JcbNext Berhad

Annual Report 2019

CONTENTS

GROUP PERFORMANCE HIGHLIGHTS

Financial Year Ended 31 December	2015	2016	2017	2018	2019
Operating Results (RM million)					
Revenue	6.6	9.2	9.9	8.5	8.7
Results from operating activities	0.6	3.2	(1.2)	3.1	3.2
Profit before tax	26.9	13.3	8.8	11.4	11.8
Profit after tax	25.4	11.4	6.9	10.0	10.3
Profit attributable to owners of the Company	25.6	11.4	6.8	9.9	10.3
Net cash used in operations	(24.8)	(6.4)	(5.8)	(4.0)	(3.2)
Key Balance Sheet Data (RM million)					
Total assets	307.3	333.4	337.0	330.1	327.8
Issued and paid-up share capital	70.0	70.0	196.6	196.6	196.6
Equity attributable to owners of the Company	304.7	331.0	335.0	328.6	325.8
No. of ordinary shares in issuance (no. of shares, million)	139.9	139.9	139.7	137.8	135.6
Share Information and Valuation					
Basic earnings per share (sen)	18.27	8.12	4.88	7.13	7.55
Diluted earnings per share (sen)	18.27	8.12	4.88	7.13	7.55
Net dividend per share (sen)	3.50	2.00	4.50	4.00	4.00⌖
Share price as at 31 December (RM)	1.98	1.70	1.75	1.48	1.45
Net dividend yield (%)	1.77	1.18	2.57	2.70	2.76
Financial Ratios					
Return on equity (%)	8.39	3.43	2.03	3.0	3.2
Current ratio	50.5	57.8	72.1	100.4	83.4
Net asset value per share (RM)	2.18	2.37	2.40	2.39	2.40
Operating margin (%)	9.40	34.76	(12.36)	35.96	36.63
Net profit margin (%)	386.31	122.97	68.89	116.00	118.69

⌖ Included the proposed final single tier dividend of 4.0 sen per ordinary share which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Ali bin Abdul Kadir
Non-Independent Non-Executive Chairman

Teo Koon Hong
Independent Non-Executive Director

Cindy Eunbyol Ko
Independent Non-Executive Director

Lim Chao Li
Non-Independent Non-Executive Director

AUDIT AND RISK COMMITTEE

Teo Koon Hong
Chairman, Independent Non-Executive Director

Datuk Ali bin Abdul Kadir
Member, Non-Independent Non-Executive Chairman

Cindy Eunbyol Ko
Member, Independent Non-Executive Director

NOMINATION COMMITTEE

Teo Koon Hong
Chairman, Independent Non-Executive Director

Cindy Eunbyol Ko
Member, Independent Non-Executive Director

Lim Chao Li
Member, Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Lim Chao Li
Chairman, Non-Independent Non-Executive Director

Teo Koon Hong
Member, Independent Non-Executive Director

Cindy Eunbyol Ko
Member, Independent Non-Executive Director

INVESTMENT COMMITTEE

Lim Chao Li
Chairman, Non-Independent Non-Executive Director

Teo Koon Hong
Member, Independent Non-Executive Director

Cindy Eunbyol Ko
Member, Independent Non-Executive Director

Chang Mun Kee
Member, Founder & CEO

Gregory Charles Poarch
Member, Chief Financial Officer

AUDITORS

KPMG PLT (LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8 First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : JCBNEXT
Stock Code : 0058

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
Wong Wei Fong (MAICSA 7006751)

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-78904800
Fax: 03-78904650

HEAD OFFICE

Wisma JcbNext
No. 27, Lorong Medan Tuanku 1
(Off Jalan Sultan Ismail)
50300 Kuala Lumpur
Tel: 03-26922333
Fax: 03-26981333

REGISTRAR

Boardroom Share Registrars Sdn Bhd (378993-D)
11th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-78904700
Fax: 03-78904670

WEBSITE

www.jcbnext.com

CORPORATE STRUCTURE
as at 29 May 2020

JcbNext Berhad

- 100% **Autoworld.com.my Sdn. Bhd.**
- 60% **Greenfield Japan Kabushiki Kaisha**
- 100% **JobStreet.com India Pvt. Limited**
- 100% **JcbNext Pte. Ltd.**
- 100% **JS Overseas Holdings Ltd.**
- 21.03% **Innity Corporation Berhad**
- 22.99% **104 Corporation (Taiwan)**

PROFILE OF DIRECTORS

Datuk Ali bin Abdul Kadir

Non-Independent Non-Executive Chairman
Malaysian, 71 years of age, Male

Datuk Ali bin Abdul Kadir was appointed to the Board of Directors on 1 October 2004 and served as the Independent Non-Executive Chairman until 27 June 2019 when he was redesignated as a Non-Independent Non-Executive Director. As a Non-Independent Non-Executive Director, Datuk Ali continues to serve as the Chairman of the Board of Directors and is also a member of the Audit and Risk Committee. He is a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW"), member of the Malaysian Institute of Certified Public Accountants ("MICPA") and the Malaysian Institute of Accountants. He is also Honorary Advisor to ICAEW-KL City Chapter and Honorary Fellow of the Institute of Chartered Secretaries and Administrators (UK).

Datuk Ali is Chairman of Enra Group Berhad. He is also a Board Member of Glomac Berhad, Citibank Berhad, Ekuiti Nasional Berhad and other private companies and foundations.

Datuk Ali was appointed as Chairman of the Securities Commission of Malaysia on 1 March 1999 and served in that capacity until 29 February 2004. He also served on a number of national-level committees including the Foreign Investment Committee, the Oversight Committee of National Asset Management Company (Danaharta). Prior to his appointment to the Securities Commission, he was the Executive Chairman and Partner of Ernst & Young and its related firms. He was also the former President of the MICPA, chairing both its Executive Committee and Insolvency Practices Committee and co-chairing the Company Law Forum. He was appointed an Adjunct Professor in the Accounting and Business Faculty, University of Malaya (2008 till 2011) and was then appointed to the Advisory Board of the same Faculty. Datuk Ali was also previously the chairman of Milux Corporation Berhad, Microlink Solutions Berhad and the Financial Reporting Foundation and a board member of Labuan Financial Services Authority.

On the international front, Datuk Ali was a member of the Exco Board of the International Organisation of Securities Commissions' (IOSCO), chairman of their Asia Pacific Region Committee and the Islamic Capital Market Working Group. In addition, he was trustee of the Accounting and Auditing Organisation for Islamic Financial Institutions, Force of Nature Aid Foundation; and also the Advisor to the Sri Lanka Securities and Exchange Commission.

Datuk Ali was awarded the Panglima Jasa Negara (PJN) by the Yang di-Pertuan Agong in 2001. In 2012, he was bestowed the Lifetime Achievement Award by ICAEW and the President's Award by MICPA.

Datuk Ali has attended all six (6) Board Meetings of the Company held during the financial year ended 31 December 2019.

Teo Koon Hong

Independent Non-Executive Director
Singaporean, 70 years of age, Male

Mr. Teo Koon Hong is an Independent Non-Executive Director of the Company and was appointed to the Board of Directors on 25 June 2015. He is the Chairman of the Audit and Risk Committee and the Nomination Committee, and a member of the Remuneration and Investment Committees.

Mr. Teo holds a Bachelor of Accountancy from the University of Singapore. He is also a graduate of the Institute of Cost and Management Accountants, United Kingdom and a Fellow Chartered Accountant of Singapore. Mr. Teo commenced his career in 1975 as a Cost Accountant of Beecham Pharmaceutical Pte. Ltd. (now part of Glaxo Smithkline). Subsequently, from 1977 to 1984, he joined Carrier Corporation (now part of United Technologies Corporation) and served in various positions including as the Regional Finance Director, Asia Pacific; Director of Strategic Planning based in New York; Managing Director of Carrier Singapore and President of Carrier Thailand.

From 1985 to 1996, Mr. Teo invested into Price Asia Manufacturing Pte. Ltd.. In 1996, he sold his stake in Price Asia Manufacturing Pte. Ltd. to Johnson Controls and as part of the terms of the sale, he joined Johnson Controls as their Vice President of Asia Pacific. In 2000, Mr. Teo left Johnson Controls to pursue opportunities in private equity and served in a non-executive capacity on the board of JobStreet.com Pte. Ltd.. In 2004, he was a director and shareholder in Enerpro Pte. Ltd. until 2008. He does not hold any other directorship of public companies.

Mr. Teo Koon Hong has attended all six (6) Board Meetings of the Company held during the financial year ended 31 December 2019.

Cindy Eunbyol Ko

Independent Non-Executive Director
American, 43 years of age, Female

Ms. Cindy Eunbyol Ko is an Independent Non-Executive Director of the Company and was appointed to the Board of Directors on 27 June 2019. She is also a member of the Audit and Risk, Nomination, Remuneration and Investment Committees. Ms. Cindy Ko obtained her Bachelor of Arts majoring in International Relations from Wellesley College, USA in 1998, a Master of Business Administration from Harvard Business School, USA in 2005 and is also a Fulbright Fellow. She commenced her career in 1999 as an analyst with Goldman Sachs. Subsequently, from 2002 to 2003, she joined World Relief serving as the Managing Director of the Zavet Business Center based in Pristina, Kosovo. From 2005 to 2016, Ms Cindy Ko was with Endeavour, a not-for-profit organisation in the entrepreneurship space that connects high-growth start-ups with networks, new markets and capital, as the Vice President of International Expansion, based in New York and subsequently as the Head of Asia, based in Singapore. In the latter role, she was in charge of launching new country offices in Asia for Endeavor and was instrumental in growing the organisation's footprint from 6 country offices to 25 during her tenure. After her time in Endeavour, she had shorter stints as a Venture Partner managing investments for a prominent Southeast Asian family and subsequently, for Quinoa Capital.

Since her appointment to the Board of Directors on 27 June 2019, Ms. Cindy Ko has attended two (2) Board Meetings of the Company held during the financial year ended 31 December 2019.

Lim Chao Li

Non-Independent Non-Executive Director
Malaysian, 54 years of age, Male

Mr. Lim Chao Li is a Non-Independent Non-Executive Director of the Company. He was appointed to the Board of Directors on 1 October 2004. He is the Chairman of the Remuneration and Investment Committees and a member of the Nomination Committee. Mr. Lim graduated with degrees from the University of Pennsylvania's School of Engineering and Applied Science and the Wharton School. He has worked for Deloitte & Touche and Johnson & Johnson. He is currently with the Hotel Equatorial Group, a family business that is involved in hospitality and property. He is the Chairman of Public Investment Bank Berhad. He is a member of the Executive Board for Asia of the Wharton School, University of Pennsylvania and the former Chair of the Council of Governors of the Alice Smith School in Malaysia.

Mr. Lim Chao Li has attended all six (6) Board Meetings of the Company held during the financial year ended 31 December 2019.

None of the Directors have any family relationship with any other Director and/or major shareholders of the Company.

