



دوبل

DGB ASIA BERHAD

Registration Number : 200601001857 (721605-K)

ANNUAL REPORT 2019



Kimpton Da'An Hotel 金普頓大安酒店 (Taipei 台北)

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Seri Abdul Azim Bin Mohd Zabidi
Independent Non-Executive Chairman

Nicholas Wong Yew Khid
Executive Director

Dato' Kua Khai Shyuan
Executive Director

Ong Tee Kein
Independent Non-Executive Director

Tan Sik Eek
Executive Director

Ho Jien Shiung
Non-Independent Non-Executive Director

COMPANY SECRETARY

Tea Sor Hua (MACS 01324)
(SSM PC No.: 201908001272)

PRINCIPAL OFFICE

Level 1, Tower 11, Avenue 5
No. 8, Jalan Kerinchi
Bangsar South
59200 Kuala Lumpur
Wilayah Persekutuan
Tel : 03 - 2242 2828

AUDIT COMMITTEE

Ong Tee Kein (*Chairman*)
Dato' Seri Abdul Azim Bin Mohd Zabidi
Ho Jien Shiung

SHARE REGISTRAR

Shareworks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas 50480 Kuala Lumpur
Wilayah Persekutuan
Tel : 03 - 6201 1120
Fax : 03 - 6201 3121

NOMINATION COMMITTEE

Ong Tee Kein (*Chairman*)
Dato' Seri Abdul Azim Bin Mohd Zabidi
Ho Jien Shiung

AUDITORS

Jamal, Amin & Partners (AF:1067)
No. 60-2B, 2nd Floor, Jalan 2/23A
Off Jalan Genting Klang
Taman Danau Kota, Setapak
53300 Kuala Lumpur
Wilayah Persekutuan
Tel : 03 - 4142 1626
Fax : 03 - 4142 1601

REMUNERATION COMMITTEE

Dato' Seri Abdul Azim Bin Mohd Zabidi
(*Chairman*)
Ong Tee Kein
Ho Jien Shiung

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : DGB
Stock Code : 0152

RISK MANAGEMENT COMMITTEE

Ong Tee Kein (*Chairman*)
Dato' Seri Abdul Azim Bin Mohd Zabidi
Dato' Kua Khai Shyuan
Hoo Swee Guan

REGISTERED OFFICE

Third Floor, No. 77, 79 & 81
Jalan SS 21/60, Damansara Utama
47400 Petaling Jaya, Selangor Darul Ehsan
Tel : 03 - 7725 1777
Fax : 03 - 7722 3668

CORPORATE STRUCTURE

**DGB ASIA
BERHAD**



100%
**DGB ASIA
CAPITAL
SDN BHD**
(Dormant)

100%
**DSC SYSTEMS
(M) SDN BHD**
(Wholesale and retail
delears in digital scan
equipment and
related products)



100%
**DIGITAL
SCANNING
CORPORATION
(SUZHOU) CO.
LTD**
(Dormant)

100%
**DGB NETWORKS
SDN. BHD.**
(Parcel delivery and
collection services to
electronic commerce
merchants and
customers)



100%
**RESELLERASIA
(HONG KONG)
LIMITED**
(Dormant)

20%
CLI INVESTMENT LTD
(Investment Company)



PROFILES OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

DATO' SERI ABDUL AZIM BIN MOHD ZABIDI

Independent Non-Executive Chairman

Malaysian, aged 61, Male

Dato' Seri Abdul Azim Bin Mohd Zabidi was appointed to the Board as an Independent Non-Executive Chairman on 27 May 2020. He is the Chairman of the Remuneration Committee and a member of the Audit, Nomination and Risk Management Committees of the Company.

He is a Fellow of the Institute of Chartered Secretaries and Administrators, United Kingdom and holds a Masters in Business Law from London Metropolitan University, United Kingdom.

He was a Chairman of Bank Simpanan Nasional ("BSN"), a Malaysia's National Savings Bank for the period from July 1999 until June 2009. Growing from his work with BSN, He also active in the work undertaken by the Brussels based World Savings Banks Institute ("WSBI"). In year 2000, he was appointed as President (Asia Pacific) for WSBI and in year 2003, he was elevated to its Board of Directors. In addition, he was elected as Vice President and Treasurer of WSBI from September 2006 until April 2009.

A long association with the unit trusts/mutual funds and fund management industry culminated in his election as President of the Federation of Malaysian Unit Trust Managers, a post held from year 1998 to year 2003. During this period, he was appointed as Member of the Steering Committee of the International Investment Funds Association ("IIFA"), Montreal, Canada, a post held by him until 2008. From year 2007 to year 2008, he was elected as a member of the Board of Directors and Chairman of the Audit Committee of IIFA.

He was also a member of the National Economic Consultative Council II, where he served on the Islamic Banking and Finance Committee. He was also selected by the Securities Commission to be a member of its Capital Market Advisory Council. He was invited by Bursa Malaysia Berhad to be a member of its Index Committee and Deputy Chairman of its Board of Advisors for the Malaysian Central Depository.

His long involvement in sports led to his appointment as Chairman of the National Sports Institute in May 2017 until July 2018 and subsequent to that, appointed as Malaysia's Chef-de-Mission to the Asian Games 2018 in Jakarta, Indonesia. On 5 May, 2018, Dato' Seri Azim was elected as Deputy President of the Olympic Council of Malaysia.

Currently, he is Director of XOX Berhad, Fintec Global Berhad, Timberwell Berhad and Anzo Holdings Berhad.

He has not attended any Board Meetings held during the financial period ended 31 December 2019 as he was appointed to the Board on 27 May 2020.

DATO' KUA KHAI SHYUAN

*Executive Director /
Key Management Personnel*

Malaysian, aged 36, Male

Dato' Kua Khai Shyuan was appointed to the Board as an Independent Non-Executive Director on 18 November 2013. He was then re-designated as an Executive Director of the Company on 4 April 2014.

Upon completing his Bachelor Degree in Commerce Management and Marketing from Curtin University of Technology in 2006, he began his career in year 2007 acting as the Regional Manager for Malaysia Region in a multi-international healthcare products

company and was responsible for the overall mobile sales team as well as the supply chain management of the company's products range. In year 2009, he joined a local company specialising in the fabrication of plastics moulds and plastic injection molding as the Head of Marketing Division.

He is currently a Director of Trive Property Group Berhad, Metronic Global Berhad and M N C Wireless Berhad. He also sits on the Board of several private limited companies.

He attended all five (5) Board Meetings held during the financial period ended 31 December 2019.

Profiles of Directors and Key Management Personnel (Cont'd)

TAN SIK EEK

*Executive Director /
Key Management Personnel*

Malaysian, aged 43, Male

Mr. Tan Sik Eek was appointed to the Board as an Executive Director on 18 June 2018. He is majored in Economics and Political Science from University of Sydney, Australia.

He has more than a decade of experience ranging from corporate finance advisory to private equity investments. He was previously a partner in a private equity firm focused on investing in companies seeking growth funding and pre-IPO capital. Prior to that, he

was specialising in securing funding from a series of established North America global opportunity fund, for companies listed on the regional capital markets.

He is currently a Director of Fintec Global Berhad, NetX Holdings Berhad, XOX Berhad and Mlabs Systems Berhad. He also sits on the Board of several private limited companies.

He attended all five (5) Board Meetings held during the financial period ended 31 December 2019.

NICHOLAS WONG YEW KHID

*Executive Director /
Key Management Personnel*

Malaysian, aged 39, Male

Mr. Nicholas Wong Yew Khid was appointed to the Board as an Executive Director on 5 March 2018. He obtained his Bachelors Degree in Engineering from Victoria Brooke University.

He has several years experience in Automotive, Sport and Entertainment industry, managing his own company and helping others to establish and grow operations in ASEAN. In 2004, he started his own company supplying windows film to Lexus and

Mercedes Malaysia. In 2007, Mr. Wong ventured into Paintball Sport Industry, founded Napshot Avenue which secured major brand names like Kee Action Sports, Tippmann, GI sports and organized ASEAN biggest paintball event for few consecutive years. He has a great network with foreign in countries namely Thailand, Indonesia, Australia and Iran. In 2013, Mr. Wong represented Lightwood Resources Sdn. Bhd. as Marketing Director, managing sales operation for several nightclubs under the company.

He is also a Director of Seacera Group Berhad.

He attended all five (5) Board Meetings held during the financial period ended 31 December 2019.

Profiles of Directors and Key Management Personnel (Cont'd)

ONG TEE KEIN

Independent Non-Executive Director

Malaysian, aged 63, Male

Mr. Ong Tee Kein was appointed to the Board as an Independent Non-Executive Director on 1 August 2014. He is the Chairman of the Audit, Nomination and Risk Management Committees and a member of the Remuneration Committee of the Company.

He is an Associate of the Institute of Chartered Accountants in England & Wales, a Fellow of the Chartered Institute of Management Accountants,

United Kingdom, an Associate of the Institute of Chartered Secretaries and Administrators and a member of the Malaysian Institute of Accountants. He also holds a MBA degree from the University of Miami.

He has several years of experience in industry and consultancy practice. After qualifying as an accountant in the United Kingdom, he joined a management consultancy practice specializing in providing advisory services to governments and international funding agencies. From 1994 until 2011, he was a principal consultant in the corporate advisory division of an international accounting firm and was involved with various corporate restructuring exercises.

He is currently a director in Sanichi Technology Berhad, Mlabs System Berhad, Fintec Global Berhad and Metronic Global Berhad. He also sits on the board of several private limited companies.

He attended all five (5) Board Meetings held during the financial period ended 31 December 2019.

HO JIEN SHIUNG

Non-Independent Non-Executive Director

Malaysian, aged 35, Male

Mr. Ho Jien Shiung was appointed as an Executive Director of the Company on 13 October 2017. He was then redesignated as the Non-Independent and Non-Executive Director of the Company on 18 June 2018. He is also a member of the Audit, Remuneration and Nomination Committees of the Company.

He obtained his Bachelor Degree of Commerce & Administration from Victoria University of Wellington, New Zealand.

He started his career as Foreign Administration Executive with the Inland Revenue Department of New Zealand after graduation in 2008. In 2009, he returned to Malaysia and joined a construction piping company as South East Asia Region Marketing Manager. In 2010, he left and joined an advance technology printing manufacturer as Business Development Manager principally in charge of the business development of Malaysia central region.

He is currently a Director of PNE PCB Berhad and PDZ Holdings Bhd. He also sits on the Board of several private limited companies.

He attended all five (5) Board Meetings held during the financial period ended 31 December 2019.

Notes:-

- 1) *None of the Directors and Key Management Personnel has family relationship with other any Directors and/or major shareholders of the Company.*
- 2) *None of the Directors have any personal interest in any business arrangement involving the Company.*
- 3) *None of the Directors have been convicted of any offences in the past five (5) years, or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial period ended 31 December 2019, other than traffic offences (if any).*

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS

DGB Asia Berhad is an investment holding company. Through our subsidiaries, we are principally involved in the following business activities:-

- (i) development and provision of software solution, engineering consultancy services and distribution of Automated Identification and Data Collection ("AIDC") products;
- (ii) business wholesale and retail dealers in digital scan equipment and related products; and
- (iii) trading in technological products, computer hardware and software, software applications and related products and services.

Our products include, amongst others, proprietary software, value-added product and services as well as AIDC hardware and equipment, which we supply to customers in various industries ranging from retail, manufacturing, logistics and distribution, agricultural and healthcare.

In recent years, our products have been sold within Malaysia and to other countries such as Singapore, Indonesia, Thailand and Hong Kong.

We aim to continuously seek market opportunities in the domestic and export markets to strengthen our market presence and enhance profitability. To this end, we will remain committed to providing quality products and services, as well as continuously improve our products and services in order to expand our customer base and secure more orders both locally and internationally. This will in turn support our long-term sustainability and growth.

FINANCIAL PERFORMANCE

Our Group changed our financial year end from 31 March to 30 September in 2018. The review of results for 2019 is therefore a comparison of results between a 15-month period against an 18-month period.

We recorded a revenue of RM7.0 million in financial year ended 31 December 2019 ("FYE 2019") as compared to a revenue of RM4.2 million in the 18-month financial period ended 30 September 2018 ("FPE 2018"). On an annualised basis, this represents an increase of 99.9%.

The increase in revenue was due to higher sales for our products, in particular our value-added products and services and AIDC hardware and equipment products.

Despite the higher revenue, we recorded loss after tax ("LAT") of RM17.1 million in FYE 2019 as compared to LAT of RM6.9 million in FPE 2018 (the annualised LAT for FPE 2018 is RM5.8 million). The higher LAT was due to lower gross profit ("GP") and lower margin yield. The higher LAT was also due to share of results of an associate, loss on disposal of other investments, higher staff costs, as well as higher selling and distribution expenses.

Management Discussion and Analysis (Cont'd)

FINANCIAL PERFORMANCE (CONT'D)

Certain financial and non-financial indicators pertaining to our financial performance and financial position for the FYE 2019 vis-à-vis the FPE 2018 are as follows:-

	Audited FYE 31 December 2019 RM'000	Audited 18-month FPE 30 September 2018 RM'000	(Annualised) FPE 30 September 2018 RM'000
Our financial performance			
Revenue	7 024	4,215	3,513
GP	1,955	2,350	1,958
Loss before tax ("LBT")	(17,199)	(6,496)	(5,413)
Income tax expense	113	(420)	(350)
LAT	(17,087)	(6,916)	(5,763)
GP margin (%)	27.8	55.8	55.7
PBT / (LBT) margin (%)	(244.9)	(154.1)	(154.1)
PAT / (LAT) margin (%)	(243.3)	(164.1)	(164.0)
Our financial position			
Non-current asset	9,367	11,093	
Current assets	34,749	45,748	
Non-current liability	306	-	
Current liabilities	2,317	1,044	
Shareholders' equity	41,493	55,796	

The non-current assets comprise of property, plant and equipment amounted to RM1.7 million in FYE 2019 (FPE 2018: RM0.7 million) investments in associate company recorded at RM7.4 million in FYE 2019 (FPE 2018: RM10.2 million). The increase in property, plant and equipment was mainly due to the purchase of motor vehicles, plant and equipment as well as leasehold improvement and renovation. The decrease in investments in an associate is caused by the share of losses in an associate company i.e. CLI Investment Ltd ("CLI"), which operates a hotel in Taiwan.

Total current assets decreased from RM45.7 million in FPE 2018 to RM34.7 million in FYE 2019 following the decrease in inventories and cash and bank balances (including fixed deposits). The increase in trade receivables was in line with the higher sales in FYE 2019. Nonetheless, inventories decreased by 99.1% as we managed to clear most of our inventories and did not purchase new inventories prior to the financial year end. Other receivables increased by 169.5% as there is a prepayment to supplier amounted to RM8.8 million. The prepayment to supplier was pledged with supplier to secure the kiosk system supplies.

Cash and bank balances (including fixed deposits) decreased by 51.6% mainly due to slower collection of receivables, additions to property, plant and equipment of RM1.4 million as well as prepayment of RM8.8 million as mentioned above.

Non-current liability comprises hire purchase arising from the purchase of a new motor vehicle. Current liabilities mainly comprise trade payables and other payables. Trade payables increased from RM2,468 in FPE 2018 to RM0.7 million in FYE 2019. This is in line with higher cost of sales, as we experienced a higher revenue for FYE 2019. Other payables and accruals increased by 21.1% due to accrued expenses.

Our business operations were financed by a combination of internal and external sources of funds. Internal sources of funds comprise of mainly shareholders' equity, while external sources of funds comprise credit terms granted by our suppliers as well as borrowings. As such credit terms granted to us by our suppliers range from 30 to 120 days were utilised for working capital requirements, payments for the purchase of products for our integrated software and hardware solutions; selling and distribution expenses, and administrative expenses.

Save as aforementioned, we are not aware of any other known trends and events that are reasonably likely to have a material effect on our operations, performance, financial condition and liquidity.

OPERATING ACTIVITIES

Our revenue was generated from a combination of local sales and foreign sales to countries such as Thailand and Hong Kong. For FYE 2019, revenue contribution from Indonesia clinched the highest at 57.0%, followed by Hong Kong at 26.4% and Malaysia at 16.6%.

Overall, AIDC hardware and equipment was the largest revenue contributor, accounting for 54.9%. In FYE 2019, revenue from AIDC hardware and equipment increased to RM3.9 million from RM0.2 million in FPE 2018. Revenue from proprietary software increased to RM0.4 million from RM47,300 in FPE 2018. Revenue from value-added products and services decreased to RM2.7 million from RM4 million in FPE 2018.

In FYE 2019, we experienced an increase in our revenue due to higher sales generated from value-added products and services, as well as higher AIDC hardware and equipment as mentioned above. We will continue to monitor closely the market conditions and consumer sentiment, and will make prompt adjustments to our business strategies / range of products offered, where necessary. Internally, we will continue to strive for better cost management by constantly reviewing our operations and adopting more efficient processes.

ANTICIPATED OR KNOWN RISKS

In line with Bursa Securities' regulatory framework on the new disclosure requirements, we highlight below the key anticipated or known risks that our Group are exposed to that may have a material effect on our operations, performance, financial condition and liquidity. Our plans and strategies to mitigate these risks have also been disclosed below.

(i) Technological obsolescence

Our Group operates in a market where our products and services are prone to evolving industry standards and frequent new product innovations and enhancements. Our Group's future growth and success would depend on our ability to develop new products and services to meet the needs of our customers.

The development of new or enhanced products and services is a complex and uncertain process. Furthermore, we may also experience design, marketing and other difficulties that could delay or prevent the development of existing products and services and the introduction or marketing of new or enhanced products and services.

We seek to limit such risks by actively engaging in research and development of new products and services as well as enhancing our proprietary solutions.

(ii) Absence of long-term contracts

We do not have any long-term contracts with our customers as our Group's sales are based on purchase orders. This is due to the nature of our business and the prevailing industry practice, where orders from customers are usually secured on a project-by-project basis. As the specifications and value of our products vary from order to order depending on our customers' requirements and hence, depending on the specifications, number and value of orders secured and implemented by us in a particular year, our Group's revenue may fluctuate from year to year. Such fluctuations may have a material adverse impact on our business operations and financial performance.

Notwithstanding the absence of long-term contracts, our management maintains long-term relationship with our suppliers and customers without being over reliant on any particular customer, supplier or distribution partner. Our management also continuously reviews our internal processes and operations to improve efficiency and quality, in order to serve our customers better.

Furthermore, our commitment in providing customers with quality products and services; and our previous business dealings with customers provide us with a platform for further business growth through repeat patronage and orders.

Management Discussion and Analysis (Cont'd)

ANTICIPATED OR KNOWN RISKS (CONT'D)

(iii) Material defects liability

Our integrated software and hardware solutions are important to ensure the smooth operations of our customers. Such solutions may be susceptible from system disruption such as virus attack and software or hardware malfunction. Unless rectified timely, these may cause disruption to our customers' operations and may lead to loss of client or legal claims from our customers. We may also incur additional costs to remedy the problems faced by our customers.

Our Group provides our customers with limited product warranty. For project sales, we normally give between 1 to 3 months warranty for the software portion while for the hardware portion, we will provide back to back warranty in line with the agreed terms with hardware suppliers. For the sale of value-added products, we provide warranty for all software and hardware that we supply.

To mitigate material defects liability, we have in place quality control procedures and maintain good business relationship with our suppliers to secure on-time support services.

