001 – 17,512,154 (*)	643	17.00	256,664,250	73.28
17,512,155 and above (**)	0	0.00	0	0.00
Total	**3,782**	**100.00**	**350,243,111**	**100.00**

Notes:
** - Less than 5% of total warrants unexercised*
*** - 5% and more of the total warrants unexercised*

ANALYSIS OF SECURITIES

Thirty Largest Registered Warrant Holders

No.	Name of Warrant Holders	No. of Held Warrants	% of Issued Warrants
1.	Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Vigneswaran A/L Ramakrishnan (E-KLC)	6,000,000	1.71
2.	Yuen Thui Yang	5,000,000	1.43
3.	Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Poh Seng Kian (TJJ/KEN)	4,900,000	1.40
4.	Tan Yew Sing	4,480,000	1.28
5.	Amsec Nominees (Asing) Sdn. Bhd. KGI Securities (Singapore) Pte. Ltd. for Puan Kan Yow (134753)	3,700,000	1.06
6.	Agnes Chan Wai Ching	3,403,800	0.97
7.	Lim Kian Boon	3,000,000	0.86
8.	Puan Kam Fook	2,946,200	0.84
9.	Au Yong Mun Yue	2,900,000	0.83
10.	Jaspal Singh Sekhon	2,321,500	0.66
11.	Neo Yiap Seng	2,250,000	0.64
12.	Lee Chiah Cheang	2,200,000	0.63
13.	Lai Yok Min	1,993,800	0.57
14.	Lee King Hong	1,700,000	0.49
15.	Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Ong Yew Beng (E-SJA)	1,700,000	0.49
16.	Maybank Nominees (Asing) Sdn. Bhd. Maybank Private Wealth Management for Loh Choon Quan (PW-M00521) (414481)	1,600,100	0.46
17.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Ng Long Tiang	1,600,000	0.46
18.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An for UBS AG Hong Kong (Foreign)	1,594,780	0.46
19.	Jane Yap Sin Yee	1,584,320	0.45
20.	Citigroup Nominess (Asing) Sdn. Bhd. Exempt An for OCBC Securities Private Limited (Client A/C-NR)	1,506,000	0.43
21.	Kang Ah Nia @ Kang Swee Lan	1,500,000	0.43
22.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Vincent Phua Chee Ee	1,500,000	0.43
23.	TA Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Anitha Binti Mohamed Haniffa	1,500,000	0.43
24.	Cheong Wong Sang	1,498,800	0.43
25.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Loh Kim Kiong	1,400,000	0.40
26.	Lai Kar Wai	1,400,000	0.40
27.	Foo Yong Boon	1,392,000	0.40
28.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Chin Fook Weng (Penang-CL)	1,382,400	0.39
29.	Lau Jui Peng	1,380,000	0.39
30.	Saudagar Singh A/L Habira Singh	1,375,000	0.39
	Total	**70,708,700**	**20.21**

ANALYSIS OF SECURITIES

List of Substantial Shareholders of Green Packet Berhad

Substantial Shareholders	Direct (A) No. of shares	%	Indirect (B) No. of shares	%	Total interest	%
Green Packet Holdings Ltd.	169,200,000	13.53	-	-	-	-
Puan Chan Cheong	94,427,124	7.55	169,200,000	13.53	263,627,124	21.08
Tan Sri Dato' Kok Onn	-	-	169,200,000	13.53	-	-

Director's Interest

The Director's Interest in the shares and warrants of the Company and its related companies were as follows:

Director	Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Warrants	%	Indirect No. of Warrants	%
Puan Chan Cheong	94,427,124	7.55	169,200,000	13.53	-	-	-	-

Notes:
Deemed interested by virtue of his 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.

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 19th Annual General Meeting ("**AGM**") of Green Packet Berhad ("**GPB**" or the "**Company**") will be conducted on a fully virtual basis via Remote Participation and Electronic Voting facilities at the Broadcast Venue at 12th Floor, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor on Wednesday, 30 June 2021 at 10:00 a.m.