None of the Directors have any conflict of interest in any business arrangement involving the Company, nor have any convictions for offences (other than traffic offence, if any) within the past 5 years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

PROFILE OF SENIOR MANAGEMENT TEAM

Chang Mun Kee
Founder and CEO
Malaysian, 55 years of age, Male

Mr. Chang Mun Kee is the Chief Executive Officer of the Company and also a member of the Investment Committee. He was also an Executive Director of the Company since its incorporation until 27 June 2019. Mr. Chang obtained his Bachelor of Science in Mechanical Engineering from the University of Texas, Austin, USA in 1988 and a Master of Science in Mechanical Engineering from the Massachusetts Institute of Technology, USA in 1990. Prior to founding MOL Online Sdn. Bhd. in 1995 and subsequently JobStreet.com Sdn. Bhd. in 1997, he was with Kendall International, a US healthcare company, for 5 years, starting as a process engineer in 1990 before being promoted to manufacturing manager in 1992 and regional director of sales and marketing for Malaysia in 1994. He left Kendall International in 1996 to establish JobStreet.com Sdn. Bhd. which expanded regionally under his direction. He currently sits on the Boards of Vitrox Corporation Berhad and 104 Corporation, Taiwan.

Gregory Charles Poarch
Chief Financial Officer
American, 55 years of age, Male

Gregory Charles Poarch graduated with a Bachelor of Science in Accounting from Southwestern Oklahoma State University, USA in 1988. He commenced his career in 1988 as a Senior Auditor with Finley & Cook, Certified Public Accounting Firm. Moving on, he joined Occidental Petroleum Corporation as an Audit Supervisor. Subsequently in 1996, he joined MEASAT Broadcast Network Systems Sdn. Bhd. as a Project Manager. He was promoted to Senior Manager level in 1997. He joined the JobStreet Group in 2000 and took on the position of Vice President, Finance & Administration. With the listing of the JobStreet Group in November 2004, he became the Chief Financial Officer of the Company. He is also a member of the Investment Committee. He currently sits on the Board of Innity Corporation Berhad.

Dr. Wong Siew Hui
Chief Technology Officer
Malaysian, 56 years of age, Male

Dr. Wong Siew Hui (“Dr. Albert”) obtained his Bachelor of Engineering (Civil) from the University of Western Australia in 1987, a Master of Science in Civil Engineering from the Massachusetts Institute of Technology, USA in 1991 and a PhD degree in Computer-Aided Engineering from the Massachusetts Institute of Technology, USA in 1993. Dr. Albert started his career with Schlumberger Austin Product Center before moving to Genesis Development Corporation, USA in 1998. Dr. Albert joined the JobStreet Group in 2000 where he had overall responsibility for JobStreet’s technology including product development, website platform, architecture, sales technologies, technical operations and technical support.

He does not hold any directorships in public companies and listed issuers in Malaysia.

None of the Senior Management Team have any family relationship with any other Director and/or major shareholders of the Company.

None of the Senior Management Team have any conflict of interest in any business arrangement involving the Company, nor have any convictions for offences (other than traffic offence, if any) within the past 5 years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

LETTER FROM THE CHAIRMAN

Dear Shareholders,

It is our pleasure, on behalf of the Board of Directors to present the Annual Report and Audited Financial Statements of JcbNext Berhad ("JcbNext" or "the Group") for the financial year ended 31 December 2019 despite the challenging situation that we find ourselves in now. I hope you have been keeping yourself and your families safe and healthy.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2019, the Group recorded revenue of RM8.69 million, profit before tax of RM11.82 million and a profit attributable to shareholders of RM10.31 million, representing year-on-year growth of 1.8%, 3.3% and 4.2% respectively. The Group's financial performance is largely dependent on the Group investing into several high-quality investments which can generate dividend income for the Group. As the Group continued to work on realising this plan in 2019 and beyond, it is expected that the Group's financial performance from a P&L perspective to be relatively flat for the time being. We are thankful that during the year, our associated companies continued to contribute RM9.09 million to the Group's bottom line which was consistent with the RM8.98 million recorded in 2018. An item which can result in volatility in our P&L in any given year is the effects of foreign exchange on our foreign currency denominated cash holdings. As you may be aware from previous years' disclosures, the Group maintains some of its cash in USD and SGD to ensure that we have purchasing power should there be an investment opportunity outside Malaysia during a time of crisis. For the year ended 31 December 2019, the Group recorded a net foreign exchange gain of RM0.27 million which was lower than the RM0.40 million recorded in 2018.

To have a balanced picture of the financial performance of the Group during the year, we would also have to look into the consolidated statement of financial position, specifically in equity. Despite recording a net profit attributable to shareholders of RM10.31 million in 2019, shareholders' funds had decreased from RM328.59 million in 2018 to RM325.82 million in the current year. Besides shares bought back and dividends paid amounting to RM3.24 million and RM5.47 million respectively, there was a decrease in the fair value of the Group's equity investments designated at fair value through other comprehensive income ("FVOCI investments") amounting to RM4.93 million which was the primary reason for the decrease in net assets or shareholders' fund during the year.

During the year, we continued making progress in controlling our costs with our operating expenses, excluding foreign exchange gains/losses, decreasing slightly by 1.4% to RM5.79 million in 2019 from RM5.87 million in 2018. The key takeaway is that operating costs had not increased as we have maintained a small team and managed our operations prudently.

As at 31 December 2019, our total assets stood at RM327.83 million with shareholders' funds recorded at RM325.82 million (RM2.40 per share), compared with RM330.12 million and RM328.59 million (RM2.39 per share) as at the end of 2018. With liquid cash and short-term investments totalling RM136.53 million, and no debt, we continue to actively search for acquisition opportunities and believe we are positioned well to enter into long-term partnerships when such opportunities eventually arise.

A detailed discussion on the Group's financial performance can be found in the Management Discussion and Analysis included in this Annual Report.

DIVIDEND

The Board of Directors is pleased to propose a final single-tier dividend of 4.0 sen per share for the financial year 2019 (2018: 4.0 sen). The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

CORPORATE DEVELOPMENTS

2019 saw some changes taking place in our Board of Directors. Firstly, given my long tenure on the Board as an Independent Director since 2004, I had expressed my intention to be redesignated as a Non-Independent Non-Executive Director and consequently, my tenure as an Independent Director came to an end at the conclusion of the Fifteenth AGM held on 27 June 2019. I continue to serve as Chairman of the Company thereafter albeit as a Non-Independent Director. The next change was the resignation of Mark Chang from the Board, also on 27 June 2019. Prior to his resignation, he was the only Executive Director on the Board and now our Board is wholly comprised of non-executive directors, fostering greater objectivity in the boardroom and separation of powers from executive management. I am sure you will be relieved to know that Mark continues to serve as the Group's CEO despite not holding a board seat. Last but not least, Cindy Ko joins our Board as an Independent Director, bringing with her a wealth of knowledge and experience in the area of investments in addition to contributing to the gender diversity of the Board.

In the area of investments, the Group had, during the year, invested approximately AUD3.52 million (equivalent to RM10.14 million) in the shares of Hastings Technology Metal Ltd, an Australian Securities Exchange listed exploration and development company that is currently involved in rare earth projects in Western Australia. Besides Hastings, the Group had also accumulated some shares in Hup Seng Industries Berhad, a company that is involved in the manufacture and sale of crackers/biscuits and confectionery food items.

We believe that at the prevalent share prices of the Company in 2019, buying back our shares was a good use of our cash. During the year, we had bought back 2,163,600 shares which substantially made up the 2,172,200 treasury shares held as at 27 December 2019 which were cancelled, an action we believe is appropriate from a corporate governance perspective. Given how the share price of the Company had fallen further in 2020, we have been continuing with our share buy-back program.

GOING FORWARD

The Board and management are committed to try to be patient and disciplined so that we invest only when the right opportunity presents itself at the right price. Our experience along these lines in the past, especially with 104 Corporation and Lion Rock Group Limited ("Lion Rock"), has been very fruitful and gives us confidence that this is the right path for us. With the outbreak of the COVID-19 pandemic in 2020 triggering lockdowns and closure of borders across the globe, the world is coming to terms with the negative impact of the pandemic on global economy. Stock markets have taken a hit in February continuing into March, but have since appeared to have stabilised. There may be some stocks trading at attractive valuations right now but we do not know how deep is this hole that the world has found itself in. The search for a vaccine is understood to be 12 to 18 months in the making and in the meantime, we do not know how the COVID-19 situation will play out. During this time, the Board and management will continue to tread cautiously as we have done in the past, searching for yields and investing only when our pre-determined investment criteria has been met and only in investments that are aligned with the Group's interests and beliefs.

During the year, Koperasi Co-opbank Pertama Malaysia Berhad who has taken up a majority of the space in Wisma JcbNext, moved in towards the end of the year. Given the glut of office space in Kuala Lumpur exacerbated by the COVID-19 outbreak, we are thankful that we have a tenant in place for the year ahead and beyond. I would like to take this opportunity to officially welcome them to Wisma JcbNext and we hope they will enjoy operating from their new office and find continued success.

SUSTAINABILITY

The Group continues to endorse principles of sustainability in its business operations and corporate activities. We are pleased to present to you our Sustainability Statement in the Annual Report where you can find our thoughts on the matter and also some of the initiatives that are already in place.

APPRECIATION

We would like to record our appreciation to all our employees, valued partners, business advisers and shareholders for your continued support during the past year.

DATUK ALI BIN ABDUL KADIR
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

JcbNext Berhad is an investment holding company. It owned and operated the JobStreet.com online job portal business from 2004 to 2014. In 2014, the job portal business was sold to SEEK Ltd for close to RM2 billion with the net proceeds paid as dividends to shareholders. Today, the Company has stakes in associates, 104 Corporation, the largest job site in Taiwan and Innity Corporation Berhad, a leading provider of interactive online marketing platforms and technologies in Malaysia. It also has a majority stake in a small consultancy business in Japan and operates the Autoworld automotive classifieds and content website. JcbNext also has quoted investments in Malaysia, Hong Kong, Australia and Singapore and owns a 8-storey office building in Kuala Lumpur and a 2-storey shoplot office in Johor.

2019 IN REVIEW

During the year, the Group generated revenue from services, rental of office space, dividends, interest and other investment income. Dividends of RM3.31 million from the Group's quoted investments contributed 38.1% of the Group's revenue. This was followed by investment distribution income from the placement of funds in money market unit trust funds amounting to RM2.14 million which contributed 24.6% of the Group's revenue. Interest income of RM1.89 million and revenue from services of RM1.01 million contributed another 21.8% and 11.7% of the Group's revenue respectively.

An analysis of the Group's revenue is as follows:

Group	**2019** **RM**	**2018** **RM**
Services	1,013,570	1,053,116
Rental income from investment properties	331,184	166,267
Dividends from other investments	3,311,707	3,202,188
Investment distribution income	2,138,308	1,976,949
Interest income	1,891,895	2,131,747
	8,686,664	8,530,267

No material changes in total revenue were recorded in 2019. The increase in rental income from investment properties was due to the collection of rental income amounting to RM0.28 million from Koperasi Co-opbank Pertama Malaysia Berhad ("Co-opbank Pertama") for lease of office space in Wisma JcbNext from September 2019 onwards. The total area leased to Co-opbank Pertama is approximately 20,000 square feet which is approximately 75% of Wisma JcbNext and the tenancy is for a period of 3 years. The Company retains approximately 13% of Wisma JcbNext for its own use with the remaining 12% available for lease. Rental income is set to increase in 2020 with the expected collection of rental from Co-opbank Pertama for a full year duration in addition to ancillary income from advertising.