(iv) Foreign currency risk

AIDC hardware such as barcode printers, label printers, card printers and radio frequency identification devices are normally included in our Group's integrated software and hardware solutions. Currently, our Group has been appointed as authorised distributor for various leading AIDC brands including Zebra Technologies, CipherLab, Honeywell AIDC and Matica Technologies.

Products from such suppliers are normally quoted in foreign currency such as USD or SGD and subsequently sold in HKD, THB or USD in oversea markets or RM in Malaysia. As such, we are exposed to foreign exchange fluctuation risk.

Our management constantly monitors our foreign currency exposure and review the need to hedge. If our foreign currency exposure becomes substantial, we may consider hedging our position.

TREND AND OUTLOOK

Our Group has been facing a challenging operating environment in both local and overseas markets in which we serve due to, amongst others, weakening global demand and its effects on the domestic economy as well as the depreciation of the Ringgit which put pressure on operating costs and profitability of our Group.

According to the *Economic Outlook 2020* by the Ministry of Finance Malaysia, the Malaysian economic outlook remains resilient with domestic demand anchoring growth. The GDP expansion of 4.7% (year-on-year) in the first half of 2019 is expected to continue for the rest of the year while improving marginally to 4.8% in 2020. Notwithstanding the steady economic performance, the balance of risks to outlook remains on the downward slope as Malaysia has a high degree of open economic environment.

While Malaysia's growth prospect is encouraging, we believe uncertainties arising from global trade tensions (especially that of the United States and China) together with geopolitical uncertainties surrounding Brexit could dampen growth momentum in the near-term. This would in turn lead to softer growth for exports.

Furthermore, the *Economic Outlook 2020* has not taken into consideration the emergence of the Covid-19 pandemic which unleashed catastrophic economic impact globally. It is therefore unlikely that the forecast will be achieved. The outbreak of the coronavirus pandemic has severely affected the global and domestic economies. The pandemic will leave the world deep in debt, disrupts supply chains and severely impact businesses globally. Our Group will need to face these challenges and strive to mitigate and manage the risks and disruptions they have on our business and operations. Under such conditions we expect the current year to be extremely challenging and fraught with uncertainties.

TREND AND OUTLOOK (CONT'D)

Therefore, we will strive to reduce cost and implement strategies to sustain operations both locally and overseas focusing on the following areas:-

(i) Geographical and product expansion

Our Group is constantly exploring the setting up of distribution and marketing centres in the region to gain access to a wider network of distributors for our products and services as well as attaining better control over sales and marketing function in the markets that we expand to. We intend to leverage on our existing presence in Indonesia to expand the sales of our goods to new customers in other untapped market segments.

In addition, we constantly review the range of products that we carry and identify new and suitable products to expand our product / service offerings. This will enable us to cross selling more products to our existing customers.

(ii) Securing recurring projects

As we do not have any long-term contracts with our customers, many of our sales are one-off and we may not enjoy recurring orders. To address this, our sales team are constantly seeking out for customers that will provide us with long-term recurring business. Projects for setting up the infrastructure for our customers as well as maintaining the infrastructure post implementation will give us recurring business and ensure our sustainability.

(iii) Investment in a hotel project in Taiwan

Our Group had on 1 December 2016 accepted an offer by CLI Investment Limited ("CLI") for an equity participation in CLI for a subscription consideration of USD2.04 million. Since December 2016, our Group has invested a total of USD2.4 million in CLI via subscription of shares representing 20% equity interest in CLI. CLI has completed the refurbishment and conversion of a 14-storey apartment building located in Da'an district in central Taipei, Taiwan into a premium boutique hotel. The hotel is currently managed by a third-party international hotel operator under the name of Kimpton Daan Hotel. We expect this investment will provide a source of recurring income to the Group.

DIVIDEND POLICY

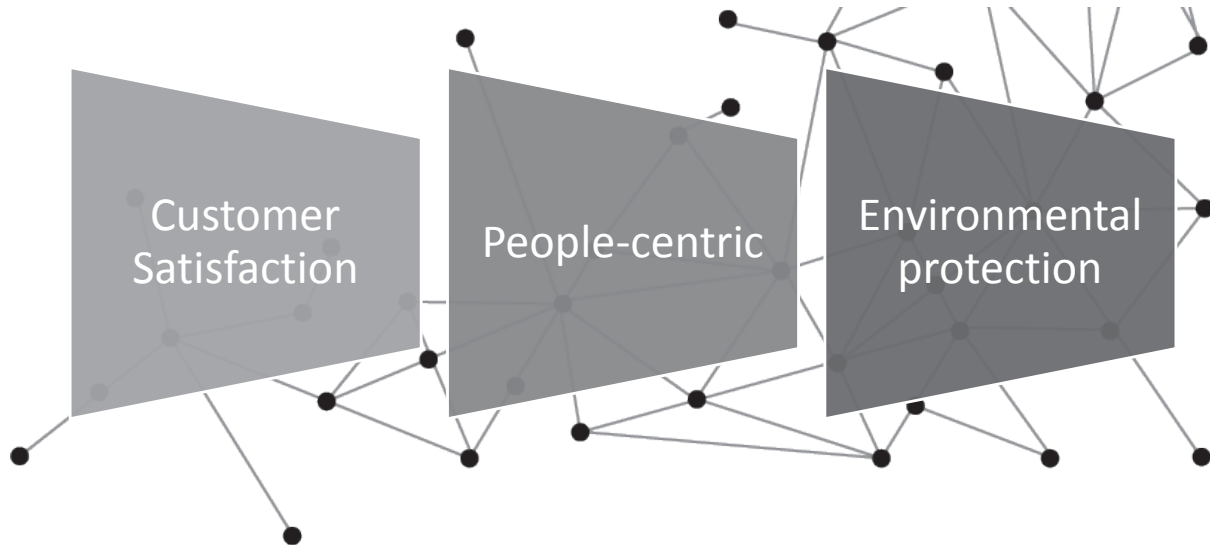
The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividend for the year is subject to shareholders' approval. Although we have not formulated a dividend policy or payout ratio, we recognise that it is important to reward our investors with dividends. Therefore, it is our intention to pay dividends to shareholders in the future to allow our shareholders to participate in our profits subject to various factors including, amongst others, our financial performance, cash flow requirement, availability of distributable reserves and capital expenditure plans.

As our Company is an investment holding company, our income, and therefore our ability to pay dividends, is dependent upon the dividends and other distributions that we receive from our subsidiaries. The payment of dividends or other distributions by our subsidiaries will depend on distributable profits, operating results, financial condition, capital expenditure plans and other factors that the Board of Directors deems relevant.

SUSTAINABILITY STATEMENT

This Sustainability Statement aims to outline the key environmental, social and governance aspects that are material to the continued success of our Group's operations in the provision of proprietary software, supply of value-added products and services as well as development and provision of Automatic Identification and Data Capture ("AIDC") products and solutions.

Our Group emphasises on the following core areas of sustainability:



1. CUSTOMER SATISFACTION

Our Group is committed to see that not only our shareholders' interests are taken care of but also those of our customers and suppliers. In this regard, we value our customers' feedback and continuously enhance our market position and profitability. Our marketing and sales representatives schedule regular meetings, both formal and informal, with our customers to build a strong and conducive relationship. The objective of this is to promote a culture of open communication, trust and reliability.

Our Group recognises that consumers' satisfaction is one of the key factors underlying the long-term sustainability of our Group's operations. It is the fundamental policy of our Group that all products and services delivered to customers must be of the required quality that meets the customers' expectations. We uphold the belief to deliver quality services and products to our customer and conducting business in an ethical manner.

2. PEOPLE-CENTRIC

We are committed to developing our people to the best of their abilities as we believe every employee plays a vital role in our Group's success. To promote and develop our human capital to meet business challenges, we continue to build and upgrade our human resources to ensure our employees realise their full potential and talents.

We have identified the following areas which we think are the primary considerations of an employee's long-term career satisfaction:

- **Safe and conducive working environment.** It is our Group's goal to create a safe and supportive working environment so employees feel empowered and contribute their best. The workplace must be maintained clean and organised at all times for safety purposes and to promote productivity.
- **Personal development.** We provide on-the-job training to our employees, from time to time, as the need arises.
- **Remuneration.** Our Group strives to ensure that the remuneration package offered to our employees are comprehensive and in accordance to the applicable labour laws and regulations as well as comparable to market rates.

During the financial period under review, our Group has carried out the following human resource development initiatives:

- Team building activities, where our Group has organised annual dinner and regular meal gatherings to enhance the bonding amongst employees.
- Orientation programmes for new employees encompassing the following:
 - Briefing on our Group's corporate culture;
 - Briefing on internal rules and requirements applicable to our Group's operations;
 - Induction training on technical skills;
 - Briefing on emergency evacuation procedures and fire drill; and
 - Occupational health and safety training.
- Sponsored employees at the managerial level for external training programmes and corporate visits, to enhance their exposure and leadership skills.
- Internal competition and safety awareness event to sharpen the skillset of the employees.
- Medical check-up and consultation session by external expert for employees.

3. ENVIRONMENTAL PROTECTION

Our Group does not operate in an environmentally sensitive business, but we recognise our duty to minimise our carbon footprint to the environment.

Therefore, we have identified opportunities to reduce or reuse the resources we consume as we believe that efficient reuse, recycling and efficient utilisation of resources will help reduce our overall carbon footprint. These steps include reducing our energy consumption through switching off unused lights and air conditioning, and our paper management initiative to print only where necessary and where possible, recycling of used printed papers.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors (“Board”) of DGB Asia Berhad (“the Company”) is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (“the Group”) as a fundamental part of discharging its duties to enhance shareholders’ values consistent with the principles and recommendations for best practices set out in the Malaysian Code on Corporate Governance (“Code”) and the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This Corporate Governance Overview Statement is augmented with a Corporate Governance Report (“CG Report”), based on a prescribed format as enumerated in Rule 15.25(2) of the AMLR so as to provide a detailed articulation on the application of the Group’s corporate governance practices as set out in the Code throughout the financial period ended 31 December 2019 (“FPE 2019”).

This Corporate Governance Overview Statement makes reference to the following three (3) principles of the Code: -

- (a) Board Leadership and Effectiveness;
- (b) Effective Audit and Risk Management; and
- (c) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

The CG Report is available on the Group’s website, www.dgbasia.com, as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

1.1 Board and Board Committees

The Board is in charge of leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Group are managed. All Board members are expected to show good stewardship and act in a professional manner, as well as to uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Group is led and managed by effective and experienced Board comprising members with a wide range of experience and qualifications.

Broadly, the Board assumes the stewardship responsibilities in discharging its fiduciary and leadership functions on strategies, financial performance and critical business decisions.

In order to ensure the effective discharge of its fiduciary duties and execution of specific responsibilities, the Board has established Board Committees as follows to assist the Board in the running of the Group:-

- a. Audit Committee;
- b. Nomination Committee;
- c. Remuneration Committee;
- d. Risk Management Committee; and
- e. Share Issuance Scheme (“SIS”) Committee.

Each Committee operates in accordance with clearly defined terms of reference. These Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their respective terms of reference and report to the Board on their proceedings and deliberation together with its recommendations to the Board for approval.

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

PART I - BOARD RESPONSIBILITIES (CONT'D)

1.1 Board and Board Committees

The SIS Committee was formed and aimed to oversee the administration and management of the SIS of the Company in accordance with the Bylaws of the SIS. The Board elects the SIS Committee members from amongst themselves and/or members of the senior management. The members of the SIS Committee are as follows:-

Name	Designation	Directorship
Dato' Kua Khai Shyuan	Chairman	Executive Director
Tan Sik Eek	Member	Executive Director
Ho Jien Shiung	Member	Non-Independent Non-Executive Director

1.2 Chairman

The Chairman is responsible for leadership, effectiveness, conduct and governance of the Board. The Chairman is also committed to good corporate governance practices and has been leading the Board towards high performing culture.

The Board was led by the late Dato' Sri Ahmad Said Bin Hamdan since 31 March 2014 until his demised on 22 September 2019. The Company had on 27 May 2020 appointed Dato' Seri Abdul Azim Bin Mohd Zabidi as the Chairman of the Board.

1.3 Chairman and Executive Directors ("EDs")

There is a clear division of responsibilities between the Chairman and EDs to ensure the balance of control, power and authority. The Board has delegated its responsibilities for the day-to-day management of the Group's operations and business as well as the implementation of the Board's policies and decisions to the EDs and senior management of the Company.

1.4 Qualified and Competent Company Secretary

The Board is supported by qualified Company Secretary who has the requisite credentials and is qualified to act as Company Secretary under Section 235 of the Companies Act 2016 in carrying out its roles and responsibilities. Our Company Secretary is a member of the Malaysian Association of Companies Secretaries and is holding a professional certificate as qualified Company Secretary under Malaysian Companies Act 2016. The Company Secretary possesses over 25 years of experience in corporate secretarial practices.

The Board acknowledges that the Company Secretary plays a critical role and will ensure that the Company secretary fulfils the functions for which she has been appointed and is supported by a team of competent company secretarial personnel.

During the financial period under review, all Board and Committees meetings were properly convened, and accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.

Overall, the Board is satisfied with service and support rendered by our Company Secretary and her team to the Board in the discharge of her duties and functions.

Corporate Governance Overview Statement (Cont'd)

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

PART I - BOARD RESPONSIBILITIES (CONT'D)

1.5 Access to information and advice

All Board members have unrestricted access to advice and services of the Company Secretary and senior management to enable them to discharge their duties effectively. The Directors also have access to the Internal and External Auditors of the Group, with or without the presence of the Management, to seek explanations or additional information.

The Directors, collectively or individually, may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decision, if considered necessary.

The Board and/or Board Committees meeting papers are targeted to be circulated to the Board members at least five (5) working days prior to the scheduled meetings to ensure sufficient time for all Board members to review and deliberate on such matters accordingly and, where required, to obtain further information and clarification to facilitate well-informed decision making during the meeting.

2.1 Board Charter

The Board Charter provides guidance to the Board in the fulfilment of its roles, duties and responsibilities which are in line with the principles of good corporate governance and it is available at the Company's website at www.dgbasia.com.

The Board Charter is subject to periodic review and is updated as and when necessary to ensure it remains consistent with the Group's policies and procedures, the Board's overall responsibilities as well as changes to legislation and regulations.

3.1 Code of Conduct and Ethics

The Board has adopted a Code of Ethics and Conduct which is incorporated in the Board Charter of the Company. The Code of Conduct is to be observed by all Directors and employees of the Group and will be reviewed by the Board regularly to ensure that it continue to remain relevant and appropriate.

3.2 Whistle Blowing Policy

The Board has also adopted a Whistle Blowing Policy to provide avenue for all employees of the Group and members of the public to raise concerns and disclose any improper conduct within the Group and to take appropriate actions to resolve them effectively.

The Whistle Blowing Policy is available at the Company's website at www.dgbasia.com.

PART II - COMPOSITION OF THE BOARD

4.1 Composition and Board Balance

The Company has always been complied with Rules 15.02(1) and 15.09(1)(a) of AMLR of Bursa Securities. Rule 15.02(1) requires a listed corporation to have at least 2 directors or 1/3 of the Board, whichever is higher, are Independent Directors. Whilst Rule 15.09(1)(a) requires the Audit Committee must be composed of no fewer than 3 members, all the Audit Committee members must be non-executive directors, with a majority of them being independent non-executive directors.

Following the demise of the late Dato' Sri Ahmad Said Bin Hamdan, our Independent Non-Executive Chairman on 22 September 2019, the composition of the Board and the Audit Committee did not meet the said provisions of the AMLR.

In this connection, the Company had applied to Bursa Securities for an extension of time for the Company to fill in the said vacancy. Bursa Securities had on 20 December 2019 granted an additional reasonable timeframe until 22 March 2020 for the Company to seek for a suitable person who may have financial background, and also some relevant knowledge and experience in the industry to be appointed to the Company.

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

PART II - COMPOSITION OF THE BOARD (CONT'D)

4.1 Composition and Board Balance (Cont'd)

Subsequently, the Company appealed to Bursa Securities and had on 23 March 2020 obtained further extension of time until 22 June 2020 for the Company to fill in the above vacancy in the Board and the Audit Committee. The Company then on 27 May 2020 appointed Dato' Seri Abdul Azim Bin Mohd Zabidi to fill in the above vacancy.

Currently, the Board consists of six (6) members as set out in the table below, comprising three (3) Executive Directors, one (1) Independent Non-Executive Chairman, one (1) Independent Non-Executive Director and one (1) Non-Independent Non-Executive Director.

Name	Directorship
Dato' Seri Abdul Azim Bin Mohd Zabidi	Independent Non-Executive Chairman
Dato' Kua Khai Shyuan	Executive Director
Tan Sik Eek	Executive Director
Nicholas Wong Yew Khid	Executive Director
Ong Tee Kein	Independent Non-Executive Director
Ho Jien Shiung	Non-Independent Non-Executive
The late Dato' Sri Ahmad Said Bin Hamdan (Demised on 22 September 2019)	Independent Non-Executive Chairman

The Board recognises the importance of independence and objectivity in the decision-making process as advocated in the Code. The Board is committed to ensure that the Independent Directors are capable to exercise independent judgment and act in the best interests of the Company. The Board via the Nomination Committee conducted an independent assessment of the Independent Directors. The Nomination Committee is satisfied with the results whereby all the Independent Directors fulfilled the criteria of "Independence" as prescribed under the AMLR of Bursa Securities.

There is a clear separation of functions between the Board and Management. The Board has full control of the Group and oversees its business affairs while the Management is responsible for implementing the Board's corporate objectives, policies and procedures on risk and internal control.

The Independent Non-Executive Directors contribute their expertise and experiences to give independent judgment to the Board on issues of strategy, performance and resources, including major policies, key directions and standard of conduct. The presence of Independent Non-Executive Directors ensures that the views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

4.2 Tenure of Independent Directors

The Board is aware that the tenure of an Independent Non-Executive Director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine (9) year term, an Independent Director may continue to serve on the Board subject to the said Director's redesignation as a Non-Independent Director.

There is no Independent Non-Executive Director of the Company whose tenure has exceeded a cumulative term of nine (9) years.

Corporate Governance Overview Statement (Cont'd)

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

PART II - COMPOSITION OF THE BOARD (CONT'D)

4.3 New Appointment to the Board

The appointment of Board members is reviewed by the Nomination Committee and made via a formal and transparent process. The Nomination Committee shall consider and recommend suitable candidate for the Board, in terms of appropriate balance of skills, expertise, attributes and core competencies, taking into consideration the character, gender, experience, integrity, competence and time commitment.

Apart from that, all Board members shall notify the Chairman of the Board before accepting any new Directorship in other Companies. The notification shall include an indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if any new Directorship or significant committees outside the Company.

4.4 Diverse Board and Senior Management Team

The Board recognizes that gender diversity and equitable representation at Board and senior management level are essential element of good governance, and is a critical attribute of a well-functioning board and maintaining a competitive advantage. It enhances decision-making capacity and diverse Board is more effective in dealing with organisational changes.

The Company takes cognisance of the best practice recommended under the Code to have at least 30% female Directors.

In line with the Code and view of the gained attention of boardroom diversity as an important element of a well functioned organization, the Board has established a Gender Diversify policy which provides a framework for the Company to improve its gender diversity at Board level. The objectives/principles and measures as set out in our Gender Diversify policy are disclosed in Practice 4.5 of the Corporate Governance Report.