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020, together with the Reports of the Directors and the Auditors thereon.

2. To re-elect Encik A. Shukor Bin S.A. Karim who retires by rotation in accordance with Clause 99 of the Company's Constitution and being eligible, offers himself for re-election. ***(Resolution 1)***

3. To elect the following Directors, each of whom retires in accordance with Clause 105 of the Company's Constitution and being eligible, offer himself/herself for election.

   a) Mr Sharman A/L Arumugam ***(Resolution 2)***
   b) Mdm Syafinaz Merican Binti Isahak Merican ***(Resolution 3)***

4. To approve the payment of the following fees to Non-Executive Directors:

   a) • Director's fee of RM19,713 to a Director who was appointed after the 18th AGM for the financial year ended 31 December 2020; and ***(Resolution 4)***
      • Total Directors' fees of RM213,140 for the financial year ending 31 December 2021 (2020: RM205,160).
   b) Directors' benefits to eligible Non-Executive Directors of an amount up to RM100,000 from the 19th AGM to the 20th AGM 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.

As Special Business

To consider and if thought fit, pass the following Resolution:-

7. Ordinary Resolution 1 - Authority Renewal of Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

   "**THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016, the 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 10% 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 7)***

BY ORDER OF THE BOARD
Tai Siew May
MAICSA 7015823/SSM Practicing Certificate No.: 202008004328
Company Secretary

Petaling Jaya, Selangor Darul Ehsan
31 May 2021

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The Broadcast Venue of this AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of this meeting to be present at the main venue of the meeting.

2. Shareholders/proxies/corporate representatives **WILL NOT BE ALLOWED** to attend this AGM in person at the Broadcast Venue on the day of this AGM. Therefore, members are strongly advised to participate and vote remotely at this AGM through live streaming and online remote voting using the Remote Participation and Electronic Voting facilities provided by the Company's Share Registrar, namely Boardroom Share Registrars Sdn. Bhd. **(Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM (as separately enclosed) in order to participate remotely).**

3. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting from Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 71 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), a copy of the Record of Depositors as of 23 June 2021. Only a depositor whose name appears on the Record of Depositors as of 23 June 2021 shall be entitled to attend this meeting or appoint proxies to attend, speak and vote on his/her behalf.

4. 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.

5. A member shall be entitled to appoint up to three (3) proxies to attend and 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.

6. Where a member of the Company is an authorised nominee as defined under the SICDA, 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.

7. Where a member of the Company is an exempt authorised nominee who holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**") as defined under the SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

8. 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.

9. The appointment of a proxy may be made in the following manner and must be received by the Company via its Share Registrar, Boardroom Share Registrars Sdn Bhd not less than **48 hours** before the time set for the **AGM or no later than 28 June 2021 at 10:00 a.m.:**

    (a) By electronic means via website: The proxy appointment must be made via https://boardroomlimited.my

    (b) By electronic means via email: The Form of Proxy must be received via email at BSR.Helpdesk@boardroomlimited.com

    (c) By electronic means via facsimile: The Form of Proxy must be received via facsimile at 03-7890 4670.

    (d) In hardcopy form: The Form of 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.

10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of AGM will be put to vote by way of poll.

NOTICE OF ANNUAL GENERAL MEETING

Audited Financial Statements for the financial year ended 31 December 2020

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 BUSINESSES:

Ordinary Resolution 4: Directors' Fees to Non-Executive Directors

The Company had formalized the following new fees structure for all Non-Executive Directors for the financial year ending 31 December 2021:

	Annual (RM)
Director Base Fee	36,000

Additional Fee	Annual (RM)
Board Chairman	30,000
Audit Committee Chairman	24,000

Total Directors' fees payable to Non-Executive Directors for the financial year ending 31 December 2021 is as follows:

Name	Base Fee (RM)	Board Chairman (RM)	Audit Committee Chairman (RM)	Total (RM)
Tan Sri Datuk Dr Haji Omar Bin Abdul Rahman	36,000	30,000	-	66,000
A.Shukor Bin S.A. Karim	36,000	-	-	36,000
Datuk Ng Soon Hong	36,000	-	-	36,000
Sharman A/L Arumugam	21,677	-	14,452	36,129
Syafinaz Merican Binti Isahak Merican	21,677	-	-	21,677
Nora Junita Binti Mohd Hussaini	10,400	-	6,934	17,334
Total:	161,754	30,000	21,386	213,140

Ordinary Resolution 5: Meeting allowances to Non-Executive Directors

Every Non-Executive Director is paid meeting allowances of RM1,000 each meeting for his/her attendance in Board and Board committees meeting. The proposed amount of up to 100,000 to be paid as benefits to eligible Non-Executive Directors from 19th AGM to the 20th AGM of the Company is the same as the amount approved by the shareholders at the 18th AGM held on 23 July 2020.

Ordinary Resolution 6:

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

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1) ***Ordinary Resolution 7 -*** if passed, will empower the Directors of the Company to issue shares up to 10% 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. 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.

   As at the date of this Notice, the Company has implemented the general mandate pursuant to Sections 75(1) and 76(1) of the Act as granted at the 18th AGM held on 23 July 2020.

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) Directors who are standing for election and re-election at the 19th AGM

The details of the Directors who are standing for election and re-election are provided in the "Board of Directors' Profile" of pages 42 - 47 of the Company's Annual Report 2020.

Details of their interests in the securities of GPB are set out in the "Directors' Report" on page 71 of the Company's Annual Report 2020.

(ii) Authority to Directors to Issue Shares

Details on the authority to issue shares in GPB pursuant to Section 75 of the Companies Act, 2016 are provided under the explanatory notes on special business in the Notice of the 19th AGM.

FORM OF PROXY

GREEN PACKET BERHAD

Registration No. 200001032335 (534942-H)
(Incorporated in Malaysia)

I/We________________________NRIC/Passport/Company No.________________Tel:________________

of____

being a Shareholder of the Company, hereby appoint ***THE CHAIRMAN OF THE MEETING** or failing him/her

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 19th Annual General Meeting of the Company to be conducted on a fully virtual basis via Remote Participation and Electronic Voting facilities at the Broadcast Venue at 12th Floor, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor on Wednesday, 30 June 2021 at 10:00 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.	Ordinary Resolutions	First Proxy "A"		Second Proxy "B"		Third Proxy "C"	
		FOR	AGAINST	FOR	AGAINST	FOR	AGAINST
1.	To re-elect Encik A.Shukor Bin S. A. Karim as Director						
2.	To elect Mr Sharman A/L Arumugam, who retires in accordance with Clause 105 of the Company's Constitution and being eligible, offers himself for election						
3.	To elect Miss Syafinaz Merican Binti Isahak Merican, who retires in accordance with Clause 105 of the Company's Constitution and being eligible, offers herself for election						
4.	To approve the payment of the following fees to Non-Executive Directors: • Director's fee of RM19,713 to a Director who was appointed after the 18th AGM for the financial year ended 31 December 2020; and • Total Directors' fees of RM213,140 for the financial year ending 31 December 2021.						
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.	Authority Renewal of Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016						

(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__________2021

Number of shares held:	
CDS Account No.:	
Contact No.:	
Email Address:	

____

Signature/Common Seal of Shareholder

Notes:

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2. *Shareholders/proxies/corporate representatives **WILL NOT BE ALLOWED** to attend this AGM in person at the Broadcast Venue on the day of this AGM. Therefore, members are strongly advised to participate and vote remotely at this AGM through live streaming and online remote voting using the Remote Participation and Electronic Voting facilities provided by the Company's Share Registrar, namely Boardroom Share Registrars Sdn Bhd. **(Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM (as separately enclosed) in order to participate remotely).***

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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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greenpacket

www.greenpacket.com