Dividend income grew 3.4% to RM3.31 million compared with RM3.20 million in 2018. Total dividend income from Lion Rock Group Limited ("Lion Rock") amounted to RM2.82 million in 2019 compared with RM2.61 million in 2018. The remainder of dividend income of RM0.49 million were from the underlying investments in quoted shares made through the Group's Equity Portfolio Fund that were received prior to the liquidation of the fund in April 2019 and to a lesser extent, from the Group's investments in Nova

Pharma Solutions Berhad and Hup Seng Industries Berhad. During the year, the Group continued to receive dividends amounting to RM8.66 million from its associate, 104 Corporation, although such dividends are not accounted for as revenue.

Investment distribution income from investments in unit trust money market funds together with interest income totalled RM4.03 million which was a slight decrease of 1.9% compared with RM4.11 million in 2018. The decrease was partly due to Bank Negara's decision to cut the Overnight Policy Rate by 25 basis points to 3.00% in May 2019. In addition, in October 2019, the Group withdrew its money market funds and temporarily placed them in current accounts while awaiting Budget 2020 to be tabled by the Finance Minister of Malaysia.

In terms of services, the Group derives revenue predominantly through its subsidiary in Japan which provides contract staffing consulting services on a small scale. The Group did not invest to expand the automotive classifieds and advertising services business via the Autoworld website in 2019 but nevertheless, the Group continued to update the website with automotive related content.

The Group's operating expenses in 2019 amounting to RM5.52 million was consistent with the previous year's operating expenses of RM5.47 million. The slight decrease in staff costs from RM2.68 million in 2018 to RM2.56 million in 2019 was due to reversal of bonus provisions made in respect of 2018. Other operating expenses had increased slightly by 8.7% to RM2.03 million in 2019 compared with RM1.86 million in 2018. Included in other operating expenses are foreign exchange gains or losses. In 2018, other operating expenses included foreign exchange gains of RM0.40 million which had decreased to RM0.27 million in 2019. This was the primary reason for the apparent increase in other operating expenses. Looking into the individual components, the increase in directors' fees was due to the appointment of Ms Cindy Ko, an Independent Non-Executive Director, to the Board of Directors on 27 June 2019. Mr Mark Chang who resigned from the Board of Directors on the same day, was not paid directors' fees in the past. The increase in staff benefits cost were mainly from group insurance benefits and staff training while the increase in travelling expense was mainly attributed to trips conducted for investment monitoring purposes.

Further breakdown of the Group's other operating expenses is as follows:

	2019	**2018**
Group	**RM**	**RM**
Net foreign exchange (gains)	(274,264)	(402,680)
Professional fees	990,751	1,052,500
Directors' fees	255,000	214,000
Office expenses	195,822	190,177
Security costs	128,268	119,228
Utilities	99,080	94,543
Staff benefits	137,792	82,881
Quit rent and assessments	61,171	66,875
Travelling	123,052	55,751
Telecommunication	36,714	37,969
Insurance	38,828	37,757
Miscellaneous	237,879	315,853
	2,030,093	1,864,854

The Group continued to rely a great deal on our associates, primarily 104 Corporation, to contribute to the Group's earnings in 2019. To recap, 104 Corporation is principally involved in the online job portal business and also provides executive search and HR consultancy services in Taiwan. Our share of profit from 104 Corporation in 2019 had increased marginally to RM8.82 million compared with RM8.67 million in the preceding year. On the back of a modest GDP growth of 2.7% in Taiwan, 104 Corporation's revenue grew 3.7% year-on-year to NT$1.64 billion compared with NT$1.58 billion in 2018. Despite the increase in revenue, the company's profit before taxation decreased slightly by 4.6% to NT$335.93 million compared with NT$352.06 million in 2018 mainly due to a 5.0% increase in operating expenses primarily from higher staff costs and depreciation expenses. However, net profit attributable to shareholders increased marginally by 1.3% year on year to NT$286.00 million compared with NT$282.21 million a year ago due to a decrease in income tax expense as a result of an income tax benefit of NT$18 million recognised from R&D investment tax credit. The balance sheet of 104 Corporation remains solid with cash holdings of NT$2.17 billion at the end of 2019. 104 Corporation has recently announced a dividend of NT$8.62 per ordinary share representing 100% of their net profit attributable to shareholders for the 2019 financial year, which will be paid out after the company's AGM on 28 May 2020.

Our other associate, Innity Corporation Berhad ("Innity"), is principally involved in the provision of technology-based online advertising solutions, to their customers in the Asia Pacific region, using in-house developed technology platforms. Innity has an established presence in Malaysia, Hong Kong/ China, Indonesia, Philippines, Singapore, Taiwan, Thailand, South Korea, Myanmar, Cambodia and Vietnam. Our share of profit from Innity in 2019 amounted to RM0.26 million, down 13.8% from RM0.30 million in the preceding year. Innity posted revenue growth of 9.6% year-on-year to RM117.19 million compared with RM106.93 million in 2018. The increase in revenue was mainly contributed by its operations in Malaysia, Singapore, Vietnam, Indonesia, Hong Kong/ China, Philippines, South Korea and Cambodia. Despite the increase in revenue, Innity's PBT decreased by 45.4% to RM2.25 million compared with RM4.12 million in 2018 due to higher direct costs, staff costs and share of losses from its equity-accounted associates. Direct costs represent the costs paid to publishers based on rate card profit margin.

Overall, net profit attributable to shareholders for 2019 increased marginally by 4.2% to RM10.31 million from RM9.90 million in 2018. As highlighted earlier, this was primarily due to the slightly higher revenue and share of profits from equity-accounted associates. As the Group's 2019 financial performance indicated, the Group is sensitive to external factors and dependent on the performance of its associates. Earnings per share amounted to approximately 7.55 sen per share. The Board has recommended the payment of a final dividend of 4.0 sen per ordinary share to be paid after the forthcoming AGM.

Our financial position remains strong with net assets of RM325.82 million as at 31 December 2019, down slightly from RM328.59 million at the end of the previous year. On a per share basis, this translates to RM2.40 per share with the Company's share quoted at a price of RM1.45 as at 31 December 2019.

OVERVIEW OF INVESTMENTS AND CASH RESERVES

The Group's investments and cash reserves comprise of:

Group	**2019** **RM**	**2018** **RM**
Investments in associates		
- 104 Corporation	108,505,800	107,789,120
- Innity	12,439,438	12,181,069
	120,945,238	119,970,189
Financial assets at fair value through other comprehensive income		
- Lion Rock	34,200,967	38,379,607
- Asiatravel.com Holdings Ltd	-	-
- Nova Pharma Solutions Berhad	4,929,578	3,239,436
- Hastings Technology Metal	7,305,412	-
- Hup Seng Industries Berhad	676,620	-
- Equity Portfolio Fund	-	10,093,363
- Unquoted investments	3,005,558	2,448,954
	50,118,135	54,161,360
Financial assets at fair value through profit or loss		
- Money market unit trust funds	55,896,225	64,191,174
Cash reserves		
- USD	16,590,148	20,616,901
- HKD	16,547	1,701,072
- SGD	32,685,065	27,540,260
- RM	30,880,178	20,879,575
- Others	458,853	289,892
	80,630,791	71,027,700
	307,590,389	309,350,423

The performance of the Group's associates has already been detailed in the previous section of this report. The carrying value of the investments in associates on the Group's balance sheet increased marginally by 0.8% in 2019 to RM120.95 million. Against the Taiwan dollar, the Ringgit had weakened from TWD1:RM0.1354 as at end 2018 to TWD1:RM0.1364 as at end 2019 and this contributed to an increase of RM0.79 million in the carrying value of 104 Corporation on our balance sheet. In addition, while the share of profit from 104 Corporation for 2019 amounted to RM8.82 million, the dividend received from 104 Corporation during 2019 based on its 2018 net profit amounted to RM8.66 million. Although it does not benefit the Group's bottom line, the dividend from 104 Corporation provides liquidity for the Group to fund its annual working capital requirement without having to tap into the Group's reserves set aside for future investments. This is apparent from the Group's statements of cash flows for 2019 which shows that the dividends it receives from 104 Corporation, Lion Rock and other investments in quoted securities totalling RM11.97 million being more than sufficient to cover the RM3.23 million working capital utilised in 2019.

The largest investment under the FVOCI category is Lion Rock with a carrying value of RM34.20 million. Lion Rock is principally involved in the provision of printing services to international book publishers, trade, professional and educational conglomerates and print media companies. This is a stock that the Group had accumulated from 2011 to 2013, investing a total of RM2.98 million. However, in 2014, Cinderella Media Group Ltd which used to be the parent company of Lion Rock, rewarded its shareholders by declaring a dividend-in-specie of its stake in Lion Rock and spinning it off as a separate listed company on the Hong Kong Stock Exchange. As a result of that, the Group's stake in Lion Rock had increased by an additional 36.5 million shares in 2014. At the end of 2019, the Group held an equity interest of approximately 7.0% in Lion Rock. Lion Rock pays dividends regularly and for the financial year ended 31 December 2019, its dividend yield was 5.8%. The Group received RM2.82 million in dividends from Lion Rock during the year. At its AGM on 8 May 2020, Lion Rock's shareholders approved a final dividend of HK$0.04 per share as well as a special dividend by way of distribution in specie of shares in Left Field Printing Group Limited ("Left Field") on the basis of 1 Left Field share for every 16 shares for every share held in Lion Rock. The fair value of the Group's investment in Lion Rock had decreased by 10.9% in 2019, mainly due to the drop in its share price from HKD1.34 at the end of 2018 to HKD1.20 at the end of 2019.

Lion Rock's revenue for the year ended 31 December 2019 decreased by 3.5% to HK$1,607.0 million from HK$1,665.4 million in the previous year. The decrease was mainly driven by decrease in sales from subsidiaries Asia Pacific Offset Limited ("APOL") in the US and South American regions and a decline in printing spending from government agencies from Left Field in Australia. Lion Rock's business especially its China based printing operations continue to be impacted by the ongoing US-China trade war. The US imposed tariff on books printed in China since September. Even though the tariff was subsequently reduced to 7.5%, it has kickstarted the trend for publishing houses to diversity their print production away from China. Lion Rock reported a net profit attributable to shareholders amounting to HK$138.80 million in 2019, a decrease of 18.1% compared with 2018. Apart from the decrease in revenue, the decrease in net profit was also due to a decrease in share of profits from its associated company, The Quarto Group, Inc ("Quarto"), by 55.1% to HK$5.06 million in 2019 compared with HK$11.27 million in 2018. Lion Rock has an equity interest of 25.4% (subsequently increased to 31.6% in January 2020) in the London Stock Exchange listed associated company which is involved in the English language illustrated book publishing business in the US and UK. Despite the reduction in share of profit, Quarto had returned to profit for the first time since 2016. In the previous year, Lion Rock had equity-accounted the results of Quarter from 17 May to 31 December 2018 which was profitable while the company reported a loss for the full 2018 year. The 2018 losses were mainly driven by exceptional items related to its reorganisation. As at 31 December 2019, Quarto has net current liabilities of USD46.83 million mainly due to outstanding borrowings amounting to USD66.08 million which included a USD7 million loan note owed to Lion Rock. In January 2020, Quarto successfully raised USD16.5 million net of expenses to pay down bank debts and the bank facilities have also been extended to July 2021. The management of Quarto have warned of a possible material reduction in the group's revenues and results for 2020 due to the impact of the COVID-19 outbreak on the group. This could also lead to a breach of financial covenants with its lenders.