The Board will review the Gender Diversify Policy from time to time to ensure that the policy remains relevant and viable to meet its objectives.

4.5 Nomination Committee

The Nomination Committee shall meet at least once a year or as and when deemed necessary. The members of the Nomination Committee are as follows:-

Name	Designation	Directorship
Ong Tee Kein	Chairman	Independent Non-Executive Director
Dato' Seri Abdul Azim Bin Mohd Zabidi	Member	Independent Non-Executive Chairman
Ho Jien Shiung	Member	Non-Independent Non-Executive Director
The late Dato' Sri Ahmad Said Bin Hamdan (Demised on 22 September 2019)	Member	Independent Non-Executive Chairman

The Nomination Committee is responsible to recommend to the Board the suitable candidates for new appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills, expertise and experiences which the Directors would bring to the Board. Any new nomination received is recommended to the full Board for assessment and endorsement.

The Nomination Committee has developed certain criteria used in the annual assessment of the Board and the Committees of the Board annually to ensure that the Board has an appropriate balance of skills, expertise and core competencies.

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

PART II - COMPOSITION OF THE BOARD (CONT'D)

4.5 Nomination Committee (Cont'd)

The activities undertaken by the Nomination Committee during the FPE 2019 were as follows:

- Assessed the independence of the Independent Directors.
- Reviewed and assessed the performance of each Executive Directors and Non-Executive Directors.
- Reviewed and assessed the performance of the Audit Committee, and the Board and the Board Committee as whole.
- Reviewed and recommended to the Board the re-election of Directors who retired in accordance with the Company's Constitution.

5.1 Annual Evaluation of the Board and Board Committees as a whole

The Nomination Committee has a formal assessment criterion to assess the effectiveness of the Board and Board Committees as a whole and the contribution of each individual Director. The Board through the annual review by the Nomination Committee on the size and composition to determine if the Board has the right size and sufficient diversity with independence elements that fit the Company's objectives and strategic goals.

In evaluating performance of Non-Executive Directors, amongst others, the attendance at Board or Committee meetings, adequate preparation for Board and/or Committee meetings, regular contribution to Board or Committee meetings, personal input to the role and other contributions to the Board or Committee as a whole. Whilst, in evaluating performance of Executive Directors, assessment was carried out against diverse key performance indicators, amongst others, financial, strategic, operations management and business plans, product development, conformance and compliance, shareholders'/ investors' relations, employees training and development, succession planning and personal input to the role.

5.2 Board Meetings

The Board meets at least once every quarter on a scheduled basis and additional meetings to be convened as and when deemed necessary by the Board. All the Directors have attended at least 50% of the total Board Meetings held during the FPE 2019 and complied with the requirement on attendance at Board meetings as stipulated in the AMLR of Bursa Securities.

The number of meetings held and attended by each member of the Board during the FPE 2019 are as follows:-

Name of Directors	Attendance
Dato' Seri Abdul Azim Bin Mohd Zabidi (<i>Appointed on 27 May 2020</i>)	N/A
Dato' Kua Khai Shyuan	5/5
Ong Tee Kein	5/5
Ho Jien Shiung	5/5
Nicholas Wong Yew Khid	5/5
Tan Sik Eek	5/5
The Late Dato' Sri Ahmad Said Bin Hamdan (<i>Demised on 22 September 2019</i>)	2/5

Corporate Governance Overview Statement (Cont'd)

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

PART II - COMPOSITION OF THE BOARD (CONT'D)

5.3 Directors' Training

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programme to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry which the Group operates.

During the FPE 2019, all the Directors of the Company have attended the following in-house briefing sessions conducted by the Company Secretary:-

- (a) Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Continuing Disclosure Obligations and other Amendments; and
- (b) The New Constitution under the Companies Act 2016.

Besides the above briefings, the Directors have also attended the following seminar/training during the FYE 2019:-

Name of Directors	Title of Seminars/Training attended
Ong Tee Kein	<ul style="list-style-type: none">• MIA Public Practice Programme 2019
Tan Sik Eek	<ul style="list-style-type: none">• Financial Reporting & Disclosure Obligation What Directors & Management Need to Know• VII BEF Forum, Singapore 2019 – Blockchain Economic Forum

The Board acknowledges that continuous education is essential for the Directors to further enhance their skills and knowledge. The Board shall ensure compliance with the Mandatory Accreditation Programme as required by Bursa Securities for the newly appointed Directors.

PART III - REMUNERATION

6.1 Remuneration Policy

The Board, through the Remuneration Committee, had established formal and transparent remuneration policies and procedures which sets out the principles and guidelines for the Board and Nomination Committee to determine the remuneration of Directors and/or Senior Management of the Company, which take into account the demands, complexities and performance of the Company as well as skills and experience required.

The Remuneration Policy is available at the Company's website at www.dgbasia.com.

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

PART III - REMUNERATION (CONT'D)

6.2 Remuneration Committee

The Remuneration Committee comprises entirely of Non-Executive Directors. The members of the Remuneration Committee are as follows:-

Name	Designation	Directorship
Ong Tee Kein	Chairman	Independent Non-Executive Director
Dato' Seri Abdul Azim Bin Mohd Zabidi	Member	Independent Non-Executive Chairman
Ho Jien Shiung	Member	Non-Independent Non-Executive Director
The Late Dato' Sri Ahmad Said Bin Hamdan (Demised on 22 September 2019)	Member	Independent Non-Executive Chairman

The Directors' fees and benefits payable to the Directors are endorsed by the Board and tabled for the shareholders' approval at the Company's Annual General Meeting. Directors do not participate in the decisions regarding their own remuneration packages (including fees and benefits).

The Terms of Reference of the Remuneration Committee is available at the Company's website at www.dgbasia.com.

7.1 Remuneration of Directors

The remuneration of the Directors of the Company and the Group for the FYE 2019 are as follows:

(A) The Company

Name of Directors	Fees RM'000	Salaries RM'000	Benefits in Kind RM'000	Meeting Allowance RM'000	Bonus RM'000	EPF RM'000	Total RM'000
The Late Dato' Sri Ahmad Said Bin Hamdan (Demised on 22 September 2019)	48	-	-	-	-	-	48
Dato' Kua Khai Shyuan	-	-	-	-	-	-	-
Ong Tee Kein	53	-	-	-	-	-	53
Ho Jien Shiung	75	-	-	-	-	-	75
Nicholas Wong Yew Khid	45	-	-	-	-	-	45
Tan Sik Eek	150	-	-	-	-	-	150
TOTAL	371	-	-	-	-	-	371

Corporate Governance Overview Statement (Cont'd)

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

PART III - REMUNERATION (CONT'D)

7.1 Remuneration of Directors (Cont'd)

The remuneration of the Directors of the Company and the Group for the FYE 2019 are as follows: (Cont'd)

(B) The Group

Name of Directors	Fees RM'000	Salaries RM'000	Benefits in Kind RM'000	Meeting Allowance RM'000	Bonus RM'000	EPF RM'000	Total RM'000
The Late Dato' Sri Ahmad Said Bin Hamdan (Demised on 22 September 2019)	48	–	–	–	–	–	48
Dato' Kua Khai Shyuan	–	180	49	–	–	22	251
Ong Tee Kein	53	–	–	–	–	–	53
Ho Jien Shiung	75	–	–	–	–	–	75
Nicholas Wong Yew Khid	45	225	–	–	11	28	309
Tan Sik Eek	150	–	–	–	–	–	150
TOTAL	371	405	49	–	11	50	886

7.2 Remuneration of Senior Management

Apart from the three (3) Executive Directors disclosed above who are also the key senior management of the Company, namely Dato' Kua Khai Shyuan, Mr. Nicholas Wong Yew Khid and Mr. Tan Sik Eek, there is no other key senior management has been identified by the Company for the FPE 2019.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE

8.1 Effective and Independent Audit Committee

The Audit Committee's objectives are, among others, providing an additional assurance to the Board by giving objective and independent reviews of the Group's financial, operational and administrative controls and procedures, establishing and maintaining internal controls and reinforce the independence of the Company's Internal and External Auditors, thereby ensuring that the Internal and External Auditors have autonomy and independence in their audit process.

The composition of Audit Committee and the activities carried out during the FPE 2019 are set forth in the Audit Committee Report of this Annual Report.

The term of office and performance of the Audit Committee and its members are reviewed by the Nomination Committee annually to determine whether such Audit Committee and members have carried out their duties in accordance with the terms of reference.

The Group has established a transparent and appropriate relationship with the Internal Auditors and External Auditors which facilitate the Group to seek professional advice on matters relating to compliance and corporate governance. The internal audit function of the Group is outsourced to third party. Similar to the External Auditors, Internal Auditors too have direct reporting access to the Audit Committee to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence from the Management.

The Board has established the Internal and External Auditors Assessment Policy together with Annual Performance Evaluation Form. The said Policy aims to outline the guidelines and procedures for Audit Committee to review, assess and monitor the performance, suitability and independence of the Internal and External Auditors.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9.1 Risk Management and Internal Control

The Board acknowledges its responsibilities in the risk governance and oversight functions through the Risk Management Committee who reviews the effectiveness of risk management framework and overall risk exposure to the Group. The Risk Management Committee was formed to assist the Board in maintaining a sound system of internal controls.

Management was appointed and involve in the Risk Management Committee and is responsible for implementation and monitoring the efficacy of the risk management controls and measures taken, whilst Audit Committee has been entrusted by the Board to ensure the adequacy and effectiveness of the internal controls.

10.1 Internal Audit Function

The internal audit function of the Group is outsourced to an independent professional firm to assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Groups' system of internal controls. Scheduled internal audits are carried out by the internal auditors and the findings are reported directly to the Audit Committee.

The information on the Group's Risk Management and Internal Control is presented in the Statement on Risk Management and Internal Control as set out in this Annual Report.

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

PART I - COMMUNICATION WITH STAKEHOLDERS

11.1 Continuous Communication with Stakeholders

The Board values the importance of timely and equal dissemination of information on major developments of the Group to the shareholders, potential investors and the general public. Quarterly results, announcements, analyst briefings, annual reports and circulars serve as primary means of dissemination of information so that the shareholders are constantly kept abreast of the Group's progress and developments. The Company's corporate website, www.dgbasia.com serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, Board Charter and policies, announcements, news and events relating to the Group.

11.2 Corporate Disclosure Policy

The Board is committed to provide effective communication to its shareholders and general public regarding the business, operations and financial performance of the Group and where necessary, information filed with regulators is in accordance with all applicable legal and regulatory requirements.

The Corporate Disclosure Policy was formalised to promote comprehensive, accurate and timely disclosures pertaining to the Company and the Group to regulators, shareholders and stakeholders.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PART II - CONDUCT OF GENERAL MEETING

12.1 Annual General Meeting ("AGM")

The AGM remains as a principal forum for communication with its shareholders. Notice of the AGM and annual reports are sent out to shareholders at least 21 days before the date of the meeting. During the AGM, shareholders are accorded time and opportunities to raise questions to the Board on the resolutions being proposed and also matters relating to the performance, developments and directions of the Group. Shareholders are also invited to convey and share their inputs with the Board.

Members of the Board and key management of the Company as well as the External Auditors of the Company are available to respond to shareholders' questions during the meetings. The Board also encourages other channels of communication with shareholders.

The Board will ensure that the general meetings of the Company are conducted in an efficient manner and serve as a platform for shareholders' communication. These include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the general meetings.

All resolutions set out in the Notice of the Twelfth AGM of the Company held on 27 February 2019 were put to vote by way of poll and the votes casted were validated by an independent scrutineer appointed by the Company.

12.2 Directors' Attendance at General Meetings

All the Directors were present at the Twelfth AGM held on 27 February 2019 and responded to queries raised by the shareholders.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company shall continue to strive for high standards of corporate governance through the Group, and the highest level of integrity and ethical standards in all of its business dealings.

The Company has in all material aspects satisfactory complied with the principles and practices set out in the Code, except for the departures set out in the CG Report.

AUDIT COMMITTEE REPORT

OBJECTIVES

The principle objective of Audit Committee (“Committee”) of DGB Asia Berhad (“the Company”) is to assist the Board of Directors (“Board”) in discharging its statutory duties and responsibilities. It provides an additional assurance to the Board through performing an objective and independent review of financial, operational and administrative controls and procedures; establishing and maintaining internal controls and reinforcing the independence of the Internal and External Auditors, thereby ensuring that the Auditors have free reign in their audit process.

COMPOSITION OF COMMITTEE

The Committee comprises the following:-

Ong Tee Kein
(Chairman, Independent Non-Executive Director)

Ho Jien Shiung
(Member, Non-Independent Non-Executive Director)

Dato’ Seri Abdul Azim Bin Mohd Zabidi
(Member, Independent Non-Executive Chairman)

The late Dato’ Sri Ahmad Said Bin Hamdan
(Member, Independent Non-Executive Director)
(Demised on 22 September 2019)

The Company has always been complied with Rules 15.02(1) and 15.09(1)(a) of ACE Market Listing Requirement (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). Rule 15.02(1) requires a listed corporation to have at least 2 directors or 1/3 of the Board, whichever is higher, are Independent Directors. Whilst Rule 15.09(1)(a) requires the Committee must be composed of no fewer than 3 members, and all the Committee members must non-executive directors, with a majority of them being independent directors. Following the demise of the late Dato’ Sri Ahmad Said Bin Hamdan on 22 September 2019, the composition of the Committee did not meet the said provisions of the AMLR.

In this connection, the Company has applied with Bursa Securities for an extension of time for the Company to fill in the vacancy. Bursa Securities has on 20 December 2019 resolved to grant an additional reasonable timeframe until 22 March 2020 for the Company to seek for a suitable person who may have financial background, and also some relevant knowledge and experience in the industry to be appointed to the Company.

Subsequently, the Company appealed to Bursa Securities and had on 23 March 2020 obtained further extension of time until 22 June 2020 for the Company to fill in the above vacancy. The Company then on 27 May 2020 appointed Dato’ Seri Abdul Azim Bin Mohd Zabidi to fill in the above vacancy.

The Terms of Reference of the Committee can be accessed from the corporate website of the Company at www.dgbasia.com.

Audit Committee Report (Cont'd)

SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

The Committee met five (5) times during the financial period under review. The attendance of Committee members at the meeting is set out as follows:-

Name of Directors	Attendance
Ong Tee Kein	5/5
Ho Jien Shiung	5/5
Dato' Seri Abdul Azim Bin Mohd Zabidi (Appointed on 27 May 2020)	N/A
The late Dato' Sri Ahmad Said Bin Hamdan ⁽¹⁾ (Demised on 22 September 2019)	2/5

The Committee had carried out the following activities during the financial period ended 31 December 2019 in discharging their duties and responsibilities:-

- a. Reviewed the quarterly unaudited financial results and audited financial statements of the Company and the Group including the announcements pertaining thereto, and recommended the same for the Board's approval before releasing to Bursa Securities;
- b. Reviewed with the External Auditors the Audit Planning Memorandum, audit plan and scope of the statutory audit of the Company's financial statements for the financial period ended 31 December 2019;
- c. Reviewed the audit report and annual audited financial statements of the Company and issues arising from the audit of the financial statements, together with the External Auditors' management letter and the management's responses thereon with the External Auditors and finance team;
- d. Considered and recommended the appointment/re-appointment of the External Auditors and audit fee to the Board;
- e. Reviewed the internal audit plan, work done and reports for the internal audit function and considered the internal audit findings and management responses thereon, and ensured that appropriate actions are taken on the recommendations raised by the Internal Auditors;
- f. Met with the External Auditors without the presence of Management staff and Executive Board Members to discuss any issues of concern with the External Auditors arising from the annual statutory audit;
- g. Reviewed the Corporate Governance Overview Statement, Audit Committee Report and Statement on Risk Management and Internal Control to ensure adherence to legal and regulatory reporting requirement before recommending to the Board for approval for inclusion in the Company's Annual Report; and
- h. Reviewed the related party transactions and/or recurrent related party transactions, if any, that transpired to ensure that the transactions entered into were at arm's length basis and on normal commercial terms.

The presence of the External Auditors and/or the Internal Auditors at the Committee meetings can be requested if required by the Committee. Other members of the Board and officers of the Company and the Group may attend the meeting (specific to the relevant meeting) upon the invitation of the Committee.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional consulting company, Kloo Point Risk Management Services Sdn. Bhd., which is independent of the activities and operations of the Group. The Internal Auditors are empowered by the Committee to carry out independent assessment and provide an objective evaluation of risks and controls in the auditable activities to ensure a sound system of internal controls.

The role of the Internal Auditors, amongst others, shall cover the following areas:-

- i. To evaluate the effectiveness of the governance, risk management and internal control framework and facilitates enhancement, where appropriate;
- ii. To conduct regular reviews and appraisals of the effectiveness of the governance, risk management and internal control processes within the Group;
- iii. To assess and report to the Committee as to whether risks, which may hinder the Group from achieving its objectives, are being adequately evaluated, managed and controlled; and
- iv. To carry out their functions according to the standards set by recognised professional bodies.

The activities carried out by the Internal Auditors of the Group during the financial period under review were summarised as below:-

- Execution of the approved internal audit plan;
- Presentation of the internal audit findings and recommendations at the Committee meetings; and
- Conducted follow up reviews to ensure action plans are properly and appropriately implemented by the Management.

The internal audits reviews did not reveal any significant weakness which would result in material losses, contingencies or uncertainties that would require disclosure in the annual report.

The total fee incurred for the internal audit function of the Group during the financial period ended 31 December 2019 was RM10,000.

REVIEW OF INTERNAL AUDIT FUNCTION

For the financial period ended 31 December 2019, the Committee noted that the internal audit function is independent and the Internal Auditors have performed their audit assignments with impartiality and due professional care.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Rule 15.26(b) of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors (“Board”) of DGB Asia Berhad (“the Company”) is required to make a statement in the annual report concerning the main features of the risk management framework and internal control of the Group. Hence, the Board is pleased to present this Statement on Risk Management and Internal Control of the Company and its subsidiaries (“the Group”) for the financial period ended 31 December 2019 which was prepared in accordance with the AMLR of Bursa Securities, Malaysian Code on Corporate Governance (“Code”) and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers by the Taskforce on Internal Control. (“Internal Control Guidelines”)

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility in maintaining a stringent risk management framework and effective internal control system with frequent checks on its objectivity, integrity and adequacy in sustaining a good corporate governance practice, to ensure that shareholders’ investments and the Group’s assets are safeguarded as well. The responsibility for reviewing the effectiveness and efficiency of the risk management and its internal control systems has been delegated to Audit Committee of the Company.

The Board also takes cognisance of its responsibility for identifying, isolating and managing significant risks within the business environment and framework in which the Group operates. The Board is aware of its responsibility for ensuring the effectiveness and adequacy of the risk management and internal control system to address management, financial, operational, management information systems and compliance risks within the ambit of applicable laws, regulations, directives and guidelines to ensure that these systems are viable and robust.

However, it is important to note and observe that such system of risk management and internal controls is developed to mitigate and alleviate rather than to completely exclude or eliminate all related risks. Thus, any system of risk management and internal controls is designed to provide reasonable and acceptable but not absolute assurance against material misstatement, fraud or loss. Therefore, the management plays a key role in ensuring that the established risk management and internal control system processes and sanctioned procedures are appropriately implemented and closely adhered to; and to promptly provide feedback to the Board of any breach in internal controls, whether deliberately or inadvertently.