China's print manufacturing sector continue to decline due to the tightening of labour laws, diminishing low-cost labour pool and increasing content regulation. The ongoing US-China trade war and the recent coronavirus outbreak have fast tracked the supply chain diversification away from China. As part of the group's long-term diversification strategy, Lion Rock had on 25 February 2020 completed the acquisition of Papercraft Sdn Bhd, a Johor-based printing plant. The acquisition will not only expand its print capacity in South East Asia but together with the group's manufacturing footprint in China, Singapore and

Australia, the group's strategy is to be able to provide comprehensive service to their global customers, enabling them to launch book titles simultaneously in different parts of the world.

Asiatravel.com Holdings Ltd ("Asiatravel") is an online travel company that offers various travel products through its multi-channel distribution platforms. In 2018, several of its creditors had filed writ of summons and various demands against the company and one of its subsidiary. On 7 August 2018, the company and its subsidiary had filed applications with the High Court of the Republic of Singapore to seek a moratorium against enforcement actions and legal proceedings by its creditors, with the intention of subsequently proposing a scheme of arrangement ("S211B Applications") (through a series of multiple applications, the High Court had on 18 February 2020 granted a final extension of deadline to convene a meeting of creditors to 29 September 2020 and the moratorium to 27 October 2020). In addition, on 5 October 2018, the group received a notice from the Singapore Tourism Board ("STB") informing of its decision to suspend the group's travel agent licences (the licences were subsequently revoked sometime in November 2019). On 10 June 2019, Asiatravel announced that it had entered into a financing agreement with an investor to allow the companies to restart their operations. On 19 June 2019, Asiatravel had served writ of summons on an investor in China and on 3 October 2019, it had obtained default judgment in Singapore against the same investor for an outstanding sum of SGD7.35 million (at the time of writing, this sum has not been recovered). On the trading of its shares, the Singapore Stock Exchange had on 27 April 2020 granted Asiatravel an extension of time up to 27 October 2020 to submit a trading resumption proposal. In light of these negative developments, the Group has since 2018 reduced the carrying value of its investment in Asiatravel to zero.

In 2019, the Group decided to liquidate its Equity Portfolio Fund ("Equity Fund"), a discretionary mandate fund managed by a licensed firm of professional fund managers. This fund was started in 2012 with an initial injection of RM8 million which was subsequently increased by RM4.8 million in 2013 and decreased by RM5 million in 2014. This fund was mandated to invest for the long term in high dividend yield stocks in the region. Prior to the completion of the disposal in April 2019, the Equity Fund contributed dividend income to the Group amounting to RM0.40 million in 2019. The liquidation of the Equity Fund raised proceeds amounting to RM10.64 million with gains on disposal amounting to RM1.41 million. The after-tax annualised return of the Equity Fund from inception to disposal was approximately 7.9%.

The Group invested RM2 million in Nova Pharma Solutions Berhad ("Nova Pharma") on 29 December 2017. Nova Pharma was listed on the LEAP Market of Bursa Malaysia on 9 March 2018. Nova Pharma is principally involved in the provision of engineering solutions for the pharmaceutical and biotechnology industries focusing on the initial design and building phase of pharmaceutical and/or biotechnology plants. The engineering solutions provided by the company range from pre-design (feasibility study and site selection) to design (conceptual design, basic design and detailed design) to post-design (tendering, procurement and site supervision) to other supporting activities (GMP documents review and gap analysis and assessment). Some of the pharmaceutical and biotechnology plants that Nova Pharma has been involved in include oral solid dosage, biopharmaceutical manufacturing, vaccine filling and finishing as well as ophthalmic manufacturing. The company's principal markets are in Malaysia and Taiwan. For the year ended 31 December 2019, Nova Pharma reported unaudited revenue of RM6.30 million, representing a decrease of 20.3% from the previous year's revenue of RM7.90 million. The decrease in revenue was mainly due to lower contribution from local pharmaceutical projects. Profit after tax decreased by 48.3% in 2019 to RM1.12 million compared with RM2.16 million in 2018. The sharper decline in profit compared with revenue was due to lower profit margins from local pharmaceutical and advanced technology facilities projects and higher staff cost incurred for its newly incorporated subsidiary. As at end of 2019, the Group held an equity interest of 9.45% in Nova Pharma. Nova Pharma has declared an interim dividend of RM0.002 per share in December 2019 of which the Group received approximately RM28,000 in January 2020.

During the year, the Group made two new investments, one of which is in Hastings Technology Metals Limited ("Hastings"), an Australian Securities Exchange listed exploration and development company. The Group had, on 7 August 2019, subscribed for 20,700,000 new shares in Hastings for a total consideration of AUD3,519,000 (equivalent to RM10.14 million based on the exchange rate as at 7 August 2019 of AUD1:RM2.882). The subscription came with one free option for every two shares subscribed and each option is exercisable into one new share at an exercise price of AUD0.25 each. The options expire on 12 April 2022. As at 31 December 2019, the Group has an equity interest of 2.03% in Hastings. We wish to fully disclose that our CEO and major shareholder, Mark Chang, has a direct equity interest of 4.05% and a deemed interest of 7.92% in Hastings. The fair value of the Group's investment in Hastings had decreased by 28.0% by the end of 2019, mainly due to the drop in its share price from AUD0.17 at the point of investment to AUD0.115 at the end of 2019, in part due to a share placement exercise completed in December at a price of AUD0.143 per share and delays in meeting project milestones.

Hastings is currently developing the Yangibana Rare Earths Project ("Yangibana Project") in an area covering approximately 650 square kilometres located some 250 kilometres from Carnavon in Western Australia. Mining leases granted are for 50 square kilometres over 21 years. The Yangibana Project involves development, construction, mining and processing operations to produce Mixed Rare Earth Carbonate ("MREC") with high concentrations of Neodymium (Nd) and Praseodymium (Pr). These elements are essential raw materials used in the production of permanent magnets, critical in many high-tech products including electric vehicles, renewable energy wind turbines, robots, medical applications and others. Hastings aim to become the next significant producer of Neodymium and Praseodymium outside of China. The project's total capital expenditure is projected to be in the region of AUD593 million. Contract negotiations for the 10 years offtake with Schaeffler Group, a leading global automotive, aerospace and industrial supplier) slowed down considerably with the onset of the COVID-19 outbreak sweeping through Germany at early March. Besides Schaeffler Group, there are also ongoing discussions with other major users of permanent magnets in both Germany and Japan for long term offtake contracts. The project is dependent on Hastings being able to secure debt financing through a German government sponsored scheme for up to USD140 million which is conditional upon the signing of the Schaeffler offtake contract. The other major source of financing is an Australian government funded agency that is interested to fund a large part of the project's infrastructure cost of approximately AUD200 million. On 3 June 2020, Hastings announced that it has entered into a binding Master Agreement with Schaeffler Technologies AG for the targeted supply of its MREC.

The other new investment that the Group made in 2019 was in Hup Seng Industries Berhad ("Hup Seng"). During 2019, the Group had acquired 751,800 shares of Hup Seng for a total consideration of RM0.68 million at an average cost of RM0.90 per share. This Johor-based manufacturing company is no stranger to Malaysians, be it investors or consumers of their products. Hup Seng is listed on the Main Market of Bursa Malaysia Securities Berhad and the group is principally involved in the manufacture and sale of crackers/biscuits, confectionery food items and instant beverage mix products under brand names such as Cap Ping Pong, Hup Seng Cream Crackers, Naturell, Kerk and In-Comix. Hup Seng's products have been in the market for more than 60 years. Hup Seng Cream Crackers is the group's flagship product which is popular across generations of households. These crackers are nondescript yet continue to sell well owing to its affordability, great taste, simplicity and consistency in product quality. In general, consumers just trust the brand and its products. The Group registered slight revenue growth of 0.7% to RM309.54 million in 2019 from RM307.37 million in the preceding year. Profit after tax, however, decreased slightly by 3.3% to RM41.53 million from RM42.96 million in the preceding year mainly due to poorer margin in certain segment. Out of the total revenue of RM309.54 million, 72% was from domestic sales while export markets such as Thailand, Myanmar, Saudi Arabia, Indonesia, China and Singapore accounted for the remaining 28%. On product mix, biscuits accounted for 97% of total sales while beverages and other products made up the balance. About two thirds of biscuits revenue was dominated by sales of crackers. The challenges in the food industry are the increasing number of competitors offering more product offerings, intense price competition, changing purchasing habits of consumers and as witnessed recently, the impact of a virus outbreak on the retail industry. Food safety, hygiene and quality are major risk factors in the food industry, and any missteps in these could lead to lasting reputational damage. As at 31 December 2019, the fair value of the Group's investment in Hup Seng has not differed materially from its investment costs.

Looking at the table below, with the exception of Hastings, Asiatravel and to a lesser degree, Hup Seng, the fair value of the Group's investments in quoted securities including its listed associates as at 31 December 2019 are significantly above the Group's cost of investment. The unrealised gains, with the exception of 104 Corporation and Innity, have been recognised in Other Comprehensive Income ("OCI") at this stage. Pursuant to the MFRS 9 - *Financial Instruments*, the Group has elected to classify its equity investments as fair value through other comprehensive income ("FVOCI") where fair value changes on the Group's equity investments will continue to be presented in OCI but any cumulative gain or loss in OCI will be directly transferred to retained earnings upon the sale of the equity investments. The unrealised gains on 104 Corporation and Innity, as associates, have not been recognised at all.

	Cost of Investment RM	**Carrying Value RM**	**Fair Value RM**
104 Corporation^	75,256,303	108,505,800	167,037,486
Innity^	8,487,984	12,439,438	13,016,268
Lion Rock	17,799,453	34,200,967	34,200,967
Nova Pharma	2,000,000	4,929,578	4,929,578
Hastings	10,141,758	7,305,411	7,305,411
Hup Seng	678,367	676,620	676,620
Asiatravel	3,381,639	-	-
	117,745,504	168,057,814	227,166,330

^ Accounted for using the equity method pursuant to MFRS 128, *Investments in Associates and Joint Ventures*

The Group's treasury management objectives are to ensure there is available liquidity when needed and to preserve our long-term purchasing power to acquire investments. In that respect, the Group has decided that the main currencies that it will maintain are MYR, USD and SGD. While the Group will not convert existing MYR holdings into USD or SGD, a portion of any future foreign currency cash inflows such as dividends from 104 Corporation and Lion Rock will be converted into USD and SGD and deposited into interest bearing accounts. Although this may result in volatility in our P&L as seen in our 2016 and 2017 results, the Group does not intend to actively manage or trade currency positions nor engage in any speculative activities. The need to preserve our purchasing power came to the fore in late March 2020 when the Ringgit weakened to RM4.44 to the dollar in tandem with the fall in oil prices. The Group's MYR holdings are placed in interest bearing bank deposits and money market unit trust funds. Towards the end of 2018, the government of Malaysia announced the abolishment of tax exemption on interest income earned by wholesale money market funds. To maximise yields, the Group transferred funds placed with wholesale money market funds into fixed deposits and retail money market funds. Recently on 17 April 2020, the Ministry of Finance had announced the extension of the tax-exempt status of retail money market funds to 1 July 2021.