RISK MANAGEMENT FRAMEWORK AND INTERNAL AUDIT FUNCTION

The Board recognises the management of core risks as an integral and critical part of the day-to-day operations of the Group. The experience, knowledge and expertise to identify and manage such risks throughout the financial period under review enables the Group to make cautious, mindful and well-informed decisions through formulation and implementation of requisite action plans and monitoring regime which are imperative in ensuring the accomplishment of the Group’s objectives.

The Board had established the Risk Management Committee which involved management members who are managing the day to day operations of the Group to better observe and manage the risks. The Board remains responsible for reviewing the effectiveness of the Risk Management function notwithstanding the delegation of certain aspects to the Risk Management Committee.

The composition of the Risk Management Committee is as follows:-

Name	Designation	Directorship
Ong Tee Kein	Chairman	Independent Non-Executive Director
Dato’ Kua Khai Shyuan	Member	Executive Director
Hoo Swee Guan	Member	Finance Manager
Dato’ Seri Abdul Azim Bin Mohd Zabidi (Appointed on 27 May 2020)	Member	Independent Non-Executive Chairman
The late Dato’ Sri Ahmad Said Bin Hamdan (Demised on 22 September 2019)	Member	Independent Non-Executive Chairman

Statement on Risk Management and Internal Control (Cont'd)

RISK MANAGEMENT FRAMEWORK AND INTERNAL AUDIT FUNCTION (CONT'D)

The Company set up a risk-based approach to the implementation and monitoring of relevant internal controls. The Risk Management Committee is entrusted by the Board to ensure that an effective and adequate risk management and internal control system is in place at all times. To assist the Risk Management Committee in discharging its duties and responsibilities, the internal audit function was outsourced to an independent professional service firm to take charge of the Group's internal audit function during the financial period.

The Internal Auditors submit their reports to the Risk Management Committee and the findings are tabled at the Audit Committee meetings. Issues arising thereto, weaknesses in risk management framework and shortcomings in internal controls are reviewed, deliberated at length and acted upon by the Audit Committee for remedial action. Where necessary, affirmative steps and measures will be introduced and initiated to address, mitigate, manage and arrest identified risks. Current internal controls measures will also be further strengthened with compensating controls as well as appropriate check and balance mechanism, if required.

During the financial period under review, the Board was satisfied that there were continuous efforts by the Management to address and resolve areas with control weaknesses and that the control procedures were in place and were being followed.

KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the Group's internal control include:

1. Regular performance review

The Board emphasises on regular reporting of financial results and operational performance at timely intervals to ensure subsistence of managerial controls and consistent exercise of performance review processes. The internal control issues identified and highlighted by the Internal Auditors, External Auditors and occasionally by the management team will be reviewed and therefore, addressed by the management accordingly.

2. Reviews with the External Auditors

The annual statutory audit of the Group by the External Auditors also includes a general review of the internal control systems of the Group. Weaknesses, limitations and deficiencies are identified via Management Letters and proposals for appropriate remedies are presented for consideration by the Board. In addition, material concerns are also highlighted, tabled and discussed with the Audit Committee.

3. Defined organisational structure

The organisational structure of the Group is well-defined with appropriate terms of reference, job functions and description, authority, accountability and responsibility in place for the Executive Directors and other senior management staff of the Group.

4. Defined policies and procedures

The terms of references, responsibilities and authority limits of the Board Committees, the Executive Director and other senior management staff of the Group are clearly defined to achieve an effective check and balance; and to promote accountability, transparency, responsibility, operational efficiency and good corporate governance.

5. Whistleblowing Policy

Whistleblowing Policy which provides an avenue for employees to report suspected malpractices, misconduct or violations of the Company's policies and regulations in a secured and confidential manner.

Statement on Risk Management and Internal Control (Cont'd)

KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

6. Information and Communication

Adequate financial and operational information systems are in place to capture and present information on a timely basis to the management. The Management teams perform regular monitoring and review of the Group's financial results. Scheduled and ad-hoc meeting were held at operational and management levels to identify, discuss and resolve business and operational issues. The management provides quarterly financial report to the Board covering financial performance and review for the performance. The Audit Committee also reviews the quarterly financial reports, annual financial statements and internal audit reports in periodic basis.

ASSURANCE FROM MANAGEMENT

In accordance with the Internal Control Guidelines, the Board has received assurance from the Executive Directors and Management of the Company that to the best of their knowledge the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, in line with the Group's objectives during the financial period under review.

The Board is of the view that the risk management and internal control system in place for the year under review is sound and adequate to safeguard the shareholders' investment, the Group's assets and other stakeholders' interest.

REVIEW BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the AMLR, the External Auditors have reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial period ended 31 December 2019. Their review was performed in accordance with Recommended Practice Guide 5 (Revised): 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. The External Auditors have reported to the Board that nothing had come to their attention that caused them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is it factually inaccurate.

DIRECTORS' RESPONSIBILITY STATEMENT

In connection with the preparation of the annual audited financial statements of the Company and the Group, the Directors are required to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act 2016 in Malaysia, Malaysia Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company and the Group as at 31 December 2019 and of the financial performances and cash flows for the financial year ended.

Therefore, in preparing those financial statements of the Group and the Company; the Directors have:

- responsible in ensuring proper accounting records are kept, which disclose with reasonable accuracy;
- adopted and consistently applied suitable accounting policies;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable financial reporting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared it on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

Accordingly, the Directors have a general responsibility to take such steps to safeguard the assets of the Group and of the Company and hence, the prevention and detection of fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The utilisation of the proceeds of RM35,860,000 raised from the renounceable rights issue of 326,000,000 new ordinary shares at the issued price of RM0.11 each ("Rights Issue") as at 31 December 2019 have been fully utilized save for the amount of RM5.5 million allocated for capital expenditure. On 31 October 2019, the Board had resolved to extend the timeframe for the utilisation of the said proceeds for another 12 months period until 31 October 2020.

Subsequently, on 10 January 2020, the Board after having considered all factors, had resolved to revise the timeframe and utilisation of the proceeds raised from the Rights Issue ("Revision") in the following manner:-

Description	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	After Revision RM'000	Intended Time Frame for Utilisation from 1 November 2019
Working capital ⁽¹⁾	29,910	29,910	–	5,500	–
Capital expenditure ⁽²⁾	5,500	–	5,500	–	Within 12 months
Estimated expenses in relation to the Proposals	450	450	–	–	–
Total	35,860	30,360	5,500	5,500	

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/ payable to the External Auditors by the Company and the Group for the financial period ended 31 December 2019 are as follows:-

	Company RM	Group RM
Audit Fee	125,000	161,600
Non - Audit Fee	–	–

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests either subsisting at the end of the financial period ended 31 December 2019 or entered into since the end of the previous financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE

There were no recurrent related party transactions of a revenue of trading nature during the financial period ended 31 December 2019.

5. SHARE ISSUANCE SCHEME (“SIS”)

The Company has established a SIS of up to 30% of the issued share capital (excluding treasury shares, if any) of the Company for a period of 5 years from 11 February 2014 and subsequently extended for a further period of 5 years to 10 February 2024 pursuant to the Bylaws governing the SIS.

There were no options granted under the SIS during the financial period ended 31 December 2019.

Details in the movement of the shares granted under the SIS since its inception are as follows:-

	Number of shares over ordinary shares		
	Employees	Directors (including chief executive officer)	Total
Total shares granted	34,320,000	–	34,320,000
Total shares exercised	34,320,000	–	34,320,000
Total shares outstanding	–	–	–

The actual allocation of SIS to senior management since its inception to 31 December 2019 is 14.68%.

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DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial period from 1 October 2018 ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of development and provision of software and engineering consultancy for Automated Identification and Data Collection (“AIDC”) and investment holding. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

There were no significant changes in the nature of these activities during the period year.

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial period	<u>(17,086,791)</u>	<u>(2,245,095)</u>
Attributable to:		
Owners of the parent	(17,086,791)	(2,245,095)
Non-controlling interests	<u>-</u>	<u>-</u>
	<u>(17,086,791)</u>	<u>(2,245,095)</u>

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

DIVIDEND

No dividend has been paid or declared since the end of the previous financial period. The directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period.

ISSUES OF SHARES AND DEBENTURES

There was no issue of shares or debentures during the financial period.

ISSUES OF SHARES AND DEBENTURES

During the financial period, the Company increased its issued share capital from RM45,409,529 to RM48,179,363 by way of:

- (a) issuance of 23,081,950 new ordinary shares as a result of the exercise of Warrants (“Warrants”) by the registered holders of the Warrants (“Warrant holders”) at an exercise price of RM0.12 per ordinary share.

<u>Number of share</u>	<u>Price (RM)</u>	<u>Amount (RM)</u>
23,081,950	0.1200	2,769,834

The newly issued shares rank pari-passu in all respects with the previously issued shares. There was no issue of debentures by the Company during the financial period.

OPTIONS GRANTED OVER UNISSUED SHARES

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

WARRANTS

There was no issue of warrants during the period year.

DIRECTORS

The Directors who served since the date of the last report and at the date of this report are as follows:

Dato' Seri Abdul Azim Bin Mohd Zabidi	Appointed w.e.f 27 May 2020
Dato' Kua Khai Shyuan	
Ong Tee Kein	
Ho Jien Shiung	
Tan Sik Eek	
Nicholas Wong Yew Khid	
Dato' Sri Ahmad Said Bin Hamdan	Demised on w.e.f 22 September 2019

DIRECTORS' INTERESTS

According to the Register of Director's Shareholdings, particulars of interests of directors who held office at the end of the financial period in the shares in the Company during the financial period are as follows:

	Balance	No. of ordinary share		Balance
	01.10.2018	Bought	Sold	31.12.2019
<u>Direct interest</u>				
Dato' Kua Khai Shyuan	1,000,000	-	64,000	936,000

The directors in office at the end of the financial period had no interest in shares in the Company during the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive a benefit (*other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown under Directors' Remuneration below, or the fixed salary of a full-time employee of the Company*) 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 period was the Company a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATIONS

The detail of directors' remuneration is disclosed in Note 28 of the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been the Director, officer or auditor of the Company.

OTHER STATUTORY INFORMATION

- a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:
- i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts to be written off and that no allowance for doubtful debts was necessary; and
 - ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.
- b) At the date of this report, the Directors are not aware of any circumstances:
- i) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts or the values attributed to current assets misleading; and
 - ii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- c) In the interval between the end of the financial period and the date of this report:
- i) except as disclosed in Note 32 to the financial statements, no item, transaction or event of a material and unusual nature has arisen, in the opinion of the directors, would substantially affect the results of the operations of the Group and of the Company for the current financial period; and
 - ii) no charge has arisen on the Group and of the Company which secures the liabilities of any other person nor has any contingent liability arisen in the Group and in the Company.
- d) No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations when they fall due.

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 which would render any amount stated in the financial statements misleading.

AUDITORS' REMUNERATIONS

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:

	Group RM	Company RM
Statutory audit	<u>161,600</u>	<u>125,000</u>

AUDITORS

The auditors, Messrs. Jamal, Amin & Partners have indicated their willingness to accept re-appointment in accordance with section 267 (4) of Companies Act, 2016.

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

DATO' KUA KHAI SHYUAN
Director

TAN SIK EEK
Director

Kuala Lumpur

Dated: 27 May 2020

STATEMENT BY DIRECTORS

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

We, **DATO' KUA KHAI SHYUAN** and **TAN SIK EEK**, being two of the directors of **DGB ASIA BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 47 to 122 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at period ended 31 December 2019 and of its financial performance and cash flows for the financial period then ended.

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

DATO' KUA KHAI SHYUAN

Director

TAN SIK EEK

Director

Kuala Lumpur

Dated: 27 May 2020

STATUTORY DECLARATION

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

I, **DATO' KUA KHAI SHYUAN**, being the Director primarily responsible for the financial management of **DGB ASIA BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 47 to 122 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by **DATO' KUA**)
KHAI SHYUAN at Kuala Lumpur in the state of)
Federal Territory on)

DATO' KUA KHAI SHYUAN

Before me,

KAPT. (B) JASNI BIN YUSOFF
W465

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the Members of DGB Asia Berhad
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements DGB ASIA BERHAD, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 47 to 122.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the period 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 audit opinion.

Independence and Other Ethical Responsibilities

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

Independent Auditors' Report
(Cont'd)

Key Audit Matters

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

KEY AUDIT MATTER	OUR RESPONSE
<p>Valuation of investment in associates (Refer to notes [7] in the Group financial statements)</p> <p>The company acquired 20% equity interest in CLI Investment Limited Taiwan Branch as at the end of the reporting date.</p> <p>As at 31 December 2019, the carrying amount of interests in associates amounted to RM10,202,035.</p> <p>We identified the valuation of investment in associates as key audit matter due to the significance of the Group's interest in associates, combined with the judgements involved in management impairment assessment of the interest in associates.</p>	<p>Our procedures in relation to valuation of interests in associates included:</p> <ul style="list-style-type: none"> • Assessing the appropriateness of management's accounting for interests in associate. • Understanding management's process for identifying the existence of impairment indicators in respect of the interests in associate and evaluating the effectiveness of such process. • Where indicators of impairment have been identified, assessing the reasonableness of the recoverable amount of each of the relevant associate and obtaining an understanding from management of their financial position and future prospects. • Assessing the reasonableness of key inputs and assumptions used by management in their estimation of recoverable amounts, including projections of cash flows, growth rates and discount rates applied; and comparing cash flow projections to supporting evidence, such as approved budgets, and evaluating the reasonableness of these budgets with reference to the future prospects of the associate as well as our knowledge of the industry and business.

Key Audit Matters (Cont'd)

KEY AUDIT MATTER	OUR RESPONSE
<p>Impairment receivables</p> <p>The Group has significant exposure of credit risk arising from its trade receivables as well as its other receivables as at 31 December 2019.</p> <p>We focus on this area as the assessment of expected credit losses of receivables involved management judgements and estimation uncertainty in determining the probability of default occurring by considering the ageing of receivable, historical loss experience and forward-looking information.</p>	<ul style="list-style-type: none"> • We obtained the understanding of: <ul style="list-style-type: none"> (i) the Group's control over the receivables collection process; (ii) how Group identifies and assess the impairment of receivables; and (iii) how the Group makes accounting estimates for impairment. • We assessed the ageing of the trade receivables. • We evaluated the techniques and methodology in the expected credit loss approach against the requirements of MFRS 9. • We assessed the estimated future cash flows by examining the historical repayment records, historical loss rate of receivables, information regarding the current creditworthiness and any significant changes in credit quality of the debtors, evidence of subsequent settlements and other relevant information. • We evaluated the reasonableness and adequacy of the allowance for impairment recognized for identified disclosure.

Independent Auditors' Report (Cont'd)

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 in the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditors' Report (Cont'd)

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

- 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 period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

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

JAMAL, AMIN & PARTNERS
(No: AF 1067)
Chartered Accountants

AHMAD HILMY BIN JOHARI
(No: 2977/03/22(J))
Chartered Accountant

Kuala Lumpur

Dated: 27 May 2020

STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	Note	GROUP		COMPANY	
		2019 RM	2018 RM	2019 RM	2018 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	1,738,306	712,295	280,945	564,609
Investment in subsidiary companies	6	-	-	500,004	6
Investment in associate company	7	7,428,755	10,176,068	10,202,035	10,202,035
Intangible assets	8	199,952	204,200	-	-
		<u>9,367,013</u>	<u>11,092,563</u>	<u>10,982,984</u>	<u>10,766,650</u>
Current assets					
Inventories	9	37,098	4,275,586	-	-
Trade receivables	10	5,287,144	200,000	-	-
Other receivables	11	9,227,894	5,118,229	8,885,764	45,953
Other investments	12	3,699,850	2,134,571	-	-
Amount due from subsidiary companies	13	-	-	18,774,258	10,424,773
Tax recoverable		26,830	9,330	-	-
Fixed deposit	14	16,413,615	32,975,483	16,413,615	32,475,483
Cash and cash equivalents	15	56,718	1,034,870	(111,892)	532,171
		<u>34,749,149</u>	<u>45,748,069</u>	<u>43,961,745</u>	<u>43,478,380</u>
TOTAL ASSETS		<u>44,116,162</u>	<u>56,840,632</u>	<u>54,944,729</u>	<u>54,245,030</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	16	48,179,363	45,409,529	48,179,363	45,409,529
Warrant reserve	17	-	-	-	-
Reserves	18	(6,639,780)	10,433,845	5,997,858	8,242,953
Equity attributable to owners of the parent		<u>41,539,583</u>	<u>55,843,374</u>	<u>54,177,221</u>	<u>53,652,482</u>
Non-controlling interests		(47,056)	(47,056)	-	-
TOTAL EQUITY		<u>41,492,527</u>	<u>55,796,318</u>	<u>54,177,221</u>	<u>53,652,482</u>

(The accompanying notes form an integral part of the financial statements)

Statement of Financial Position
(Cont'd)

	Note	GROUP		COMPANY	
		2019 RM	2018 RM	2019 RM	2018 RM
LIABILITIES					
Non-current liability					
Hire purchase	19	306,473	-	-	-
		306,473	-	-	-
Current liabilities					
Hire purchase	19	71,874	-	-	-
Trade payables	20	697,993	2,468	-	-
Other payables	21	592,711	489,248	138,892	160,679
Amount owing to directors	22	647,214	132,598	321,246	11,869
Tax payables		307,370	420,000	307,370	420,000
		2,317,162	1,044,314	767,508	592,548
TOTAL EQUITY AND LIABILITIES		<u>44,116,162</u>	<u>56,840,632</u>	<u>54,944,729</u>	<u>54,245,030</u>

(The accompanying notes form an integral part of the financial statements)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Financial Period Ended 31 December 2019

	Note	GROUP		COMPANY	
		From 01.10.2018 to 31.12.2019 RM	From 01.04.2017 to 30.09.2018 RM	From 01.10.2018 to 31.12.2019 RM	From 01.04.2017 to 30.09.2018 RM
Revenue	23	7,023,586	4,215,108	-	3,600,000
Cost of sales	24	(5,068,247)	(1,864,617)	-	(1,541,000)
Gross profit		<u>1,955,339</u>	<u>2,350,491</u>	<u>-</u>	<u>2,059,000</u>
Other income		1,507,500	1,472,546	105,887	639,130
Administrative expenses		(9,464,639)	(8,236,770)	(2,064,326)	(3,129,527)
Selling and distribution expenses		(1,953,462)	(326,873)	(115,622)	(142,222)
Other operating expenses		(6,496,846)	(1,729,401)	(283,664)	(2,427,454)
Share of loss in associate company		(2,747,313)	(25,967)	-	-
Loss before tax	25	<u>(17,199,421)</u>	<u>(6,495,974)</u>	<u>(2,357,725)</u>	<u>(3,001,073)</u>
Taxation	26	112,630	(420,000)	112,630	(420,000)
Loss after tax		<u>(17,086,791)</u>	<u>(6,915,974)</u>	<u>(2,245,095)</u>	<u>(3,421,073)</u>
Other comprehensive loss for the financial period					
Exchange translation differences		13,166	(513,758)	-	-
Total comprehensive loss for the financial period		<u>(17,073,625)</u>	<u>(7,429,732)</u>	<u>(2,245,095)</u>	<u>(3,421,073)</u>

(The accompanying notes form an integral part of the financial statements)

Statement of Profit or Loss and Other Comprehensive Income
(Cont'd)