At the May 2019 policy meeting, Bank Negara had cut the Overnight Policy Rate ("OPR") by 25 basis points ("bps") to 3.00%. In the first five months of 2020, Bank Negara had already cut OPR by another three times: 25bps to 2.75% in January, 25bps to 2.50% in March and a further 50bps to 2.00% in May to cushion the economic impact of the pandemic on businesses and households and support the improvement in economic activity. These monetary policy actions by the central bank will mean lower yields on the Group's Ringgit holdings in 2020 and possibly beyond.

While the Group manages its treasury function conservatively to safeguard the Group's interests, the focus of the Board and management is still on identifying new strategic investments and/or developing a broad portfolio of investments which can contribute to the future growth of the Group. To be able to capitalise on any opportunities as and when they arise without sacrificing unduly on the Group's returns on its reserves, the Group will need to maintain an appropriate mix of long and short-term investments and cash.

FUTURE PLANS AND PROSPECTS

The COVID-19 global pandemic has brought the world's economies to a grinding halt quite literally. As it is, the global economy was already slowing due to the ongoing US-China trade war and other geopolitical risks. The threat of a novel coronavirus that can spread swiftly has brought on further serious economic and social implications. "Unprecedented", "lockdown", "social distancing", "new normal" and "flattening the curve" are just a few of the catch phrases synonymous with the pandemic and which describe the reality that we live in now. The pandemic outbreak with the resulting lockdowns and closure of borders, have disrupted supply chains, decreased consumption amidst lower household income, increased the prospect of lay-offs and even closure of businesses. Business confidence and consumer sentiment have hit lows for the modern era. Domestically, as an oil revenue reliant nation, our economy and currency were negatively impacted by the crash in oil prices to below $25 a barrel in March and even briefly below $20 in April. In addition, the local economy has had to contend with an unexpected change in government in February just days prior to a wave of infections hitting the country, adding political risks in the fray.

A sea of red is seen across the globe as countries released their Q1 figures. An advance GDP report showed the US economy shrinking 5% in the first quarter, its worst reading since the 2008 global financial crisis. In mid-April, China said its economy shrank 6.8% in Q1, its first contraction since 1976. Similarly, Singapore's Q1 GDP contracted 2.2%, South Korea by 1.4%, Hong Kong by 8.9%, eurozone by 3.1% and Japan by 2.2%. Thankfully, Taiwan's Q1 GDP expanded by 1.59%. Malaysia's economy reportedly lost RM2.4 billion per day from the Movement Control Order ("MCO") with estimated losses so far from the MCO to be approximately RM63 billion. The unemployment rate rose to 5% in April from 3.9% in March and 3.3% in February and 3.4% in March 2019. On 13 May, Malaysia reported that its Q1 GDP had moderated sharply to 0.7%. Bank Negara is projecting a -2% to 0.5% GDP growth for the whole of 2020 after expanding by 4.3% in 2019. The IMF is expecting a recession in 2020 that is at least as bad as during the global financial crisis in 2009, and is projecting a recovery in 2021. The economic impact of COVID-19 is, however, expected to be partly mitigated by the significant monetary and fiscal stimulus measures introduced by authorities across the world. The US Federal Reserve, for example, has in April announced that it will pump USD2.3 trillion to prop up the American economy. Locally, four economic stimulus packages totalling RM315 billion have been announced by the Malaysian government.

Stock markets across the world saw increased volatility fuelled by fears of the spread of COVID-19. From 24 to 28 February, stock markets worldwide reported their largest one-week declines since the 2008 financial crisis. Global markets into early March became extremely volatile, with large swings occurring in global markets. On 9 March, most global markets reported severe contractions, mainly in response to the COVID-19 pandemic and an oil price war between Russia and the OPEC countries led by Saudi Arabia. Three days later, there was another drop where markets across Europe and North America fell more than 9%. Despite a temporary rally on March 13, all three Wall Street indexes fell more than 12% when markets re-opened on March 16. By the end of March, global stocks have seen a downturn of at least 25% from their February peaks, and 30% in most G20 nations but a market rally has already begun. Just as swiftly as markets fell in March, the markets rebounded in April continuing into June, despite the negative impact of the pandemic on economies worldwide. The market rally was fuelled by a combination of factors such as reduction in number of infections, news of progress in the search for a vaccine, government intervention measures, economic stimulus packages, agreement to cut oil production and technology stocks positively impacted by the work-from-home trend and more people staying at home. If there is anything that these market swings prove, it is that future market direction is incredibly hard to predict, as is the COVID-19 crisis. Going forward, the markets may be influenced by further government intervention, developments positive or otherwise in the fight against COVID-19, infection numbers, prolonged lockdowns, corporate results, developments in the US-China trade war, secondary outbreaks after the easing of restrictions and even the negative consequences, if any, of rising sovereign debt worldwide.

COVID-19 has not changed our strategy which is to develop a broad portfolio of long-term investments that can generate dividend income at targeted yields which in return can be paid onwards to our shareholders. At the onset of the present economic crisis, we are fortunate to be in a cash rich position, after holding back on any material investments in the last 5 years. While the current economic crisis presents the Group with buying opportunities, rest assured, our Investment Committee is treading cautiously and together with management, we have identified suitable potential targets and set their target prices conservatively. The Investment Committee has also come up a with portfolio allocation to ensure that we do not put all our eggs in one basket and to diversify our portfolio across several investments that present different risk levels. We will do the best we can but we do not know how long the present crisis will last. As a long-term investor, we do not focus so much on short term price fluctuations and are confident that in the long run, our investments will achieve the targeted returns as long as we continue to invest in companies and businesses with good fundamentals. Certainly, it is easier said than done, and something like the COVID-19 is so unprecedented that even experts and analysts do not know the magnitude and reach of its economic and social impact.

We are certainly aware of the possibility that any one of our present or future investments could turn bad should COVID-19 and the recession prolong. In the case of Hastings, the recession could slow down its plan for commercial production and affect its ability to secure future financing. As for 104 Corporation, a recession may reduce hiring activities which will negatively impact its job portal business. Advertising budgets tend to be cut in a recession and this will negatively impact Innity's business. In the case of Lion Rock, demand for books and publications may decrease and this will hit its printing and publishing businesses. The saving grace is that most of these investments, save for the recent ones such as Hastings and Hup Seng, were acquired many years back at much lower valuations. Our corporate results in the near and medium term may be negatively impacted by a decline in the share of results from 104 Corporation and Innity, as will a decline in dividend incomes from the other investments and a reduction of interest income on our cash. Any temporary dip in the fair value of any of these investments will not hurt our P&L as the movements are accounted for under equity. It will however reduce our net asset value. Being able to recognise a full year's rental income from our tenant will help to partially mitigate any potential loss of income from our investments and cash. In any case, the Group has the financial wherewithal to withstand a significant and prolonged downturn and will use this time to acquire new investments should valuations become really attractive.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is fully committed to developing and maintaining high standards of corporate governance by implementing the principles and recommendations of the Malaysian Code of Corporate Governance ("MCCG"). It recognises that the principles of good corporate governance and business integrity are fundamental to the goals of enhancing shareholder value and protecting the interests of all stakeholders.

The Board is pleased to report to shareholders, the Company's application of the following three key principles of the MCCG during the financial year ended 31 December 2019:

Principle A Board leadership and effectiveness;
Principle B Effective audit and risk management; and
Principle C Integrity in corporate reporting and meaningful relationship with stakeholders.

The application of each Practice set out in the MCCG has been detailed in the Corporate Governance Report which can be found on the Group's website at www.jcbnext.com as well as via an announcement on the website of Bursa Malaysia.

A. BOARD LEADERSHIP AND EFFECTIVENESS

Roles and Responsibilities of the Board

The Board is responsible for establishing the Group's goals and strategic plans, setting targets for Senior Management and monitoring the achievement of those goals and targets. The Board also oversees the process of evaluating the adequacy and effectiveness of the system of internal controls and risk management processes.

The roles and responsibilities of the Board are clearly defined in the Board Charter, which is available on the Group's website at www.jcbnext.com. The Board Charter further defines the roles and responsibilities of the Chairman, Chief Executive Officer ("CEO") and various Board Committees.

The Board assumes the following specific duties and responsibilities:

a) Ensure that the strategic plan of the Group support long-term value creation and includes strategies on economic, environmental and social consideration underpinning sustainability;

b) Review, challenge and decide on management's proposals for the Group and monitor its implementation by management;

c) Overseeing and evaluating the conduct of the Group's businesses;

d) Supervise and assess the Management's performance to determine whether the business is being properly managed;

e) Understand the principal risks of the Group and recognise that business decision involve the taking of appropriate risk;

f) Establishing a succession plan including appointing, training, fixing the compensation of and where appropriate, replacing Executive Directors and Senior Management;

g) Ensure senior management has the necessary skills and experience and there are measures in place to provide for the orderly succession of board and senior management;

h) Developing and implementing an investors relations programme or shareholder communication policy;

i) Ensure there is a sound framework for internal controls and risk management;

j) Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;

k) Set the risk appetite within which the Board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;

l) Together with senior management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;

m) Strategic planning, overseeing financial and operational performance, monitoring risk management processes, merger and acquisition activities and reviewing the adequacy of internal control systems;

n) Ensure the Group has in place procedures to enable effective communication with stakeholders; and

o) Ensure the integrity of the Group's financial and non-financial reporting.

The Board reserves full decision-making powers on the following matters:

a) Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions;

b) Material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures;

c) Strategic investments, mergers and acquisitions and corporate exercises;

d) Authority levels;

e) Treasury policies;

f) Risk management policies; and

g) Key human resource issues.

Board Charter

The Board has formalised a Board Charter which serves as a source of reference for Directors. This Board Charter is to promote high standards of corporate governance and is designed to provide guidance and clarity for Directors and Senior Management with regards to the role of the Board and its committees, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Group as well as the Board's processes and procedures. The Board periodically reviews and updates the Board Charter where appropriate. The Board Charter is published on the Group's website at www.jcbnext.com.

Clear Functions of the Board and Senior Management

The Board is responsible for the overall performance of the Group by setting goals, policies and targets while Senior Management, led by the CEO, is responsible for managing the day to day running of the Group's business activities as well as the implementation of Board policies and decisions. For the avoidance of doubt, the Board Charter which can be found on the Group's website at www.jcbnext.com, contains a section identifying matters reserved for the decision of the Board.

The Board delegates certain responsibilities to the Board Committees to assist in the discharge of its responsibilities. The role of Board Committees is to advise and make recommendations to the Board. Standing committees of the Board include the Nomination Committee, the Audit and Risk Committee (please refer to the Audit and Risk Committee Report set out on pages 37 to 39 of this Annual Report), the Remuneration Committee and the Investment Committee.

Chairman and CEO

The Chairman and CEO roles are undertaken by separate persons. The Chairman role is helmed by Datuk Ali bin Abdul Kadir, a Non-Independent Non-Executive Director. The responsibilities of the Chairman and the CEO are clearly divided in accordance with the requirements of the MCCG. Datuk Ali, as the Chairman, is responsible for running the Board and ensuring that all Directors receive sufficient information to enable them to participate actively in Board decisions. Datuk Ali is also the Senior Non-Independent Non-Executive Director designated to clarify matters or enquiries that may be raised by shareholders or investors. Executive management is led by Mr. Chang Mun Kee who as the CEO is responsible for the day to day management of the business as well as the implementation of Board policies and decisions.