	Note	GROUP		COMPANY	
		From 01.10.2018 to 31.12.2019 RM	From 01.04.2017 to 30.09.2018 RM	From 01.10.2018 to 31.12.2019 RM	From 01.04.2017 to 30.09.2018 RM
Loss attributable to:					
Owners of the parent		(17,073,625)	(6,915,242)	(2,245,095)	(3,421,073)
Non-controlling interests		-	(732)	-	-
		<u>(17,073,625)</u>	<u>(6,915,974)</u>	<u>(2,245,095)</u>	<u>(3,421,073)</u>
Total comprehensive loss attributable to:					
Owners of the parent		(17,073,625)	(6,915,242)	(2,245,095)	(3,421,073)
Non-controlling interests		-	(732)	-	-
		<u>(17,073,625)</u>	<u>(6,915,974)</u>	<u>(2,245,095)</u>	<u>(3,421,073)</u>
(Loss) / Earning per share (cent)					
- Basic	27(a)	(2.25)	(1.14)		
- Dilute	27(c)	<u>(1.41)</u>	<u>(0.70)</u>		

(The accompanying notes form an integral part of the financial statements)

STATEMENT OF CHANGES IN EQUITY

for the Financial Period Ended 31 December 2019

GROUP

	Attributable to owners of the parent		Non-Attributable		Retained earnings / (Accumulated losses)	Translation reserve	Warrant reserve	Share premium	Share capital	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 April 2017	19,560,000	-	9,780,000	-	9,250,248	(1,167,403)	9,780,000	-	19,560,000	37,422,845	(46,324)	37,376,521
Transaction with owners:												
Issuance of ordinary share	1,839,618	-	-	-	-	-	-	-	1,839,618	1,839,618	-	1,839,618
Conversion of warrant	24,009,911	-	-	-	-	-	-	-	24,009,911	24,009,911	-	24,009,911
Warrant reserve reduction	-	-	(9,780,000)	-	9,780,000	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	(6,915,242)	-	-	-	(6,915,242)	(6,915,242)	(732)	(6,915,974)
Other comprehensive loss:												
Foreign currency translation reserve	-	-	-	(513,758)	-	-	-	-	(513,758)	(513,758)	-	(513,758)
Total comprehensive loss for the period	-	-	-	(513,758)	(6,915,242)	-	-	-	(7,429,000)	(7,429,000)	(732)	(7,429,732)
Balance as at 30 September 2018	45,409,529	-	-	(1,681,161)	12,115,006	(1,681,161)	-	-	55,843,374	55,843,374	(47,056)	55,796,318

(The accompanying notes form an integral part of the financial statements)



Statement of Changes in Equity (Cont'd)

	Attributable to owners of the parent		Non-Attributable		Retained earnings / (Accumulated losses)		Non- controlling interests		Total equity	
	Share capital RM	Share premium RM	Warrant reserve RM	Translation reserve RM	RM	RM	RM	RM	RM	RM
Balance as at 1 October 2018	(Note 16) 45,409,529	-	(Note 17) -	(Note 18) (1,681,161)	(Note 18) 12,115,006	-	(47,056)	55,843,374	(47,056)	55,796,318
Transaction with owners: Conversion of warrant	2,769,834	-	-	-	-	-	-	2,769,834	-	2,769,834
Loss for the period	-	-	-	-	(17,086,791)	-	-	(17,086,791)	-	(17,086,791)
Other comprehensive loss: Foreign currency translation reserve	-	-	-	13,166	-	-	-	13,166	-	13,166
Total comprehensive loss for the period	-	-	-	13,166	(17,086,791)	-	-	(17,073,625)	-	(17,073,625)
Balance as at 31 December 2019	48,179,363	-	-	(1,667,995)	(4,971,785)	-	(47,056)	41,539,583	(47,056)	41,492,527

(The accompanying notes form an integral part of the financial statements)

Statement of Changes in Equity
(Cont'd)

COMPANY

	Share capital RM (Note 16)	Share premium RM	Warrant reserve RM (Note 17)	Accumulated losses RM (Note 18)	Total equity RM
Balance at 31 March 2017	19,560,000	-	9,780,000	1,884,026	31,224,026
Transaction with owners:					
Issuance of share	1,839,618	-	-	-	1,839,618
Conversion of warrant	24,009,911	-	-	-	24,009,911
Warrant reserve reduction	-	-	(9,780,000)	9,780,000	-
Total transactions with owners	25,849,529	-	(9,780,000)	9,780,000	25,849,529
Total comprehensive loss for the period	-	-	-	(3,421,073)	(3,421,073)
Balance at 30 September 2018	45,409,529	-	-	8,242,953	53,652,482
Transaction with owners:					
Conversion of warrant	2,769,834	-	-	-	2,769,834
Total comprehensive loss for the period	-	-	-	(2,245,095)	(2,245,095)
Balance at 31 December 2019	48,179,363	-	-	5,997,858	54,177,221

(The accompanying notes form an integral part of the financial statements)

STATEMENT OF CASH FLOWS

for the Financial Period Ended 31 December 2019

	Note	GROUP		COMPANY	
		2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(17,199,421)	(6,495,974)	(2,357,725)	(3,001,073)
Adjustments for :					
Amortization of intangible assets		54,248			
Depreciation of property, plant and equipment		453,422	1,345,473	283,664	342,306
Disposal of intangible asset		-	3,300,000	-	-
Fair value adjustment for other investment – net gain		(98,969)	-	-	-
Fair value adjustment for other investment – loss		-	2,479,033	-	-
Gain on disposal of property, plant and equipment			(3,085)	-	-
Impairment of receivables		5,986,411	101,855	-	-
Impairment of inventory		-	1,952,785	-	-
Impairment loss on amount due from subsidiary		-	-	-	2,769,760
Loss on disposal of other investments		1,635,818	-	-	-
Reversal of payables		-	(13,034,966)	-	-
Share of result of associate		2,747,313	25,967	-	-
Operating (loss)/Profit before working capital changes		(6,421,178)	(10,968,030)	(2,074,061)	110,993
<i>Changes in working capital</i>					
Decrease in inventories		4,238,488	219,471	-	-
(Increase)/ Decrease in receivables		(15,183,220)	9,036,590	(8,839,811)	13,862,919
Increase/ (Decrease) in payables		798,988	11,764,944	(21,787)	(970,939)
Increase/ (Decrease) in amount due to directors		514,616	(453,781)	309,377	(271,343)
Increase in amount due to subsidiary companies		-	-	(8,349,485)	(8,942,394)
Cash generated from/ (used in) operations		(16,052,306)	9,599,194	(18,975,767)	3,789,236
Tax paid		(17,500)	-	-	-
Net (used in) /cash generated from operating activities		(16,069,806)	10,238,312	(18,975,767)	3,789,236

(The accompanying notes form an integral part of the financial statements)

Statement of Cash Flows
(Cont'd)

	Note	GROUP		COMPANY	
		2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of associate		-	(10,202,035)	-	(10,202,035)
Acquisition of intangible asset		(50,000)	(3,504,200)	-	-
Acquisition of other investments		(10,215,085)	(7,561,818)	-	-
Acquisition of property, plant and equipment		(1,491,362)	(149,135)	-	(9,848)
Acquisition of subsidiary company		-	-	(499,998)	(4)
Proceed from disposal of property, plant and equipment		11,929	1,622,586	-	-
Proceed from disposal of other investments		7,112,957	3,439,218	-	-
Net cash used in investing activities		<u>(4,631,561)</u>	<u>(16,355,384)</u>	<u>(499,998)</u>	<u>(10,211,887)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of hire purchase		390,000	-	-	-
Proceeds from issuance of shares		2,769,834	25,849,529	2,769,834	25,849,529
Repayment of hire purchase		(11,653)	-	-	-
Net cash generated from financing activities		<u>3,148,181</u>	<u>25,849,529</u>	<u>2,769,834</u>	<u>25,849,529</u>
CASH AND CASH EQUIVALENTS					
Net (decrease) /increase in cash and cash equivalents		(17,553,186)	19,732,457	(16,705,931)	19,426,878
Effect of exchange differences		13,166	(513,758)	-	-
Cash and cash equivalents at beginning of the period		<u>34,010,353</u>	<u>14,791,654</u>	<u>33,007,654</u>	<u>13,580,776</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		<u>16,470,333</u>	<u>34,010,353</u>	<u>16,301,723</u>	<u>33,007,654</u>

(The accompanying notes form an integral part of the financial statements)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

1 CORPORATE INFORMATION

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

The principal activities of the Company consist of development and provision of software and engineering consultancy for Automated Identification and Data Collection (“AIDC”) and investment holding. The principal activities of the subsidiary companies are as set out in Note 6.

There were no significant changes in the nature of these activities during the financial period.

The address of the registered office of the Company is Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor.

The address of the principal place of business of the Company is Level 1, Tower 11, Avenue, No. 8, Jalan Kerinchi, Bangsar South, 59200 Kuala Lumpur.

2 BASIS OF PREPARATION

a) **Statement of compliance**

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act, 2016 in Malaysia. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Adoption of new and amended standards

During the financial period, the Company has adopted the following amendments to MFRS issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial period:

Annual Improvements to MFRSs 2014 - 2016 Cycle:

- Amendments to MFRS 1
- Amendments to MFRS 128

MFRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014)

Adoption of above amendments to MFRS did not have any significant impact on the financial statements of the Group and the Company.

2 **BASIS OF PREPARATION (CONT'D)**

a) **Statement of compliance (Cont'd)**

Adoption of new and amended standards (Cont'd)

i. MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements. The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and the Company.

The Company applied MFRS 9 retrospectively, and have elected not to restate the comparative periods in the financial period of initial adoption as permitted under MFRS 9 transitional provision which continue to be reported under MFRS 139. The impact arising from MFRS 9 adoption were included in the opening retained earnings at the date of initial application, 1 October 2018.

(1) Classification of financial assets and liabilities

Financial assets

MFRS 9 contains three (3) principal classification categories for financial assets:

- (i) measured at amortised cost (“AC”);
- (ii) fair value through other comprehensive income (“FVOCI”); and
- (iii) fair value through profit or loss (“FVPL”).

(2) Impairment

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

Notes to the Financial Statements
(Cont'd)

2 BASIS OF PREPARATION (CONT'D)

a) Statement of compliance (Cont'd)

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

(3) Effect of changes in classification and measurement of financial assets on 1 October 2018:

	As at 30.09.2018 RM	Remeasurement RM	MFRS 9 Measurement category – Amortised cost RM
Group			
Financial assets			
Trade receivables	200,000	-	200,000
Other receivables	5,118,229	-	5,118,229
Cash and cash equivalents	1,034,870	-	1,034,870
	6,353,099	-	6,353,099
Financial liabilities			
Trade payables	2,468	-	2,468
Other payables	489,248	-	489,248
	491,716	-	491,716

(4) Effect of impairment allowances on 1 October 2018

	Group RM	Company RM
Impairment on financial assets		
Balance under MFRS 139 as at 30 September 2018	-	-
Impairment loss on receivables	-	-
Balance under MFRS 9 as at 1 October 2018	-	-

2 BASIS OF PREPARATION (CONT'D)

a) Statement of compliance (Cont'd)

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty Over Income Tax Treatments	1 January 2019
MFRS 3	Definition of Business (Amendment to MFRS 3)	1 January 2020
MFRS 101	Definition of Material (Amendment MFRS 101)	1 January 2020
MFRS 108	Definition of Material (Amendment MFRS 108)	1 January 2020

The Company intends to adopt the above MFRSs when they become effective.

b) Functional and presentation currency

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

2 BASIS OF PREPARATION (CONT'D)

b) Functional and presentation currency (Cont'd)

Items included in the financial statements are measured using the currency best reflects the economic substance of the underlying events and circumstances relevant to the Group and the Company (the “functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is the functional currency of the Company and its subsidiary companies.

Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currencies of the Company and its foreign subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within ‘finance income or cost’. All other foreign exchange gains and losses are presented in profit or loss within other income.

All exchange differences are taken to profit or loss.

2 BASIS OF PREPARATION (CONT'D)

b) Functional and presentation currency (Cont'd)

Foreign currency transactions and balances (cont'd)

Foreign operations

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

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

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

3 **SIGNIFICANT ACCOUNTING POLICIES**

All significant accounting policies set out below are consistent with those applied in the previous financial period unless otherwise stated.

a) Basis of consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiary companies made up to the end of the financial period. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

(i) Acquisition method of accounting for non-common control business combinations

Acquisition of subsidiary companies is accounted for by applying the acquisition method. Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

The Group elects, for each individual business combination, whether to recognise non-controlling interest in the acquiree (if any) at fair value on the acquisition date, or the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), 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 is recorded as goodwill in the statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of consolidation (Cont'd)

(ii) Merger accounting for common control business combinations

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve or merger deficit. The other components of equity of the acquired entities are added to the same components within the Group's equity.

(iii) Non-controlling interest

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidation of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses where applicable.

All property, plant and equipment are depreciated based on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives as follows:

	%
Computer equipment and software	20 – 30
Furniture and fittings	10 – 20
Kiosk	33
Leasehold improvement and renovation	10 – 33
Motor vehicles	20
Office equipment	20 – 33
Plant and machinery	20

Depreciation is charged to profit or loss.

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at the end of the reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is credited or charged to profit or loss in determining profit from operations.

c) Investment in subsidiary companies

Subsidiary companies are entities, including structured entities, controlled by the Group. The Group controls the entities when it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less any impairment, unless the investment is classified as held for sale. The impairment loss is recognised in profit or loss.

On disposal of an investment, the difference between net disposal proceeds and their carrying amounts is charged or credited to profit or loss.

3 **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

d) Investment in associate

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

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

After application of the equity method, the Group applies MFRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Investment in associate (Cont'd)

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

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite life are amortised on straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period for an intangible asset with a finite useful life is reviewed at least at the financial period 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, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful life are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at 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 the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or losses arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

3 **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

e) Intangible assets

Research and development costs

Research and development costs are expensed as incurred. Development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development. Development costs have a finite useful life and are amortised over the period of expected sales from the related project of three years on a straight-line basis.

Software license

Acquired software license is initially capitalised at cost which includes the purchase price and other directly attributable cost of preparing the asset for its intended use. Software license is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost is amortised to profit or loss using the straight-line method over their estimated useful lives of five years.

Intellectual property

Intellectual property is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged using the straight-line method over their estimated useful lives of six years. The amortisation method of intangible assets are reviewed at least at the end of the financial period. The effects of any revisions are recognised in profit or loss when the change arise.

Intellectual property is written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Financial instruments

Unless specifically disclosed below, the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instrument, the Company have elected not to restate the comparative.

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets

(i) Recognition and Initial Measurement

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

Previous financial year

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

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Financial instruments (Cont'd)

Financial assets (Cont'd)

(ii) Financial instrument categories and subsequent measurement

a. Amortised cost (AC)

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

b. Fair value through other comprehensive income (FVOCI)

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Financial instruments (Cont'd)

Financial assets (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

c. Fair value through profit or loss (FVPL)

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Financial instruments (Cont'd)

Financial assets (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Previous financial year

In the previous financial year, financial assets of the Company were classified and measured at fair value through other comprehensive income are subject to impairment.

Financial assets are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

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

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

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

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

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Company has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or losses that had been recognised in equity is recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Financial instruments (Cont'd)

Financial liabilities

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Current financial year

The categories of financial liabilities at initial recognition are as follows:

a. Fair value through profit or loss (FVPL)

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Company's key management personnel; or
- (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Financial instruments (Cont'd)

Financial liabilities (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch

b. Amortised cost (AC)

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

c. Provisions

Provision is recognised only when the Company has a present obligation (legal and constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Financial instruments (Cont'd)

Financial liabilities (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Previous financial year

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

Financial liabilities are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

The Company classifies its financial liabilities at initial recognition, into financial liabilities measured at amortised cost.

The Company's financial liabilities comprise other payables.

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) Impairment

(i) Non-financial assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) Impairment (cont'd)

(ii) Financial assets

Unless specifically disclosed below, the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Company elected not to restate the comparatives.

Current financial year

The company recognize loss allowance for expected credit losses on financial assets measured at amortised cost, debt investments measure at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability - weighted estimate of credit loss.

The Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating expected credit loss, the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company are exposed to credit risk.

The Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) Impairment (cont'd)

(ii) Financial assets (Cont'd)

An impairment loss in respect of financial assets measured at amortised cost is recognized in profit or loss and the carrying amount of the assets is reduced through the use of allowance account.

An impairment loss in respect of debt instruments measured at fair value through other comprehensive income is recognized in profit or loss and the allowance account is recognized in other comprehensive income.

At each reporting date, the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credited-impaired. A financial asset is credit impaired when one or more event that have detrimental impacts on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the written-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery amounts due.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) Impairment (Cont'd)

Previous financial year

(ii) Financial assets (Cont'd)

Financial assets carried at amortised cost

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is determined using the weighted average method. The cost of raw materials comprises the original cost of purchases plus the cost of bringing these inventories to their intended location and condition. The cost of finished goods and work-in-progress includes the cost of raw materials, direct labour and appropriate allocation of manufacturing overheads.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the estimated cost of selling expenses. Write down is made where necessary for damaged, obsolete and slow-moving inventories.

i) Provision for liabilities

Provisions for liabilities are recognised when the Group and the Company have a present legal or constructive obligation 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 of the obligation can be made. Provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

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

j) 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 and of the Company. 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. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k) Related parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
 - a. controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiary companies and fellow subsidiary companies);
 - b. has an interest in the entity that gives it significant influence over the entity; or
 - c. has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venture;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the directors of the Company and directors of the subsidiary companies, members of senior management and chief executive officer of the Company as well as members of senior management and chief executive officers of major subsidiary companies of the Group.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's activities. Revenue from sale of goods and services is recognised when significant risk and rewards have been transferred to the customer, if any, or upon performance of services, net of returns and trade discounts.

m) Interest income

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

n) Income tax expenses

Income taxes for the period comprise current and deferred taxes.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs 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 are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) Income tax expenses (Cont'd)

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 is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

o) Employee benefits

(i) Short Term Employee Benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period. Past-service costs are recognised immediately in profit or loss.

(ii) Defined Contribution Plan

The Company's and its Malaysian subsidiary companies' contributions to defined contribution plans regulated and managed by the government, are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Company and its Malaysian subsidiary companies have no further financial obligations.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit and loss attributable to owners 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 convertible notes and share options granted to employees.

q) Warrants reserve

Amount allocated in relation to the issuance of warrants is credited to warrants reserve which is non-distributable. Warrants reserve is transferred to share capital or retained profits upon the exercise or expiry of the warrants respectively.

r) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short term highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts which are repayable on demand and which form an integral part of the Group's and the Company's cash management. Restricted deposits are excluded from cash and cash equivalents.

s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue 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 makers to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. An operating segment may engage in business activities for which it has yet to earn revenue.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgement

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

Key sources of estimation uncertainty

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

(a) Depreciation of Property, Plant and Equipment

The estimates for residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' action in response to the market conditions.

The Group and the Company anticipate that the residual values of their property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable 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 charges could be revised.

The carrying amount of property, plant and equipment are disclosed in Note 5.

(b) Impairment of Investment in Subsidiary Companies

The carrying value of investment in subsidiary companies is reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of investment in subsidiary companies is disclosed in Note 6.

4 **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
(CONT'D)**

Key sources of estimation uncertainty (Cont'd)

(c) Impairment of Intangible Assets

Intangible assets are tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit ("CGU") to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

The carrying amount of intangible assets is disclosed in Note 8.