Code of Ethics

The Board has adopted and implemented a Code of Ethics for Directors of the Company and its subsidiaries ("Code of Ethics") which can be found on the Group's website at www.jcbnext.com. The Code of Ethics is intended to focus the Board and each Director on areas of ethical risk, provide guidance to Directors to help them recognise and deal with ethical issues, provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability.

The Code of Ethics establishes a standard of ethical behaviour for Directors based on acceptable belief and values. It also includes guidance on relationship with shareholders, employees, creditors and customers and the standard of conduct with regards to social responsibilities and the environment.

The Board further acknowledges its role in establishing a corporate culture comprising ethical conduct within the Group. Senior Management and employees are guided by policies on acceptable conduct and ethics as contained in the Group's Code of Business Conduct and Ethics and employee handbook.

To enhance corporate governance practices across the Group, a Whistle-Blowing Policy was adopted which provides Directors, officers, employees and stakeholders of the Group with an avenue to report suspected improprieties such as illegal or unlawful conduct, contravention of the Group's policies and procedures, acts endangering the health or safety of any individual, public or employee, and any act of concealment of improprieties. The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the person filing the report, to the extent possible, be protected from reprisal, victimization, harassment or subsequent discrimination. The Whistle-Blowing Policy can be found on the Group's website at www.jcbnext.com.

Any person who wishes to report a suspected impropriety may submit his/her report to the Audit and Risk Committee via jcbwhistle@gmail.com. This is a secure email address accessible only by the Audit and Risk Committee members. During the year under review, there were no cases reported to the Audit and Risk Committee.

Promote Sustainability

The Board is aware of the importance of business sustainability and ensures that there is a plan for promoting sustainability in the development of the Group's strategies, by balancing the environmental, social and governance aspects of business with the expectations of its various stakeholders. The need to promote sustainability is enshrined in the Board Charter. More details of the Group's efforts in incorporating sustainability in its business operations can be found in the Sustainability Statement on pages 34 to 36 of the Annual Report.

Access to Information and Advice

Directors receive a set of Board papers at least one week prior to each Board meeting. This is to enable the Board to study matters to be discussed and obtain further explanations, where necessary, before the meeting. Directors also have full access, whether as full Board or in their individual capacity, to all information and Senior Management within the Group including that relating to financial, operational and technology matters.

As provided in the Board Charter, Directors are entitled to obtain independent professional advice, whether as full Board or in their individual capacity, where necessary, in the furtherance of their duties and at the Group's expense. The procedure to seek the Board's approval for such independent professional advice is specified in the Board Charter.

Qualified and Competent Company Secretaries

The Board has direct access to the advice and the services of the Company Secretaries who are responsible for ensuring that Board procedures are followed. The Board is satisfied that the current Company Secretaries are suitably qualified and competent to carry out their duties to ensure effective functioning of the Board. The removal and appointment of a successor, as permitted under their terms of appointment, is a matter for the Board to decide. The Company Secretaries ensures that all Board meetings are properly convened and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and maintained in the statutory register at the registered office of the Company.

Board Composition

The Board consists of four (4) members, comprising one (1) Non-Independent Non-Executive Chairman, one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors. A brief profile of each Director is presented on pages 5 to 6 of this Annual Report. Collectively, the Board members provide an effective Board with a mix of industry-specific knowledge and broad business, financial, regulatory and technical experience. Furthermore, there is effective check and balance on the Board, with all of the Board members being Non-Executive Directors. The Board is satisfied that the current Board composition fairly reflects the interests of minority shareholders in the Company and provides the appropriate balance and size to govern the Company effectively.

Nomination Committee

The Nomination Committee comprised of the following members:

Chairman	:	Teo Koon Hong *(Independent Non-Executive Director)*
Members	:	Lim Chao Li *(Non-Independent Non-Executive Director)*
		Cindy Eunbyol Ko *(Independent Non-Executive Director)(Appointed on 27 June 2019)*

The Nomination Committee consists entirely of Non-Executive Directors with the majority being independent. The Committee assists the Board, amongst others, in ensuring that the Board comprises Directors with the appropriate mix of skills and experience, as well as to ensure a proper balance between Executive Directors and Independent Non-Executive Directors. The terms of reference of the Nomination Committee is available on the Group's website at www.jcbnext.com.

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to re-election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one-third of the Board is subject to re-election at regular intervals and at least once in every three years.

The Nomination Committee recommended to the Board on the endorsement of the retiring Directors, Datuk Ali bin Abdul Kadir and Ms. Cindy Eunbyol Ko, for re-election at the forthcoming Sixteenth Annual General Meeting ("AGM") pursuant to Clause 96 and Clause 103 of the Constitution of the Company respectively.

During the financial year under review, two (2) meetings were held which was attended by all its members.

A summary of activities undertaken by the Nomination Committee during the financial year are as follows:

(i) Reviewed and assessed the performance, effectiveness, mix of skills and experiences of the Board and the respective Board Committees as a whole and the respective contributions of each individual Director for the year 2018;
(ii) Proposed to recommend to the Board the re-election of Directors who would be due to retire at the next AGM;
(iii) Reviewed the training undertaken by individual Directors;
(iv) Reviewed and assessed the independence of Independent Directors and their tenure of service;
(v) Reviewed and assessed the term of office and performance of the Audit and Risk Committee and its members;
(vi) Evaluated the proposed nomination of Ms Cindy Eunbyol Ko as Independent Non-Executive Director;
(vii) Discussed and recommended the proposed re-designation of Datuk Ali bin Abdul Kadir from Independent Non-Executive Director to Non-Independent Non-Executive Director;
(viii) Reviewed the resignation of Mr. Chang Mun Kee as Executive Director of the Company and member of the Remuneration Committee; and
(ix) Reviewed and recommended changes to the composition of Board Committees.

Criteria for recruitment and assessment

The Nomination Committee identifies and recommends to the Board suitable candidates for appointment to the Board and Board Committees. In recommending candidates whether men or women for appointment to the Board, the Nomination Committee assesses the candidates' background, experience, competencies, existing commitments and the ability to contribute and add diversity (including gender diversity) to the Board. While the Board does not have a specific policy on gender diversity, the Nomination Committee acknowledges the need to promote gender diversity in accordance with Practice 4.5 of the MCCG and has, on 22 April 2019, set a target of attaining 20% women directors. This target has been achieved with the appointment of Ms Cindy Eunbyol Ko to the Board on 27 June 2019.

On appointment, Non-Executive Directors are briefed on the Group's business and the competitive environments in which it operates. The Company will also arrange for the newly appointed Director to attend the Mandatory Accreditation Programme.

The Nomination Committee is also responsible for assessing on an annual basis, the effectiveness of the Board, its Committees and the contribution of each individual Director including Independent Non-Executive Directors as well as the CEO.

For Board and Board Committee assessments, the criteria include board structure and operation, relationship with management, roles and responsibilities and the role of the Chairman. The criteria for self-assessment covers areas such as contributions to matters discussed, willingness to probe management and personality traits which contribute to the effectiveness of the Board. The independence of Independent Directors were assessed based on the criteria prescribed in the Listing Requirements, relationship or arrangement with any director, officer or major shareholder, if any, and the involvement of immediate family members with the Group.

All assessments and evaluations carried out by Nomination Committee in the discharge of all its functions are properly documented. The annual assessment of the Board for the financial year ended 31 December 2019 was conducted on 25 February 2020. The Nomination Committee was satisfied that the size, structure and composition of the Board remained appropriate and concluded that the Board and Board Committees generally have a good mix of skills, knowledge, experience and professional qualifications required to contribute positively to the Group and was operating in an effective manner and that each Director continued to make effective contributions to the work of the Board.

Remuneration Committee and Remuneration of Directors and Senior Management

The Remuneration Committee is comprised of the following members:

Chairman : Lim Chao Li *(Non-Independent Non-Executive Director)*
Members : Teo Koon Hong *(Independent Non-Executive Director)*
Cindy Eunbyol Ko *(Independent Non-Executive Director)(Appointed on 27 June 2019)*

The Remuneration Committee consists wholly of Non-Executive Directors. The Remuneration Committee is responsible for recommending to the Board the remuneration framework for Directors as well as reviewing the remuneration package for Executive Directors and senior management. The policy practiced on Directors' remuneration is to provide the remuneration packages needed to attract, retain and motivate Directors of the quality required to manage the business of the Group and to align the interests of the Directors with those of the shareholders, without paying more than is necessary for this purpose.

None of the Executive Directors participated in any way in determining their individual remuneration. Executive Directors' remuneration is linked to their performance.

The Board as a whole determines the fees for the services of Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. In deciding an appropriate level of fees for each Non-Executive Director, the Board will take into consideration the responsibility and time commitments based on the number of expected Board meetings, special meetings and the time required for reading Board and other papers, whether as Independent Directors or otherwise, and the membership and chairmanship of Board Committees.

The Remuneration Committee meets as and when required. For the financial year under review, one (1) meeting was held and was attended by all its members. The Remuneration Committee reviewed and recommended to the Board, the remuneration of the Executive Director and key senior management officers and the fees of the Directors for shareholders' approval at the AGM of the Company.

The Remuneration Policy and Procedure of Directors and Key Senior Management is available on the Group's website at www.jcbnext.com.

The details of the remuneration of the Directors received/ receivable from the Group and the Company for the financial year ended 31 December 2019 are set out below:

	Fees RM	Salaries and bonuses RM	Meeting allowances RM	Others (Note) RM	Total RM
Executive Director					
Chang Mun Kee (up to 26 June 2019)	-	270,580	-	32,470	303,050
Non-Executive Directors					
Datuk Ali bin Abdul Kadir	68,000	-	6,000	-	74,000
Teo Koon Hong	64,000	-	10,500	-	74,500
Lim Chao Li	60,500	-	10,500	-	71,000
Cindy Eunbyol Ko (appointed on 27 June 2019)	30,000	-	5,500	-	35,500
Total	**222,500**	**270,580**	**32,500**	**32,470**	**558,050**

Note:
Others comprise of allowances, contribution to the Employees Contribution Fund and benfits-in-kind.

The details of the remuneration of Senior Management (comprising salary, bonus and other emoluments) for the financial year ended 31 December 2019 in bands of RM50,000 are set out below:

	Designation	**RM**
Chang Mun Kee	Chief Executive Officer	600,001-650,000
Wong Siew Hui	Chief Technology Officer	450,001-500,000
Gregory Charles Poarch	Chief Financial Officer	350,001-400,000

Note:
The Group has only 14 employees as at 31 December 2019. Mr. Wong Siew Hui and Mr. Gregory Charles Poarch together with Mr. Chang Mun Kee, form the senior management team.

Independent Directors

The Independent Non-Executive Directors on the Board are of sufficient calibre and experience to bring objectivity, balance and independent judgment to Board decisions. They constitute half of the membership of the Board. This helps to ensure that the highest standards of corporate governance, ethical conduct and integrity are maintained by the Company to the benefit of all stakeholders.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day running of the Group. They bring an external perspective, constructively challenge and advise on strategic planning, monitor the performance of Senior Management in meeting approved goals and objectives, and monitor the risk profile of the Group's business and the reporting of quarterly business performances.

The Board assesses the independence of the Independent Directors on an annual basis by taking into account the individual Director's ability to exercise independent judgment at all times and based on the criteria set out in the Listing Requirements.