(d) Impairment of Inventories

Reviews are made periodically by management on damaged, obsolete and slowing-moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

The carrying amount inventories are disclosed in Note 9.

(e) Impairment of Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment loss. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

The carrying amount of loans and receivables is disclosed in Note 10 and 11.

(f) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company and its subsidiary companies recognise tax liabilities based on their understanding of the prevailing tax laws and estimate of whether such taxes will be due in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes to the Financial Statements
(Cont'd)

5 PROPERTY, PLANT AND EQUIPMENT

GROUP

<u>Cost</u> 2019	Balance at 01/10/2018 RM	Additions RM	Disposal RM	Reclassifi- cation RM	Balance at 31/12/2019 RM
Computer and software	337,127	44,598	-	-	381,725
Furniture & Fittings	44,046	6,379	-	-	50,425
Kiosk	115,408	-	(11,929)	(103,479)	-
Leasehold improvement and renovation	34,549	858,344	-	-	892,893
Motor vehicles	1,099,999	543,816	-	-	1,643,815
Office equipment	65,319	3,533	-	-	68,852
Plant and equipment	18,858	34,692	-	103,479	157,029
	<u>1,715,306</u>	<u>1,491,362</u>	<u>(11,929)</u>	<u>-</u>	<u>3,194,739</u>

<u>Accumulated depreciation</u> 2019	Balance at 01/10/2018 RM	Additions RM	Disposal RM	Reclassifi- cation RM	Balance at 31/12/2019 RM
Computer and software	318,827	17,922	-	(3)	336,746
Furniture & Fittings	38,890	3,375	-	2	42,267
Kiosk	-	-	-	-	-
Leasehold improvement and renovation	26,701	89,269	-	-	115,970
Motor vehicles	550,000	311,327	-	-	861,327
Office equipment	49,735	6,863	-	1	56,599
Plant and equipment	18,858	24,666	-	-	43,524
	<u>1,003,011</u>	<u>453,422</u>	<u>-</u>	<u>-</u>	<u>1,456,433</u>

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP

<u>Cost</u> 2018	Balance at <u>01/04/2017</u> RM	<u>Additions</u> RM	<u>Disposal</u> RM	<u>Written off</u> RM	Balance at <u>30/09/2018</u> RM
Computer and software	592,006	21,776	-	(276,655)	337,127
Furniture & Fittings	84,581	-	-	(40,535)	44,046
Kiosk	246,301	115,408	-	(246,301)	115,408
Leasehold improvement and renovation	34,449	100	-	-	34,549
Motor vehicles	4,360,743	-	(3,260,744)	-	1,099,999
Office equipment	157,870	11,851	-	(104,402)	65,319
Plant and equipment	18,858	-	-	-	18,858
	<u>5,494,808</u>	<u>149,135</u>	<u>(3,260,744)</u>	<u>(667,893)</u>	<u>1,715,306</u>
<u>Accumulated</u> <u>depreciation</u> 2018	Balance at <u>01/04/2017</u> RM	<u>Additions</u> RM	<u>Disposal</u> RM	<u>Written off</u> RM	Balance at <u>30/09/2018</u> RM
Computer and software	585,223	14,783	-	(281,179)	318,827
Furniture & Fittings	62,423	3,945	-	(27,478)	38,890
Kiosk	246,301	-	-	(246,301)	-
Leasehold improvement and renovation	17,680	9,021	-	-	26,701
Motor vehicles	895,605	1,308,224	(1,653,829)	-	550,000
Office equipment	140,583	9,500	-	(100,348)	49,735
Plant and equipment	18,858	-	-	-	18,858
	<u>1,966,673</u>	<u>1,345,473</u>	<u>(1,653,829)</u>	<u>(655,306)</u>	<u>1,003,011</u>
<u>Net book value</u>				Net Book Value <u>31/12/2019</u> RM	Net Book Value <u>30/09/2018</u> RM
Computer and software				44,979	18,300
Furniture & Fittings				8,158	5,156
Kiosk				-	115,408
Leasehold improvement and renovation				776,923	7,848
Motor vehicles				782,488	549,999
Office equipment				12,253	15,584
Plant and equipment				113,505	-
				<u>1,738,306</u>	<u>712,295</u>

Notes to the Financial Statements
(Cont'd)

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY

<u>Cost</u> 2019	Balance at <u>01/10/2018</u> RM	<u>Additions</u> RM	<u>Reclassifi- cation</u> RM	Balance at <u>31/12/2019</u> RM
Computer and software	18,081	-	14,362	32,443
Leasehold improvement and renovation	10,013	-	-	10,013
Motor vehicles	1,100,000	-	-	1,100,000
Office equipment	22,596	-	(14,362)	8,234
	<u>1,150,690</u>	<u>-</u>	<u>-</u>	<u>1,150,690</u>
<u>Accumulated depreciation</u> 2019	Balance at <u>01/10/2018</u> RM	<u>Additions</u> RM	<u>Reclassifi- cation</u> RM	Balance at <u>31/12/2019</u> RM
Computer and software	9,576	4,103	15,116	28,795
Leasehold improvement and renovation	6,175	2,503	-	8,678
Motor vehicles	550,000	275,000	-	825,000
Office equipment	20,330	2,058	(15,116)	7,272
	<u>586,081</u>	<u>283,664</u>	<u>-</u>	<u>869,745</u>

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY

<u>Cost</u> 2018	Balance at <u>01/04/2017</u> RM	<u>Additions</u> RM	<u>Disposal</u> RM	Balance at <u>30/09/2018</u> RM
Computer and software	8,233	9,848	-	18,081
Leasehold improvement and renovation	10,013	-	-	10,013
Motor vehicles	1,100,000	-	-	1,100,000
Office equipment	22,596	-	-	22,596
	<u>1,140,842</u>	<u>9,848</u>	<u>-</u>	<u>1,150,690</u>
<u>Accumulated depreciation</u> 2018	Balance at <u>01/04/2017</u> RM	<u>Additions</u> RM	<u>Disposal</u> RM	Balance at <u>30/09/2018</u> RM
Computer and software	2,744	6,832	-	9,576
Leasehold improvement and renovation	3,171	3,004	-	6,175
Motor vehicles	220,000	330,000	-	550,000
Office equipment	17,860	2,470	-	20,330
	<u>243,775</u>	<u>342,306</u>	<u>-</u>	<u>586,081</u>
<u>Net book value</u>			Net Book Value <u>31/12/2019</u> RM	Net Book Value <u>30/09/2018</u> RM
Computer and software			3,648	8,505
Leasehold improvement and renovation			1,335	3,838
Motor vehicles			275,000	550,000
Office equipment			962	2,266
			<u>280,945</u>	<u>564,609</u>

Notes to the Financial Statements
(Cont'd)

6 INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	2019 RM	2018 RM
Unquoted shares in Malaysia, at cost		
At 1 October /1 April 2017	9,975,892	9,975,888
Addition	499,998	4
At 30 September	10,475,890	9,975,892
Less: Accumulated impairment losses	-	-
At 1 April /1 October	(9,975,886)	(9,975,886)
Impairment loss during the year	-	-
At 30 September	(9,975,886)	(9,975,886)
	500,004	6

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest (%)		Principal activities
		2019	2018	
Direct holding:				
DSC Systems (M) Sdn. Bhd.	Malaysia	100	100	Business wholesale and retail dealers in digital scan equipment and related.
DGB Networks Sdn. Bhd.	Malaysia	100	-	Carry on business of parcel delivery and collection services for electronic commerce sector. Retail sale of any kind of product through vending machines.
DGB Asia Capital Sdn. Bhd.	Malaysia	100	100	Dormant

6 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

Name of company	Country of incorporation	Effective interest (%)		Principal activities
		2019	2018	
Direct holding:				
Resellerasia (Hong Kong) Limited*	Hong Kong	100	100	Dormant
Digital Scanning Corporation Pte. Ltd. (Suzhou) Co. Ltd.*	The People's Republic of China	100	100	Dormant

* Subsidiary companies not audited by Jamal, Amin & Partners.

On 7 January 2019, the Company has made application to the Registrar of the Companies to strike off the Subsidiaries Digital Scanning Corporation Pte. Ltd. and Resellerasia Pte. Ltd. in accordance to Singapore Companies Act. The strike-off process had completed on 7 March 2019.

Impairment losses on investment in subsidiary companies

Impairment loss was provided for investment in subsidiary companies in which these subsidiary companies had accumulated losses and had deficits in their shareholders' equity. The forecasted financial position, performance and cash flows of these subsidiary companies were not able to generate sufficient recoverable amount thus below the carrying amount of the investment cost in these subsidiary companies.

Notes to the Financial Statements
(Cont'd)

7 INVESTMENT IN ASSOCIATE COMPANY

Details of the associate company are as follows:-

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
At cost				
Investment in associate company	10,176,068	10,202,035	10,202,035	10,202,035
Share of loss in an associate company	(2,747,313)	(25,967)	-	-
	<u>7,428,755</u>	<u>10,176,068</u>	<u>10,202,035</u>	<u>10,202,035</u>

Name of company	Country of incorporation	Effective interest (%)		Principal activities
		2019	2018	
CLI Investment Ltd Taiwan Branch*	British Virgin Island	20	20	Investment company

*Associate company not audited by Jamal, Amin & Partners.

8 INTANGIBLE ASSET

GROUP

Cost	Balance at	Additions	Disposal	Reclassifica-	Balance at
2019	01/10/2018	RM	RM	tion	31/12/2019
	RM	RM	RM	RM	RM
Computer software under development	204,200	-	-	(204,200)	-
Development costs	-	-	-	-	-
Goodwill	-	-	-	-	-
Intellectual property	-	-	-	-	-
Software license	-	50,000	-	204,200	254,200
	<u>204,200</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>254,200</u>

8 **INTANGIBLE ASSET (CON'T)**

GROUP

<u>Accumulated amortisation 2019</u>	Balance at <u>01/10/2018</u> RM	<u>Additions</u> RM	<u>Disposal</u> RM	<u>Written off</u> RM	Balance at <u>31/12/2019</u> RM
Computer software under development	-	-	-	-	-
Development costs	-	-	-	-	-
Goodwill	-	-	-	-	-
Intellectual property	-	-	-	-	-
Software license	-	54,248	-	-	54,248
	<u>-</u>	<u>54,248</u>	<u>-</u>	<u>-</u>	<u>54,248</u>
<u>Cost 2018</u>	Balance at <u>01/04/2017</u> RM	<u>Additions</u> RM	<u>Disposal</u> RM	<u>Written off</u> RM	Balance at <u>30/09/2018</u> RM
Computer software under development	-	204,200	-	-	204,200
Development costs	3,880,476	-	-	(3,880,476)	-
Goodwill	912,871	-	-	(912,871)	-
Intellectual property	5,614,380	-	-	(5,614,380)	-
Software license	873,348	3,300,000	(3,300,000)	(873,348)	-
	<u>11,281,075</u>	<u>3,504,200</u>	<u>(3,300,000)</u>	<u>(11,281,075)</u>	<u>204,200</u>
<u>Accumulated amortisation 2018</u>	Balance at <u>01/04/2017</u> RM	<u>Additions</u> RM	<u>Disposal</u> RM	<u>Written off</u> RM	Balance at <u>30/09/2018</u> RM
Computer software under development	-	-	-	-	-
Development costs	3,411,325	-	-	(3,411,325)	-
Goodwill	-	-	-	-	-
Intellectual property	1,684,314	-	-	(1,684,314)	-
Software license	829,681	3,300,000	(3,300,000)	(829,681)	-
	<u>5,925,320</u>	<u>3,300,000</u>	<u>(3,300,000)</u>	<u>(5,925,320)</u>	<u>-</u>

Notes to the Financial Statements
(Cont'd)

8 INTANGIBLE ASSET (CON'T)

<u>Accumulated impairment</u> 2018	Balance at 01/04/2017 RM	Additions RM	Disposal RM	Written off	Balance at 30/09/2018 RM
Computer software under development	-	-	-	-	-
Development costs	469,151	-	-	(469,151)	-
Goodwill	912,871	-	-	(912,871)	-
Intellectual property	3,930,066	-	-	(3,930,066)	-
Software license	43,667	-	-	(43,667)	-
	<u>5,355,755</u>	<u>-</u>	<u>-</u>	<u>(5,355,755)</u>	<u>-</u>

<u>Net Book Value</u>	Carrying Amount 31/12/2019 RM	Carrying Amount 31/03/2018 RM
Computer software under development	-	204,200
Development costs	-	-
Goodwill	-	-
Intellectual property	-	-
Software license	199,952	-
	<u>199,952</u>	<u>204,200</u>

i. Computer software under development

Computer software under development represents costs incurred on development relating to the design and testing of new application. Capitalised development cost are amortised when the assets is ready for use on a straight line basis over its estimated useful lives of 5 years.

ii. Development costs

Development costs are costs incurred for developing software in order to sell to customers.

The management of the Group carried out a review of the recoverable amount of its development costs in the previous financials period. The review suggested recognition of full impairment loss to be provided on the development costs.

8 INTANGIBLE ASSET (CONT'D)

iii. Goodwill

The recoverable amount for the above was derived based on its value-in-use and was determined by discounting the future cash flows generated from the continuing use of those units. The review suggested recognition of full impairment loss to be provided on goodwill.

iv. Intellectual property

The intellectual property consists of software which was deemed to have a definite useful life of 6 years and this serves as a platform to develop other software in the same series. Impairment test was done in the previous financial period and full impairment was made against the intellectual property.

v. Software license

The software license consists of an exclusive software licensing rights to use and integrate the acquired software into the Group's products.

The management of the group carried out a review of the recoverable amount of its software license in the previous financial period. The review suggested recognition of full impairment loss to be provided on the software license.

With regards to the assessments of value-in-use of these cash generating units, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying amounts of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

9 INVENTORIES

	GROUP	
	2019	2018
	RM	RM
Finished goods	37,098	4,275,586
Recognised in profit or loss		
Inventories recognised as cost of sales	-	219,471
Inventories written-off	-	-
Impairment during the period	-	1,952,785

Notes to the Financial Statements
(Cont'd)

10 TRADE RECEIVABLES

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade receivables	6,222,067	1,118,709	475,899	475,899
Less: Accumulated impairment losses	(934,923)	(918,709)	475,899	(475,899)
At 31 December	<u>5,287,144</u>	<u>200,000</u>	<u>-</u>	<u>-</u>

The Group's and the Company's normal trade credit terms granted to trade receivables ranged from 30 to 150 days (30.09.2018: 30 to 150 days). Other credit terms are assessed and approved on a case-by-case basis.

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

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 October /1 April	918,709	918,709	475,899	475,899
Impairment losses recognised	16,214	-	-	-
At 31 December	<u>934,923</u>	<u>918,709</u>	<u>475,899</u>	<u>475,899</u>

11 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables	5,614,372	5,075,712	45,953	45,953
Deposits	257,672	143,922	-	-
Prepayment	8,906,365	450	8,839,811	-
Less: Accumulated impairment losses	(5,550,515)	(101,855)	-	-
At 31 December	<u>9,227,894</u>	<u>5,118,229</u>	<u>8,885,764</u>	<u>45,953</u>

11 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT')

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

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 October /1 April	(101,855)	-	-	-
Reversal	101,855			
Impairment losses recognised	<u>(5,550,515)</u>	<u>(101,855)</u>	<u>-</u>	<u>-</u>
At 30 September	<u>(5,550,515)</u>	<u>(101,855)</u>	<u>-</u>	<u>-</u>

12 OTHER INVESTMENT

	GROUP	
	2019 RM	2018 RM
Quoted shares in Malaysia		
At 1 October /1 April	2,134,571	491,004
Additions	10,215,085	7,561,818
Disposals	<u>(8,748,775)</u>	<u>(3,439,218)</u>
	<u>3,600,881</u>	<u>4,613,604</u>
Add: Gain on fair value adjustments	98,969	-
Less: loss on fair value adjustments	<u>-</u>	<u>(2,479,033)</u>
At 31 December	<u>3,699,850</u>	<u>2,134,571</u>
Fair value of quoted shares	<u>3,699,850</u>	<u>2,134,571</u>

Notes to the Financial Statements
(Cont'd)

13 AMOUNT DUE FROM SUBSIDIARY COMPANIES

Amount due from subsidiary companies

	COMPANY	
	2019 RM	2018 RM
Non-trade related	36,213,217	27,863,732
Less: Accumulated impairment losses	<u>(17,438,959)</u>	<u>(17,438,959)</u>
	<u>18,774,258</u>	<u>10,424,773</u>

Amount due from subsidiary companies represent advances and payment made on behalf, which are unsecured, non-interest bearing and repayable on demand.

Movement in the allowances for impairment losses (individually impaired) are as follows:

	COMPANY	
	2019 RM	2018 RM
At 1 October /1 April	17,438,959	14,669,199
Additions	-	2,769,760
At 31 December	<u>17,438,959</u>	<u>17,438,959</u>

14 FIXED DEPOSITS

The fixed deposits with licensed banks earn interest at rates ranging from 3.80% to 3.90% (2018: 3.80% to 4.10%) per annum.

15 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash in hand	8,712	7,715	-	-
Cash at bank	<u>48,006</u>	<u>1,027,155</u>	<u>(111,892)</u>	<u>532,171</u>
At 31 December	<u>56,718</u>	<u>1,034,870</u>	<u>(111,892)</u>	<u>532,171</u>

16 SHARE CAPITAL

	GROUP AND COMPANY			
	2019	2018	2019	2018
	Number of ordinary shares		RM	RM
Issued and fully paid:				
At 1 October /1 April	756,171,917	489,000,000	45,409,529	19,560,000
Issuance of shares	-	48,900,000	-	1,839,618
Conversion of warrants	23,081,950	218,271,917	2,769,834	24,009,911
Par value reduction	-	-	-	-
At 31 December	<u>779,253,867</u>	<u>756,171,917</u>	<u>48,179,363</u>	<u>45,409,529</u>

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

17 WARRANT RESERVE

The Warrants are constituted by the Deed Poll dated 25 June 2018 ("Deed Poll 2018/2021").

Salient features of the Warrants are as follows:

- (a) Bonus issued up to 474,351,746 Warrants B in DGB on the basis of one (1) free Warrant B for every two (2) existing ordinary share in DGB held by shareholders whose names appear in the record of depositor (as defined herein) of the issuer as at the close of business on the entitlement date (as herein defined) ("Entitled Shareholders"). Each warrant B entitles its registered holder to subscribe for one (1) new share at an exercise price of RM0.12 per new share (as herein defined) ("Exercise Price"), payable in full cash within the Exercise Period (as defined herein).
- (b) At the expiry of the Exercise Period, any Warrants which have not been exercised shall automatically lapse and cease to be valid for any purpose; and

18 WARRANT RESERVE (CONT'D)

Salient features of the Warrants are as follows (cont'd):

- (c) Warrant holders must exercise the Warrants in accordance with the procedures set out in the Deed Poll 2018/2021 and the shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

During the financial period ended 31 December 2019, there were 23,081,950 Warrants exercised by the Warrant holder. The outstanding Warrants which has not been exercised prior to the exercise period amounted to 451,269,796 remained until the expired date.

19 RESERVES

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-distributable				
Foreign currency translation reserve	<u>(1,667,995)</u>	<u>(1,681,161)</u>	<u>-</u>	<u>-</u>
	<u>(1,667,995)</u>	<u>(1,681,161)</u>	<u>-</u>	<u>-</u>
Retained earnings/ (accumulated losses)	<u>(4,971,785)</u>	<u>12,115,006</u>	<u>5,997,858</u>	<u>8,242,953</u>
	<u>(6,639,780)</u>	<u>10,433,845</u>	<u>5,997,858</u>	<u>8,242,953</u>

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

19 HIRE PURCHASE

	Group	
	2019 RM	2018 RM
<u>Non-current</u>		
Hire purchase	306,473	-
	306,473	-
<u>Current</u>		
Hire purchase	71,874	-
	71,874	-
	378,347	-
	2019 RM	2018 RM
Gross Balance on Hire Purchase		
- Due within 12 Months	86,508	-
- Due after 12 Months	331,584	-
	418,092	-
Less : Future Finance Charges on Hire Purchase		
- Due within 12 Months	14,634	-
- Due after 12 Months	25,111	-
	39,745	-
Present Value of Hire Purchase Creditors	378,347	-
Representing Hire Purchase Creditors		
- Due within 12 Months	53,592	-
- Due after 12 Months	324,755	-
	378,347	-

Hire purchase creditors bear interest at rates of 2.18% per annum.

Notes to the Financial Statements
(Cont'd)

20 TRADE PAYABLES

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables	<u>697,993</u>	<u>2,468</u>	<u>-</u>	<u>-</u>

The normal trade credit terms granted by trade payables to the Group and the Company ranged from 30 to 180 days (2018: 30 to 180 days).

21 OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables	351,942	279,183	1,892	160,679
Deposits received	100,000	11,765	-	-
Accruals	<u>140,769</u>	<u>198,300</u>	<u>137,000</u>	<u>-</u>
	<u>592,711</u>	<u>489,248</u>	<u>138,892</u>	<u>160,679</u>

22 AMOUNT OWING TO DIRECTORS

Group and Company

The amount owing is unsecured, interest free and repayable on demand.

23 REVENUE

	GROUP		COMPANY	
	From 01.10.2018 to 31.12.2019 RM	From 01.04.2017 to 30.09.2018 RM	From 01.10.2018 to 31.12.2019 RM	From 01.04.2017 to 30.09.2018 RM
Proprietary software Value added products and services	443,332	47,300	-	-
AIDC hardware/equipment	<u>2,726,812</u>	<u>3,967,808</u>	<u>-</u>	<u>3,600,000</u>
	<u>3,853,442</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
	<u>7,023,586</u>	<u>4,215,108</u>	<u>-</u>	<u>3,600,000</u>

24 COST OF SALES

	GROUP		COMPANY	
	From 01.10.2018 to 31.12.2019 RM	From 01.04.2017 to 30.09.2018 RM	From 01.10.2018 to 31.12.2019 RM	From 01.04.2017 to 30.09.2018 RM
Value added products and services	5,068,247	1,576,857	-	1,541,000
AIDC hardware/equipment	-	287,760	-	-
	<u>5,068,247</u>	<u>1,864,617</u>	<u>-</u>	<u>1,541,000</u>

25 LOSS BEFORE TAXATION

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

	GROUP		COMPANY	
	From 01.10.2018 to 31.12.2019 RM	From 01.04.2017 to 30.09.2018 RM	From 01.10.2018 to 31.12.2019 RM	From 01.04.2017 to 30.09.2018 RM
Loss before taxation is stated after charging:				
Auditors' remuneration				
- statutory audit	161,600	145,370	125,000	107,000
- other services	-	7,000	-	7,000
Depreciation	453,422	1,345,473	283,664	342,306
Fair value adjustment for other investments	-	2,479,033	-	-
Impairment losses on:				
- amount owing by subsidiary companies	-	2,769,760	-	2,769,760
	<u>-</u>	<u>2,769,760</u>	<u>-</u>	<u>2,769,760</u>

Notes to the Financial Statements
(Cont'd)

25 LOSS BEFORE TAXATION (CONT'D)

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

	GROUP		COMPANY	
	From 01.10.2018 to 31.12.2019 RM	From 01.04.2017 to 30.09.2018 RM	From 01.10.2018 to 31.12.2019 RM	From 01.04.2017 to 30.09.2018 RM
Loss before taxation is stated after charging:				
Impairment losses on:				
- trade receivables	435,896	-	-	-
- other receivables	5,550,515	101,855	-	-
Impairment of inventories	-	1,952,785	-	-
Loss on disposal of other investments	1,635,818			
Rental of office	326,451	269,399	-	-
Staff costs (Note 28)	3,351,568	1,738,473	695,874	785,798
and crediting:				
Gain on disposal of property, plant and equipment	-	3,085	-	-
Gain on fair value adjustment on other investments	98,969			
Gain on foreign exchange				
- realised	-	17	-	-
Gain on disposal of other investment	-	817,563	-	-
Interest income	109,108	643,856	323,254	643,856

26 **TAXATION**

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Tax expense recognised in profit and loss:				
Over provision of taxation on prior year	(112,630)	-	(112,630)	-
Provision for current period	-	420,000	-	420,000

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profits for the financial period.

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

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Loss before taxation	<u>(17,199,421)</u>	<u>(6,495,974)</u>	<u>(2,357,725)</u>	<u>(3,001,073)</u>
Tax at current income tax rate of 24% (2018: 24%)	(4,127,841)	(1,559,034)	(565,854)	(720,258)
Tax effect of:				
- Non-deductible expenses	2,404,059	1,316,163	543,746	989,655
- Income not subject to tax	163,423	510,301	24,893	153,388
- Utilisation of capital allowance	(2,785)	(2,748)	(2,785)	(2,785)
- Utilisation of business losses	1,563,144	-	-	-
- Other income not subject to tax		155,318	-	-
- Overprovision of taxation on prior year	<u>(112,630)</u>		<u>(112,630)</u>	
Tax expense for the financial period	<u>(112,630)</u>	<u>420,000</u>	<u>(112,630)</u>	<u>420,000</u>

Notes to the Financial Statements
(Cont'd)

27 LOSS PER SHARE

a) Basis loss per share

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

	GROUP	
	2019	2018
Loss attributable to owner of the parent (RM)	<u>(17,086,791)</u>	<u>(6,915,242)</u>
Weighted average number of ordinary shares at 31 December	<u>758,094,274</u>	<u>607,207,247</u>
Basic (loss) / earning per ordinary share (in cent)	<u>(2.25)</u>	<u>(1.14)</u>

b) Weighted average number of ordinary shares

	GROUP	
	2019	2018
Issued ordinary shares as at 1 October /1 April	<u>756,171,917</u>	<u>489,000,000</u>
Effect of ordinary shares issued during the financial period	<u>1,922,357</u>	<u>118,207,274</u>
Weighted average number of ordinary shares at 31 December	<u>758,094,274</u>	<u>607,207,247</u>

c) Dilute loss per share

	GROUP	
	2019	2018
Loss attributable to owner of the parent (RM)	<u>(17,086,791)</u>	<u>(6,915,242)</u>
Weighted average number of ordinary shares at 31 December	<u>756,171,917</u>	<u>607,207,297</u>
Effects of exercised of warrants	<u>451,269,796</u>	<u>378,085,954</u>
Weighted average number of ordinary shares at 31 December	<u>1,207,441,713</u>	<u>985,293,351</u>
Dilute (loss) / earning per share (in cent)	<u>(1.41)</u>	<u>(0.70)</u>

27 LOSS PER SHARE (CONT'D)

c) Dilute loss per share (Cont'd)

The diluted loss per ordinary share is not presented as the warrants would be anti-dilutive since the exercise price is higher than the fair value of the Company's share.

28 STAFF COSTS

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries and allowances	2,918,395	1,533,238	632,200	736,428
Defined contribution plan	335,018	141,189	29,599	39,760
Other benefits	98,155	64,046	34,075	9,610
	<u>3,351,568</u>	<u>1,738,473</u>	<u>695,874</u>	<u>785,798</u>

Included in staff costs is aggregate amount if remuneration received and receivable by the directors of the company and of the subsidiary companies during the financial period as below:

	GROUP/COMPANY	
	2019 RM	2018 RM
Director's remuneration		
-Benefits	99,000	-
-Emoluments	416,000	-
-Fee	<u>370,500</u>	<u>423,027</u>

29 RELATED PARTY DISCLOSURES

a) Identifying related parties

(i) The Company has controlling related party relationships with its subsidiary companies; and

(ii) The directors of the Company and the directors of the subsidiary companies who are the key management personnel.

b) Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial period as follows:

	COMPANY	
	2019 RM	2018 RM
Transactions with subsidiary companies		
DSC Systems (M) Sdn Bhd	5,129,064	5,421,123
DGB Networks Sdn Bhd	13,643,194	5,003,650
DGB Asia Capital Sdn Bhd	2,000	-
Advance of working capital	<u>18,774,258</u>	<u>10,424,773</u>

c) Compensation of key management personnel

Key management personnel comprise executive and non-executive Directors of the Group and of the Company which their compensation has been disclosed in Notes 28 to the financial statements.

30 **SEGMENT INFORMATION**

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as chief operating decision makers 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 main business segments as follows:-

(i) Proprietary software

Licensing fee for the right to use the Group's customised in-house software and annual licensing, maintenance and technical support and project and contract fees.

(ii) Value added products and services

Engineering services provided and supply of consumables.

(iii) AIDC hardware/equipment

Sale of bar code and radio frequency identification reading equipment, hand-held computers and radio frequency data communication systems.

The Executive Directors assess the performance of the operating segments based on operating profits or losses which is measured differently from those disclosed in the financial statements.

The Executive Directors are of the opinion that all inter segment transactions are entered into in the normal course of business and are at arm's length basis in a manner similar to transactions with third parties.

Notes to the Financial Statements
(Cont'd)

30 SEGMENT INFORMATION (CONT'D)

Group From 01.10.2018 to 31.12.2019	Proprietary software RM	Value added products and services RM	AIDC hardware/ equipment RM	Adjustments/ Eliminations RM	Total RM RM
Revenue					
External revenue	443,332	2,726,812	3,853,442	-	7,023,586
Inter-segment revenue	-	-	-	-	-
	<u>443,332</u>	<u>2,726,812</u>	<u>3,853,442</u>	<u>-</u>	<u>7,023,586</u>
Results					
Segment results					(17,308,529)
Interest income					109,108
Loss before taxation					(17,199,421)
Income tax expense					112,630
Loss after taxation					<u>(17,086,791)</u>
Segment assets					<u>44,116,162</u>
Segment liabilities					<u>2,623,635</u>
Other non-cash items					
Amortization					54,248
Depreciation					453,422
Fair value adjustment for other investment					(98,969)
Impairment loss on receivables					<u>5,986,411</u>

30 SEGMENT INFORMATION (CONT'D)

Group From 01.04.2017 to 30.09.2018	Proprietary software RM	Value added products and services RM	AIDC hardware/ equipment RM	Adjustments/ Eliminations RM	Total RM RM
Revenue					
External revenue	47,300	3,967,808	200,000	-	4,215,108
Inter-segment revenue	-	-	-	-	-
	<u>47,300</u>	<u>3,967,808</u>	<u>200,000</u>	<u>-</u>	<u>4,215,108</u>
Results					
Segment results					(7,139,820)
Interest income					<u>643,856</u>
Loss before taxation					(6,495,974)
Income tax expense					<u>(420,000)</u>
Loss after taxation					<u>(6,915,974)</u>
Segment assets					<u>56,840,632</u>
Segment liabilities					<u>1,044,314</u>
Other non-cash items					
Depreciation					1,345,473
Fair value adjustment for other investment					2,479,033
Impairment loss on other receivables					101,855
Impairment of inventories					1,952,785
Impairment of amount owing by subsidiary companies					<u>2,769,760</u>

Notes to the Financial Statements
(Cont'd)

30 SEGMENT INFORMATION (CONT'D)

Geographical information

	GROUP			
	Revenue		Non-current asset	
	2019 RM	2018 RM	2019 RM	2018 RM
Malaysia	1,170,146	113,666	1,938,258	916,495
China	-	-	-	-
Singapore	-	-	-	-
Indonesia	4,000,000	900,000	-	-
Thailand	-	2,700,000	-	-
Hong Kong	1,853,440	254,131	-	-
Others*	-	247,311	7,428,755	10,176,068
	<u>7,023,586</u>	<u>4,215,108</u>	<u>9,367,013</u>	<u>11,092,563</u>

* Comprises countries with no individually revenue that is more than 10% of the total consolidated revenue.

Information about major customers

Major customers' information are revenues from transactions with a single external customer, the amount of which is ten per cent (10%) or more of the Group revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer.

	GROUP	
	2019 RM	2018 RM
Customer I	4,256,276	2,747,300
Customer II	1,853,440	900,000
Customer III	-	-
	<u> </u>	<u> </u>

31 FINANCIAL INSTRUMENTS

a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 4 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

GROUP 2019	Available for sale RM	Loans and Receivables RM	Financial Assets /Liabilities Measured At Amortised Cost RM	Total RM
Financial assets				
Other investment	3,699,850	-	-	3,699,850
Trade receivables	-	5,287,144	-	5,287,144
Other receivables	-	9,227,894	-	9,227,894
Fixed deposits	-	16,413,615	-	16,413,615
Cash and cash equivalents	-	56,718	-	56,718
	<u>3,699,850</u>	<u>31,049,299</u>	<u>-</u>	<u>34,749,149</u>
Financial liabilities				
Hire purchase			378,347	378,347
Trade payables	-	-	697,993	697,993
Other payables	-	-	592,711	592,711
Amount due to directors	-	-	647,214	647,214
	<u>-</u>	<u>-</u>	<u>2,316,265</u>	<u>2,316,265</u>

Notes to the Financial Statements
(Cont'd)

31 FINANCIAL INSTRUMENTS (CONT'D)

a) Classification of financial instruments (cont'd)

GROUP	Available for sale RM	Loans and Receivables RM	Financial Assets/ Liabilities Measured At Amortised Cost RM	Total RM
2018				
Financial assets				
Other investments	2,134,571	-	-	2,134,571
Trade receivables	-	200,000	-	200,000
Other receivables	-	5,118,229	-	5,118,229
Cash and cash equivalents	-	32,975,483	-	32,975,483
	<u>-</u>	<u>1,034,870</u>	<u>-</u>	<u>1,034.870</u>
Financial liabilities				
Trade payables	-	-	2,468	2,468
Other payables and accruals	-	-	489,248	489,248
Amount due to directors	-	-	132,598	132,598
	<u>-</u>	<u>-</u>	<u>624,314</u>	<u>624,314</u>
COMPANY				
2019				
Financial assets				
Other receivables	-	8,885,764	-	8,885,764
Amount due from subsidiary companies	-	18,774,258	-	18,774,258
Fixed deposits	-	16,413,615	-	16,413,615
Cash and cash equivalents	-	(111,892)	-	(111,892)
	<u>-</u>	<u>43,961,745</u>	<u>-</u>	<u>43,961,745</u>

31 FINANCIAL INSTRUMENTS (CONT'D)

a) Classification of financial instruments (cont'd)

	Available for sale RM	Loans And Receivables RM	Financial Liabilities Measured At Amortised Cost RM	Total RM
COMPANY				
2019				
Financial liabilities				
Other payables	-	-	138,892	138,892
Amount due to director	-	-	321,246	321,246
	<u>-</u>	<u>-</u>	<u>460,138</u>	<u>460,138</u>
2018				
Financial assets				
Other receivables	-	45,953	-	45,953
Amount due from subsidiary companies	-	10,424,773	-	10,424,773
Fixed deposits	-	32,475,483	-	32,475,483
Cash and cash equivalents	-	532,171	-	532,171
	<u>-</u>	<u>43,478,380</u>	<u>-</u>	<u>43,478,380</u>
Financial liabilities				
Other payables	-	-	160,679	160,679
Amount due to director	-	-	11,869	11,869
	<u>-</u>	<u>-</u>	<u>172,548</u>	<u>172,548</u>

31 FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies

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

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

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposures to interest rate risk arise mainly from fixed deposits with licensed banks. The Group's and the Company's policies are to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

Fair Value Sensitivity Analysis For Fixed Rate Instrument

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

The interest rate profile of the Group's significant interest bearing financial instruments based on the carrying amount as at the end of the reporting period were as follows:-

	Group	
	2019	2018
	RM	RM
Fixed rate financial instruments		
<u>Financial asset</u>		
Fixed deposit with licenced banks	<u>16,413,615</u>	<u>32,975,483</u>

31 **FINANCIAL INSTRUMENTS (CONT'D)**

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

(ii) Equity Price Risk

Equity price risk is the risk that the fair value or future cash flow of the financial statements will fluctuate because of changes in market prices (other than currency or interest rate).

The Group is exposed to equity price risk arising from its investment in quoted shares. The quoted shares in Malaysia are listed on Bursa Malaysia Securities Berhad (“Bursa Securities”). These instruments are classified as financial assets classified as fair value through profit or loss financial assets. The Group does not have exposure to commodity price risk.

Equity Price Risk Sensitivity Analysis

A 10% (30.09.2018: 10%) increase in the market price of the quoted shares as at the end of the reporting period would have increased profit/equity by RM189,740 (30.09.2018: RM213,457). A 10% (2018: 10%) decrease in market price would have had equal but opposite effect on profit/equity.

(iii) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group’s exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company’s exposure to credit risk arises principally from loans and advances to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial period represent the Group’s and the Company’s maximum exposure to credit risk.

31 FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Credit risk (cont'd)

Exposure to Credit Risk

At the reporting date, the Group's and the Company's maximum exposures to credit risk are represented by the carrying amount of each class of financial assets recognised in the statements of the financial position.

Ageing Analysis

The ageing analysis of the Group's and the Company's trade receivables at the reporting date is as follows:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Not past due	5,287,144	-	-	-
Past due but not impaired:				
-31 to 90 days	2,392,691	-	-	-
-more than 90 days	3,829,376	1,118,709	475,899	475,899
Impaired	934,923	918,709	475,899	475,899
	<u>5,287,144</u>	<u>200,000</u>	<u>-</u>	<u>-</u>

The Group and the Company use ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due of more than 90 days, which are deemed to have higher credit risk, are monitored individually.

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

Trade receivables that are past due but not impaired are unsecured in nature. They are creditworthy receivables.

Trade receivables that were individually impaired were those in financial difficulties and have defaulted in payments.

31 **FINANCIAL INSTRUMENTS (CONT'D)**

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

(iv) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risks are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The financial liabilities of the Group and of the Company are either repayable within one year or on demand.

(v) Interest rate risk

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

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

A change in interest rates at the end of the reporting period would not significantly affect profit or loss in view that variable rate financial liabilities are not significant as at the reporting date.

31 FINANCIAL INSTRUMENTS (CONT'D)

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

(vi) Capital risk management

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjust the amount of dividends paid to shareholders, return capital to shareholders and issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt for the Group and the Company are calculated as trade and other payables, amount owing to a director plus accruals less cash and cash equivalents.

(vii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of the Group's entities.

The currencies giving rise to this risk are primarily Singapore Dollar (SGD), United States Dollar (USD) and Hong Kong Dollar (HKD). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

(viii) Capital risk management

The cash and cash equivalents of the Group and of the Company are sufficient to settle all the debts outstanding as at the end of the financial period. The debt-to-equity ratio does not provide a meaningful indicator of the risk of borrowings.