The Nomination Committee noted Practice 4.2 of the MCCG which states that the tenure of an independent director should not exceed a cumulative term of nine years and upon completion of the nine years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director. Practice 4.2 of the MCCG further states that if the board intends to retain an independent director beyond nine years, it should justify and seek shareholders' approval and if the board continues to retain an independent director after the twelveth year, the board should seek shareholders' approval through a two-tier voting process. Datuk Ali bin Abdul Kadir had, at the Nomination Committee meeting held on 26 February 2019, expressed his intention to be re-designated as Non-Independent Non-Executive Director due to his long tenure as an independent director of the Company. Following the Fifteenth AGM held on 27 June 2019, Datuk Ali bin Abdul Kadir was re-designated as Non-Independent Non-Executive Director and continues to serve on the Board as the Non-Independent Non-Executive Chairman.

Based on the assessment carried out on 25 February 2020 for the financial year ended 31 December 2019, the Board is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Group.

Time commitment of Directors

Directors are expected to give sufficient time and attention to carry out their responsibilities. The Board charter sets out a policy where a director shall notify the Chairman officially before accepting any new directorships in other companies and the notification shall explain the expectation and an indication of time commitment that will be spent on the new appointments.

Based on the assessment carried out on 25 February 2020 for the financial year ended 31 December 2019, the Board is satisfied with the level of commitment demonstrated by individual Board members.

The Board plans at least four scheduled meetings annually, with additional meetings to be held, as and when necessary. The Board met six (6) times for the financial year ended 31 December 2019 and the summary of attendance at the Board Meetings held is as follows:

Directors	Number of Board Meetings	
	Held	**Attended**
Datuk Ali bin Abdul Kadir (Chairman)	6	6
Teo Koon Hong	6	6
Lim Chao Li	6	6
Cindy Eunbyol Ko (appointed on 27 June 2019)	2	2

Directors' Training

The Board, via the Nomination Committee, assesses the training needs of its Directors on an ongoing basis, by determining areas that would best strengthen their contribution to the Board.

All Directors have attended and completed the Mandatory Accreditation Programme (MAP) conducted by Bursatra Sdn Bhd in compliance with the Listing Requirements.

In addition, during the financial year under review, all Directors attended various forums, programmes, workshops and seminars as follows:-

1. JcbNext Berhad Board of Directors Training on Preparing Ahead for Corporate Liability Provision MACC Amendments Act 2018) by Boardroom Corporate Services (KL) Sdn Bhd
2. Outlook & Development of Property Industry in Malaysia; Amendments to MACC Act 2009 – Corporate Liability by ENRA Group Berhad
3. MACC (Amendment) Act 2018 – Preparation of Corporate Liability on Corruption by ENRA Group Berhad
4. Islamic Finance for Board of Directors by ISRA Consultancy
5. Institutional Clients Group Credit Risk, Anti-Money Laundering and Sanctions and Liquidity Risk by Citibank
6. The Malaysian Private Equity Forum 2019 by Ekuinas
7. Case Study Workshop for Independent Directors by SIDC
8. Directors Summit 2019 by ICDM
9. Glomac Directors & Senior Management In-House Training by Glomac Berhad
10. Talk on Inequality, Imbalances & Instability – The New Normal? by Professor Pushan Dutt, INSEAD
11. Briefing Session of Bank Negara Malaysia Annual Report 2018/ Financial Stability and Payments Systems Report 2018
12. Talk on the State of AI in Banking by Ms Ng Zhi Ying, Forrester
13. Financial Industry Conference by Bank Negara Malaysia
14. Masterclass on Cybersecurity: Unseen Threats by FIDE Forum
15. Talk on Cyber Threat Awareness: What Boards Need to Know by Mr Clement Arul, Vigilant Asia
16. Regional Conference on Climate Change by Bank Negara Malaysia
17. Briefing on Islamic Finance: Financial Inclusionand Socially Responsible Investment by Dr Aznan Hassan, Association of Shariah Advisors, IIUM
18. Talk on Redesigning Customer Service for Superior Customer Experience by Mr Riccardo Pasto, Forrester
19. Investment Outlook Seminars by Citibank Singapore
20. Investment Outlook Seminars by Bank of Singapore
21. Investment Outlook Seminars by Julius Baer
22. Workshop on Foreign Exchange by Citibank Singapore

The Directors are also encouraged to attend other training programmes as may be prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities") from time to time to enable them to discharge their responsibilities as directors more effectively.

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Committee

The Board has established an effective and independent Audit and Risk Committee which comprises of two (2) Independent Non-Executive Directors and a Non-Independent Non-Executive Director to assist in overseeing the Group's financial reporting process. The Chairman of the Audit and Risk Committee is not the Chairman of the Board to avoid the impairment of objectivity in the Board's review of the Audit and Risk Committee's findings and recommendations. Collectively, the Audit and Risk Committee possesses vast experience and the necessary skills to enable it to discharge its duties effectively. In particular, every member of the Audit and Risk Committee are accountants by profession and are currently or have served in senior finance roles. Their invaluable experience and backgrounds in finance will enable them to understand matters under the purview of the Audit and Risk Committee including the financial reporting process, internal controls, risk management and governance.

The Audit and Risk Committee is positioned to critically assess the Group's financial reporting process, transactions and other financial information, and where necessary, to challenge management's assertions on the Group's financials. To achieve this, the Audit and Risk Committee demonstrates vigilance and professional skepticism towards, among others, detection of any financial anomalies or irregularities in the financial statements and does not hesitate to request further clarification from the management team. Apart from ensuring the financial statements of the Group are drawn up in accordance with regulatory requirements and applicable accounting standards in Malaysia, the Audit and Risk Committee will also ascertain that the financial statements taken as a whole provide a true and fair view of the Group's financial position and performance.

All members of the Audit and Risk Committee are required to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules and regulations. During the financial year under review, members of the ARC attended training programmes on various subject matters such as regulatory, investment, risk management, corporate governance and other business related programmes.

Compliance with applicable financial reporting standards

While the Audit and Risk Committee is tasked to oversee the Group's financial reporting process, ultimate responsibility for the Group's financial reporting process rests with the Board. In presenting the annual audited financial statements and interim financial results, the Board takes responsibility to ensure that these financial statements are drawn up in accordance with regulatory requirements and applicable financial reporting standards in Malaysia.

The Statement by Directors pursuant to Section 251 (2) of the Companies Act 2016 is set out on page 114 of this Annual Report and the Statement explaining the Directors' responsibility for preparing the annual audited financial statements pursuant to paragraph 15.26 (a) of the Listing Requirements is set out on page 43 of this Annual Report.

Assessment of suitability and independence of External Auditors

The Audit and Risk Committee meets with the External Auditors privately without the presence of Executive Directors and management twice a year and whenever necessary, to exchange independent views on matters which require the Audit and Risk Committee's attention.

The Audit and Risk Committee considered the non-audit services provided by the External Auditors during the financial year ended 31 December 2019 and concluded that the provision of these services did not compromise the External Auditors' independence and objectivity. Please refer to page 42 of the Annual Report for the amount of audit fees and non-audit fees paid or payable to the External Auditors, including any firm or corporations affiliated to the External Auditors, by the Company and the Group for the year ended 31 December 2019.

The External Auditors have confirmed to the Audit and Risk Committee that they are not aware that their firm, the engagement partner, the engagement quality control reviewer and members of the audit engagement team are not, and have not been, independent for the purpose of the external audit in accordance with the By-Laws of the Malaysian Institute of Accountants.

At the Audit and Risk Committee held on 28 May 2020, the Audit and Risk Committee assessed the suitability and independence of the External Auditors and have recommended to the Board to propose to shareholders at the forthcoming AGM the reappointment of the External Auditors to hold office for the ensuing year.

Risk Management and Internal Control

The Board has overall responsibility of maintaining a system of internal controls, which provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as with internal policies and procedures.

The Board recognises that risks cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimizing and managing them and to provide reasonable and not absolute assurance against material misstatement, loss or fraud.

Enterprise Risk Management Framework

The Board through the Audit and Risk Committee has adopted the Enterprise Risk Management Framework to have a common strategic and formal approach to risk management so as to improve decision making, enhance outcomes and accoutability. The Enterprise Risk Management Framework sets out the Group's risk management strategy, risk profile, risk assessment processes, risk communication and action plans. The Enterprise Risk Management Framework as implemented by the Group is in line with *Enterprise Risk Management: Integrating with Strategy and Performance*, an internationally recognised risk management framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

A Risk Management Working Committee assists the Audit and Risk Committee and the Board in identifying, mitigating and monitoring critical risks. The Working Committee is responsible for implementing risk management policies and strategies approved by the Board. It monitors and manages the principal risk exposures by ensuring that necessary steps have been taken to mitigate such risks and recommends actions where necessary. The Working Committee reports to the Audit and Risk Committee on a quarterly basis.

The Statement on Risk Management and Internal Control as set out on pages 40 to 41 of this Annual Report provides an overview of the management of risks and state of internal controls within the Group.

Internal audit function

The Board acknowledges their responsibility to maintain a system of internal control and risk management. The Board seeks regular assurance on the continuity and effectiveness of the internal control and risk management system through independent review by the Internal Auditors.

The internal audit function has been outsourced to PKF Advisory Sdn. Bhd., an external professional firm of consultants who is independent of management and reports directly to the Audit and Risk Committee. The internal audit function provides reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively. The Internal Auditors adopt a risk-based approach towards the planning and conduct of their audits, and this is consistent with the Group's framework in designing, implementing and monitoring its internal control system.

The activities of the Internal Auditors during the financial year are set out in the Audit and Risk Committee Report on page 39 of the Annual Report.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Corporate disclosure policy and investor relations

The Group strives to maintain its corporate credibility and instil investor confidence in the Group by practising a structured approach in corporate disclosure and investor relations activities. The Group has formalised a Corporate Disclosure and Investor Relations Policy which sets out the principles of communication and disclosure, handling of material and confidential information, step-by-step disclosure process, various mediums of communication approved by the Board and policies and procedures with regards to the handling of material information, confidential information, rumours and reports and forward-looking information.

As part of the Group's investor relations programme, discussions will be held between senior management and analysts/investors throughout the year. When necessary, presentations based on permissible disclosures are made to explain the Group's performance. Price-sensitive information about the Group is, however, not disclosed in these exchanges until after the prescribed announcement to Bursa Securities has been made.

Subsequent to the sale of the online job portal business in 2014, Management has not conducted any of such meetings and instead, relied on the Company's AGM, website, annual and quarterly reports and announcements made to Bursa Malaysia Securities Berhad as the primary means of communicating with shareholders, investors and analysts.

Leverage on information technology for effective dissemination of information

The Group's website, www.jcbnext.com, provides an alternative communications avenue, targeted at presenting an overview of the Group's business, management, operations, governance as well as updates on financial performance not just to shareholders but all other stakeholders comprising jobseekers, customers, employees and members of the public. The website is updated continually. In addition, the Group's website provides a facility for shareholders and stakeholders to register themselves to receive email alerts of new information posted on the website.

Shareholders and investors may also forward their queries to the Company via email to ir@jcbnext.com.