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

31 FINANCIAL INSTRUMENTS (CONT'D)

c) Financial risk management objectives and policies (cont'd)

(ix) Fair values of financial instruments

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company reported in the financial statements approximated their fair values due to the short term nature, except for:

Quoted shares in other investments

Quoted shares in other investments are carried at fair value by reference to their quoted closing prices at the end of the reporting period.

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 31 December 2019 are as follows:

- (i) Level 1: fair value is derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2: fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.
- (iii) Level 3: fair value is estimated using unobservable inputs for the financial assets and liabilities.

	GROUP	
	2019	2018
	RM	RM
<u>Level 1</u>		
Quoted shares	<u>3,699,850</u>	<u>2,134,571</u>

The Group and the Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 2 and Level 3 as at 31 December 2019.

31 COMPARATIVE FIGURE

Accordingly, the financial statements of the company for the financial period ended 31 December 2019 covered a 15 months period from 1 October 2018 to 31 December 2019 compared to the previous financial period end 30 September 2018 covered an 18 months period from 1 April 2017 to 30 September 2018.

32 SUBSEQUENT EVENT

The World Health Organisation (“WHO”) declared the novel coronavirus (“COVID-19”) as a global pandemic on 11 March 2020, given the alarming level of spread and severity of the virus across the world. Since then, there have been over 420,000 confirmed COVID-19 cases reported across 190 countries and territories. Resulting from the rapidity in the spread of the virus and the rising rate of mortality associated with COVID-19, many governments around the world have imposed state or national lockdowns to restrict the movement of its people and enacted overseas travel bans or closed their borders in an attempt to slow down the spread of the virus.

On 16 March 2020 the government of Malaysia had announced the implementation of “Movement Control Order (MCO)” to curb the rising cases in the country.

Based on preliminary assessment, the potential financial effects from COVID-19 pandemic to the Group’s and Company’s financial performance for the next financial period 2020 is not significant. The Group and Company will continue to monitor the situation, reassess the financial position take appropriate and timely actions to minimise the impact.

33 AUTHORISATIONS OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the period ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 27 May 2020.

ANALYSIS OF SHAREHOLDINGS

as at 19 May 2020

Total number of issued shares	:	863,353,967 ordinary shares
Class of Equity Securities	:	Ordinary shares
Voting rights by poll	:	One vote for every ordinary share
Voting rights by show of hand	:	One vote for every member

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	No. of Shares	%
Less than 100 shares	12	587	*
100 - 1,000 shares	241	129,121	0.01
1,001 - 10,000 shares	797	5,621,585	0.65
10,001 - 100,000 shares	2,334	121,188,034	14.04
100,001 - less than 5% of issued shares	1,363	736,414,640	85.30
5% and above of issued shares	–	–	–
Total	4,747	863,353,967	100.00

* Negligible

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Fintec Global Berhad	–	–	55,700,000	6.45
Fintec Global Limited	48,900,000	5.66	–	–

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Kua Khai Shyuan	936,000	0.11	–	–

Analysis of Shareholdings (Cont'd)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 19 MAY 2020

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No	Name	No. of Shares held	%
1.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Pang Chow Huat</i>	17,000,000	1.97
2.	Affin Hwang Investment Bank Berhad <i>IVT (JRY)</i>	12,121,400	1.40
3.	Ng Teik Ho	8,317,000	0.96
4.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ling Yoke Tek (10MG00001)</i>	6,051,500	0.70
5.	Lim Peng Kak @ Lim Beng Kok	5,782,400	0.67
6.	Murrugesu A/L A. Sivaperumal	5,600,000	0.65
7.	Chew Chen Hong	5,500,000	0.64
8.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Boon Huat (TAN1456C)</i>	5,000,000	0.58
9.	Chan Cheng Woon	5,000,000	0.58
10.	Kenaga Nominees (Tempatan) Sdn. Bhd. <i>Rakuten Trade Sdn. Bhd. for Lim Oon Zhi</i>	4,600,000	0.53
11.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wong Kwai Ying (WON1835M)</i>	4,500,000	0.52
12.	Siew Mon Chun	4,500,000	0.52
13.	Ng Yoke Lan	4,200,000	0.49
14.	Teh Bee Khay	4,000,000	0.46
15.	Chan Huan Chai	4,000,000	0.46
16.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Kho Chong Yau (E-TSA)</i>	4,000,000	0.46
17.	Wong Yoon Chee	4,000,000	0.46
18.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Ong Yew Beng (E-SJA)</i>	3,800,000	0.44

Analysis of Shareholdings (Cont'd)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 19 MAY 2020

without aggregating the securities from different securities accounts belonging to the same registered holder)

No	Name	No. of Shares held	%
19.	Amsec Nominees (Asing) Sdn. Bhd. <i>Pledged securities account for Lee Chong Chai</i>	3,800,000	0.44
20.	Ewe Tek Seng	3,700,000	0.43
21.	Voon Jye Wah	3,588,800	0.42
22.	Ang Soh Mui	3,500,000	0.40
23.	Voon Wui Kiong @ Yun Vui Khong	3,500,000	0.40
24.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Chuah Kim Seng (8100800)</i>	3,500,000	0.40
25.	Koh Soh Hong	3,303,900	0.38
26.	Azizi Bin Mohd Yusof	3,000,000	0.35
27.	Nozah Binti Ja'afar	3,000,000	0.35
28.	SJ Sec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chan Huan Joo (SMT)</i>	3,000,000	0.35
29.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Wong Ah Yong (MY1278)</i>	3,000,000	0.35
30.	Chia Ong Leong	3,000,000	0.35

ANALYSIS OF WARRANT HOLDINGS

as at 19 May 2020

Type of Securities	:	Warrants 2018/2021
No. of Warrants Issued	:	348,903,904
Exercise Price	:	RM0.12
Exercise Period	:	27 June 2018 to 26 June 2021

DISTRIBUTION OF 2018/2021 WARRANT HOLDINGS

Size of Holdings	No. of Warrant Holders	No. of Warrants	%
Less than 100	69	3,200	*
100 - 1,000	166	90,325	0.02
1,001 - 10,000	400	2,423,685	0.70
10,001 - 100,000	637	31,403,207	9.00
100,001 - less than 5% of issued warrants	447	279,683,987	80.16
5% and above of issued warrants	1	35,299,500	10.12
Total	1,720	348,903,904	100.00

* Negligible

DIRECTORS' WARRANT HOLDINGS

(As per the Register of Directors' Warrant Holdings)

Name of Directors	No. of Warrants 2018/2021 Held			
	Direct Interest	%	Indirect Interest	%
Dato' Kua Khai Shyuan	500,000	0.14	-	-

THIRTY LARGEST 2018/2021 WARRANT HOLDERS AS AT 19 MAY 2020

No	Name	No. of Shares held	%
1.	Wong Voon Wooi	35,299,500	10.12
2.	Tan Teck Tay	9,100,000	2.61
3.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Mohamed Shahrul Bin Abdul Rahman</i>	8,000,000	2.29
4.	Tan Poi Len	6,600,000	1.89
5.	Ong Chin Hong	6,000,000	1.72
6.	Inter-Pacific Equity Nominees (Asing) Sdn. Bhd. <i>Pledged securities account for Tok Boon Seong</i>	5,450,000	1.56
7.	Lee Siew Ting	5,300,000	1.52
8.	Chan Yooh Chin	5,027,400	1.44
9.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Chew Chen Hong</i>	3,987,650	1.14

Analysis of Warrant Holdings (Cont'd)

THIRTY LARGEST 2018/2021 WARRANT HOLDERS AS AT 19 MAY 2020

No	Name	No. of Shares held	%
10.	Foo Fook Min	3,900,000	1.12
11.	Ahmad Jamsuri Bin Jamaludin	3,700,000	1.06
12.	Tok Boon Seong	3,500,050	1.00
13.	Lim Mooi Tean	3,000,000	0.86
14.	Chia Ong Leong	3,000,000	0.86
15.	Saharul Bin Laronda	3,000,000	0.86
16.	Mohd Amir Sharifuddin Bin Mohd Ridzuan	3,000,000	0.86
17.	Lim Peng Kak & Lim Beng Kok	2,540,700	0.73
18.	Lim Yan Ling	2,500,000	0.72
19.	Lim Koo Cheok	2,500,000	0.72
20.	HLIB Nominees (Tempatan) Sdn. Bhd. <i>Hong Leong Bank Bhd for Lim Keng Wah</i>	2,500,000	0.72
21.	Wong Kon Lim	2,500,000	0.72
22.	Hian Bee Geok	2,450,000	0.70
23.	Abdullah Bin Sulaiman	2,300,000	0.66
24.	Muhammad Syafiq Bin Zulkafay	2,150,000	0.62
25.	Ismail Bin Ithnain	2,000,000	0.57
26.	Teh Bee Khay	2,000,000	0.57
27.	Foong Cheng Keat	2,000,000	0.57
28.	Khu Fook Lam	2,000,000	0.57
29.	Wong Hee Sien @ Chong	2,000,000	0.57
30.	Teresa Anak Medan	2,000,000	0.57

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of DGB Asia Berhad (“DGB” or “the Company”) will be held fully virtual and entirely via remote participation and voting at the Broadcast Venue at Level 18, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 30 June 2020 at 2.30 p.m. or at any adjournment thereof to transact the following businesses:-

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial period ended 31 December 2019 together with the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note 1**
2. To approve the payment of Directors’ fees and benefits of RM371,000 for the financial period from 1 October 2018 to 31 December 2019. **(Ordinary Resolution 1)**
3. To approve the payment of Directors’ fees and benefits of up to RM390,000 for the financial year ending 31 December 2020. **(Ordinary Resolution 2)**
4. To re-elect the following directors who retire by rotation in accordance with Clause 85 of the Company’s Constitution:-
(i) Dato’ Kua Khai Shyuan **(Ordinary Resolution 3)**
(ii) Mr. Ho Jien Shiung **(Ordinary Resolution 4)**
5. To re-elect Dato’ Seri Abdul Azim Bin Mohd Zabidi as Director who retires in accordance with Clause 91 of the Company’s Constitution. **(Ordinary Resolution 5)**
6. To re-appoint Jamal, Amin & Partners as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

AS SPECIAL BUSINESS:

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

7. **GENERAL AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **(Ordinary Resolution 7)**

“THAT subject always to the Constitution of the Company, the Companies Act 2016 (“Act”), the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental/ regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next AGM.”

8. **PROPOSED AMENDMENTS TO THE COMPANY’S CONSTITUTION** **Special Resolution**

“THAT the proposed amendments to the Company’s Constitution as set out in the “Appendix A” annexed to the Company’s Annual Report for the financial period ended 31 December 2019, be and are hereby approved for adoption with immediate effect AND THAT the Directors and/or Secretary of the Company, be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company.”

9. To transact any other business of which due notice shall have been given.

Notice of Annual General Meeting (Cont'd)

By order of the Board

TEA SOR HUA (MACS 01324) (SSM PC No.: 201908001272)

Company Secretary

Petaling Jaya, Selangor Darul Ehsan

5 June 2020

Notes:

1. A member of the Company who is entitled to attend, participate, speak and vote at the Thirteenth Annual General Meeting ("Meeting" or "13th AGM") shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
2. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
6. To be valid, the instrument appointing a proxy must be deposited at the Share Registrar Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote.
7. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 24 June 2020. Only members whose names appear in the General Meeting Record of Depositors as at 24 June 2020 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
8. All the resolutions set out in this Notice of Meeting will be put to vote by poll.
9. The Meeting will be conducted on fully virtual at the Broadcast Venue, members are advised to refer to the Administrative Guide on the registration and voting process for the Meeting.
10. In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 13th AGM at short notice. Kindly check Bursa Securities's and Company's website at www.dgbasia.com for the latest updates on the status of the said meeting.

Notice of Annual General Meeting (Cont'd)

EXPLANATORY NOTES TO ORDINARY BUSINESS AND SPECIAL BUSINESS

1. Item 1 of the Agenda – Audited Financial Statements for the financial period ended 31 December 2019

The Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the audited financial statements. Hence, this Agenda is not put forward for voting.

2. Item 3 of the Agenda - Directors' Fees and Benefits

The estimated Directors' Fees and benefits proposed for the financial year ending 31 December 2020 are calculated based on the current Board size and number of schedule Board and Committee meetings to be held. This resolution is to facilitate the payment of Directors' fee and benefit on current financial year basis. In the event of the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for the shortfall.

3. Item 7 of the Agenda - General Authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Company had at its Twelfth AGM held on 27 February 2019 ("12th AGM"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("10% General Mandate"). This 10% General Mandate will expire at the conclusion of this AGM.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 27 February 2019 which will lapse at the conclusion of the 13th AGM.

The Ordinary Resolution 7 proposed under item 7 of the Agenda, is to seek a general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot ordinary shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company at any point of time ("20% General Mandate"). This 20% General Mandate, unless revoked or varied at general meeting, will expire at the next AGM.

In view of the extraordinary challenges caused by the COVID-19 pandemic, Bursa Securities had on 16 April 2020 introduced this 20% General Mandate as an interim relief measure to allow a listed issuer to seek a higher general mandate under Rule 6.04 of the Listing Requirements of Bursa Securities of not more than twenty per centum (20%) of the total number of issued shares (excluding treasury shares) for issue of new securities.

The Board of Directors' Statement

The Board is of the opinion that in the face of unprecedented challenges brought by the COVID-19, this 20% General Mandate is the most appropriate avenue of fund raising at this juncture. This 20% General Mandate will enable the Company to raise funds expeditiously without having to incur interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow. The funds raised will be used to finance the day-to-day operational expenses, working capital for the on-going projects or future projects/investments to ensure the long-term sustainability of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its shareholders.

4. Item 8 of the Agenda – Proposed Amendments to the Company's Constitution

The Special Resolution proposed under item 8 of the Agenda if approved, will streamline the Company's Constitution and enhance administrative efficiency. The proposed amendments to the Constitution of the Company shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.

APPENDIX A

PROPOSED AMENDMENTS TO THE COMPANY'S CONSTITUTION

The following existing clauses of the Company's Constitution are proposed to be amended in the following manner:

Clauses	Existing Clause	Amended Clause
61	The meeting of its Members may be held at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue of the meeting.	The meeting of its Members may be held by fully virtual or hybrid at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and subject to Clause 69 , the Chairman shall be present at the main venue of the meeting. For fully virtual general meeting, the broadcast venue shall be the main venue of the meeting and all the provisions of this Constitution as to meetings of Members shall also apply to such fully virtual general meeting.
80	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking the poll, which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member.	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia or by way of electronic means or in such other manner as is specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking the poll, which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member.

APPENDIX A

PROPOSED AMENDMENTS TO THE COMPANY'S CONSTITUTION (CONT'D)

The following existing clauses of the Company's Constitution are proposed to be amended in the following manner: (Cont'd)

Clauses	Existing Clause	Amended Clause
85	At the first annual general meeting of the Company, all the Directors shall retire from office, and at the annual general meeting in every subsequent year, one-third (1/3) of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.	At the first annual general meeting of the Company, all the Directors shall retire from office and an election of Directors shall take place each year at the annual general meeting in every subsequent year where one-third (1/3) of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.
106A	New provision	The provisions of the Third Schedule of the Act shall not apply to the Company except where the same is repeated or contained in this Constitution.
149(b)	<p>Any notice and/or documents may be served by the Company or the Secretary to the Members either in hard copy or electronic form or partly in hard copy and partly in electronic form, where a notice and/or documents served in hard copy, can either be served personally or through the post in a prepaid letter addressed to the Member at his last known registered address; or where it is served by way of electronic form, be transmitted to the last known electronic mail address of the Member; or publishing the notice and/or documents on the Company's website, provided that a notification of the publication of the notice and/or documents on the website via electronic mail has been given in accordance with the Act, stating that:</p> <ul style="list-style-type: none"> • the place, date and time of the meeting; and • whether the meeting is an annual general meeting. 	<p>Any notice and/or documents may be served by the Company or the Secretary to the Members either in hard copy or electronic means or partly in hard copy and partly in electronic means, where a notice and/or documents served in hard copy, can either be served personally or through the post in a prepaid letter addressed to the Member at his last known registered address; or where it is served by way of electronic means (including using any other electronic platform maintained by the Company or third parties that can host the information in a secure manner or access by the Members) be transmitted to the last known electronic mail address of the Member; or publishing the notice and/or documents on the Company's website, provided that a notification of the publication of the notice and/or documents on the website via hard copy or electronic mail or short messaging service has been given in accordance with the Act, stating that:</p> <ul style="list-style-type: none"> • the place, date and time of the meeting, and • whether the meeting is an annual general meeting.



DGB ASIA BERHAD

200601001857 (721605-K)
(Incorporated in Malaysia)

PROXY FORM

I/We _____ NRIC/Registration No. _____
(full name in capital letters)

of _____
(full address)

_____ being (a) member(s) of DGB ASIA BERHAD hereby appoints

Full Name (in capital letters)	NRIC/Passport No.:
Full Address (in capital letters)	Contact No.:
	Email Address:

and/or*

Full Name (in capital letters)	NRIC/Passport No.:
Full Address (in capital letters)	Contact No.:
	Email Address:

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Thirteenth Annual General Meeting of the Company will be held fully virtual and entirely via remote participation and voting at the Broadcast Venue at Level 18, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 30 June 2020 at 2.30 p.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees and benefits of RM371,000 for the financial period from 1 October 2018 to 31 December 2019.		
2.	To approve the payment of Directors' fees and benefits of up to RM390,000 for the financial year ending 31 December 2020.		
3.	To re-elect Dato' Kua Khai Shyuan as a Director of the Company.		
4.	To re-elect Mr. Ho Jien Shiung as a Director of the Company.		
5.	To re-elect Dato' Seri Abdul Azim Bin Mohd Zabidi as Director of the Company.		
6.	To re-appoint Jamal, Amin & Partners as Auditors of the Company.		
7.	To approve the authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
No.	Special Resolution	For	Against
1.	To approve the Proposed Amendments to the Company's Constitution		

* delete whichever not applicable

Dated this _____ day of _____ 2020.

Signature of Member(s)/Common Seal

CDS Account No.	
Number of Shares Held	

For appointment of more than (1) proxy, percentage of shareholdings to be represented by each proxy:-		
	No. of shares	%
Proxy []		
Proxy []		
TOTAL		100



Notes:

1. A member of the Company who is entitled to attend, participate, speak and vote at the Thirteenth Annual General Meeting ("Meeting" or "13th AGM") shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
2. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
6. To be valid, the instrument appointing a proxy must be deposited at the Share Registrar of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote.
7. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 24 June 2020. Only members whose names appear in the General Meeting Record of Depositors as at 24 June 2020 shall be regarded as members and entitled to attend, participate, speak and vote at the Meeting.
8. All the resolutions as set out in this Notice of Meeting will be put to vote by poll.
9. The Meeting will be conducted on fully virtual at the Broadcast Venue, members are advised to refer to the Administrative Guide on the registration and voting process for the Meeting.
10. In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 13th AGM at short notice. Kindly check Bursa Securities's and Company's website at www.dgbasia.com for the latest updates on the status of the said meeting.

Then fold here

AFFIX
STAMP

The Share Registrar
DGB ASIA BERHAD [200601001857 (721605-K)]
Shareworks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur

1st fold here



DGB ASIA BERHAD

Registration Number : 200601001857 (721605-K)

Level 1, Tower 11, Avenue 5, No. 8, Jalan Kerinchi, Bangsar South
59200 Kuala Lumpur, Wilayah Persekutuan
Tel: +603 2242 2828 Email: info@dgbasia.com