Dialogue with shareholders

The Company's annual and extraordinary general meetings provide a vital platform for both private and institutional shareholders to share viewpoints and acquire information on issues relevant to the Group. At the AGM and EGM, shareholders will be encouraged to raise questions on the resolutions being proposed or on the Group's business operations in general. As the Company does not have a large number of shareholders and its AGM is held in Kuala Lumpur every year, the use of technology to faciliate remote shareholders' participation including voting in absentia is not necessary at the current time. For the benefit of shareholders who are not able to attend the AGM, a summary of key matters discussed at the AGM will be published on the Group's website at www.jcbnext.com as soon as practicable after the conclusion of the AGM.

Encourage shareholder participation at general meetings

The Notice of the forthcoming Sixteenth AGM together with the Annual Report will be sent to shareholders at least 28 days prior to the AGM which will be held on 17 July 2020. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. Items of special business included in the Notice of AGM will be accompanied by an explanation of the proposed resolutions.

At each meeting, the Board will be obliged to address any questions and concerns raised by shareholders in respect of the matters listed in the Notice of AGM.

Poll voting

Pursuant to Paragraph 8.29A of the Listing Requirements, all resolutions set out in the notice of any general meeting held on or after 1 July 2016 shall be voted by poll. An independent scrutineer shall be appointed to undertake the polling process. In satisfaction of this requirement, all resolutions at the forthcoming AGM shall be voted by poll.

Effective communication and proactive engagement

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

The Company's investor relations function endeavors to conduct regular dialogues and discussions with fund managers, financial analysts, shareholders and media. These meetings provide these stakeholders with ongoing updates on the Group's activities to better understand the business and strategic direction of the Group. Subsequent to the sale of the online job portal business in 2014, Management has not conducted any of such meetings and instead, relied on the Company's AGM, website, annual and quarterly reports and announcements made to Bursa Malaysia Securities Berhad as the primary means of communicating with shareholders, investors and analysts.

SUSTAINABILITY STATEMENT

The Group continues to endorse principles of sustainability in its business operations and corporate activities. We acknowledge the importance of looking after the interest of our stakeholders – our employees, vendors, shareholders, investees, the community at large and the environment. Looking after the interests of certain stakeholders at the expense of others would only bring negative consequences to our business. We operate by the "Do Good, Do Well" principle where we believe success ultimately comes as we conduct ourselves as good corporate citizens and constantly serve the society that we operate in. As we seek to acquire new businesses, we will remain committed to the principles of sustainability and in promoting the adoption of these principles and practices are extended across all business operations of the Group.

To recap, the Group sold its online job portal business to SEEK Asia Investments Pte. Ltd. in 2014. That was a fairly successful business that the Group operated since 1997 and it's not just from a financial perspective. Jobseekers in the country and in the region have grown accustomed to using the JobStreet.com portal with the hope of securing better jobs and as a result, many of them have had their lives improved over the years. Businesses do not exist in isolation and definitely, they cannot profit at the expense of its stakeholders and the environment and even if they do, such profits will not be sustainable. On the contrary, we have seen how success comes when we put the interest of our stakeholders and society over and above any other consideration.

Subsequent to the sale of the online job portal business and with a workforce of a mere 14 employees at the end of 2019, the Group is of the view that it does not have any significant direct economic, environment and social impacts at this juncture. Going forward, as an investment holding company, we aim to be a responsible capital provider that incorporates sustainability as an important investment criterion when evaluating future investments. We believe this is important, good for our long-term risk-adjusted financial returns and aligned to our stakeholders' expectations.

SUSTAINABILITY GOVERNANCE STRUCTURE

The Board of Directors is primarily responsible for setting the sustainability strategy of the Group and ensuring that the Group's sustainability initiatives are aligned with the Group's overall business strategy. Critically, the Board sets the tone from the top on the Group's commitment in embedding sustainability into the Group's business strategy and operations. The Board is supported by the Audit and Risk Committee, which is responsible to monitor the progress of the implementation of sustainability initiatives based on the directions set by the Board.

During the year, a Sustainability Working Group, headed by a member of the senior management team, was established at the management-level to plan and implement the sustainability initiatives.

STAKEHOLDER ENGAGEMENT

Effective stakeholder engagement will contribute towards promoting the Group's long-term growth and sustainability. We have identified our key stakeholders as the major shareholder, Board of Directors, senior management and employees. We consistently engage with our key stakeholders through multiple channels to gauge their perspectives and feedback. Through this process, we are able to collect information in a timely and accurate manner, which is necessary in ensuring that issues, risks and opportunities are managed and discussed.

MATERIALITY ASSESSMENT

Adopting the definition of materiality as contained in Bursa Malaysia's Sustainability Reporting Guide, sustainability matters are considered material if they reflect the Group's significant economic, environment and social impacts and substantively influence the assessments and decisions of our stakeholders. In view of the Group's current level of operations, the Group has decided to adopt a simple approach to assess materiality. Our materiality assessment process involves engaging our stakeholders on concerns that are really important to them which are then ranked by the Sustainability Working Group, taking into consideration the limited manpower that the Group currently has and our future direction and plans.

SUSTAINABILITY MATTERS

That being said, based on the three broad areas of sustainability that an organisation's activities have an impact on, the Group has identified the following matters as relevant to its sustainability journey:-

A. ECONOMIC

Indirect economic impact from investment activities

JcbNext's investment activities can provide essential capital that allows entrepreneurs to realise their business plans. When entrepreneurs grow their businesses, they create jobs and contribute to the country's economy. The new products and services created will in turn be used by other businesses to produce other products and services, creating more jobs in the process.

It is also the intention of JcbNext via our CEO, Mark Chang, to contribute to the development of entrepreneurial talent in the country. As an example, Mark serves on the board of Endeavor Malaysia and through this, helps these organisations in their efforts to spur the growth of entrepreneurial talent and start-up businesses. In addition, we meet many companies and entrepreneurs during the course of the year, and where possible, we share our experience and advise the budding entrepreneurs.

B. SOCIAL

Businesses that positively impact society

While JcbNext may not want to limit its investment scope to only companies and businesses that are directly focused on social good (commonly known as Impact Investing), the Group acknowledges that through its investment decisions, it is in a position to encourage a net positive impact on society via funding businesses that give due regard to sustainability. This would, at the same time, entail seeking to avoid businesses that may have a net negative impact on society. During the year, the Group has reviewed its investment policy and incorporated considerations with respect to sustainability in its investment appraisal process going forward.

Employee benefits and welfare

JcbNext seeks to be a caring employer. Recognising the rising cost of living, the Company provides transport allowances to our non-managerial staff as well as increasing the limit for outpatient treatment claims and hospitalisation and surgery insurance to levels deemed adequate to cater for most circumstances. In the previous year, the Company extended the coverage of its hospitalisation and surgery insurance to immediate family members of employees. Further, the Company also provides time-off for antenatal check-ups for our female staff. Other employee benefits practiced in the Group include the provision of comprehensive annual health screening for those above 35 years of age, term life insurance for all staff and long service monetary award for long standing staff. In 2019 and the early part of 2020, the Company had looked at ways of promoting a healthy lifestyle among our employees. Some of the initiatives include an office exercise bike and implementing a Eat Healthy programme where the Company subsidises employees to have more vegetables and less carbs for lunch.

As COVID-19 started to spread in early 2020, the Company prioritised the safety and wellbeing of employees by providing hand sanitisers and disinfecting lift buttons and door handles in the office premise on an hourly basis. The Company had also began testing its Work From Home plan in early February and encouraged employees to do so at the beginning of March. As part of providing a safe and conducive environment for our employees, the Company had also arranged for air and water quality tests to be conducted at the office premise.

C. ENVIRONMENT

Electricity consumption

Wisma JcbNext was largely vacant for the most part of 2019 other than the one floor that the employees of the Group are occupying. The central air-conditioning was not turned on and instead, split unit air-conditioners were used to reduce electricity consumption. Going forward, while we may have little control over the electricity consumption of our tenant, we plan to include them in any of our future energy saving initiatives and awareness campaigns. We believe as the landlord, we are in a position to lead in this area.

Green and eco-friendly practices

We constantly remind our staff to reduce paper usage and print double-sided where possible. With only 14 staff across the Group now, we believe the carbon footprint of our Group in this regard is immaterial. Nevertheless, as a responsible corporate citizen, we believe it is still beneficial to instil awareness among our employees to be environmentally friendly and reduce wastage of paper or any other consumables. Board meetings in 2019 were conducted mostly paperless which saw a significant reduction of paper used compared with previous years. We also support the initiative of the regulators to allow companies to communicate with shareholders via electronic means and for the first time this year, we have done away with the printing of our annual report. With the growing trend of ordering take-aways for lunch more so with the ongoing COVID-19 pandemic, we have also increased awareness among employees of the proper way to dispose take-away containers that is recycling friendly.

AUDIT AND RISK COMMITTEE REPORT

MEMBERSHIP

Chairman : Teo Koon Hong *(Independent Non-Executive Director)*
Members : Datuk Ali bin Abdul Kadir *(Non-Independent Non-Executive Chairman)*
Cindy Eunbyol Ko *(Independent Non-Executive Director) (Appointed on 27 June 2019)*

MEETINGS

The Audit and Risk Committee ("ARC") held five (5) meetings during the financial year. The attendance of the Committee members was as follows: -

Committee Members	**Number of meetings attended during ARC Members' tenure in office**
Teo Koon Hong (Chairman)	5/5
Datuk Ali bin Abdul Kadir	5/5
Cindy Eunbyol Ko (Appointed on 27 June 2019)	2/2

During the financial year, the ARC has met with the External Auditors twice without the executive Board members and management present.

The ARC shall meet at least four (4) times a year and such additional meetings, as the Chairman shall decide in order to fulfil its duties. Upon the request of the External Auditors or internal auditors (if any), the Chairman of the ARC shall convene a meeting of the Committee to consider any matters that the auditors believe should be brought to the attention of the Directors or shareholders.

The Company Secretary or other appropriate senior official shall act as Secretary of the ARC and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to committee members prior to each meeting and taking attendance for the ARC meeting. The Company Secretary shall also be responsible for keeping the minutes of ARC and circulating them to committee members and to the other members of the Board of Directors.

In order to form a quorum for the meeting, the majority of members present must be independent directors. The Chief Financial Officer, the Head of Internal Audit and a representative of the External Auditors shall normally attend meetings. Other Board members and employees may attend the ARC Meeting upon the invitation of the Committee. However, at least twice a year the ARC shall meet with the External Auditors without executive Board members, management and employees present.

The Company must ensure that other directors and employees attend any particular ARC meeting only at the ARC's invitation, specific to the relevant meeting.

AUTHORITY AND DUTIES OF THE ARC

The ARC is governed by its Terms of Reference, which is available on the Company's website at www.jcbnext.com.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

In respect of the financial year under review, the ARC carried out the following activities which are in line with its responsibilities as set out in its Terms of Reference:

1. Financial statements

(a) Reviewed the unaudited quarterly financial reports and year-end audited financial statements before they were presented to the Board for approval;

(b) In its review of the quarterly financial reports, the ARC discussed with Management the financial accounting standards applied, including the judgements exercised in the application of those standards and explanations for significant items and the disclosure thereof; and

(c) In its review of the year-end audited financial statements, the ARC discussed with both Management and the External Auditors the financial accounting standards applied, including the judgments exercised in the application of those standards, audit focus areas and disclosures in the financial statements.

2. Matters relating to External Audit

(a) Reviewed with the External Auditors, the Group's audit plan for the year prior to the commencement of the annual audit, including the audit timetable and coordination with auditors of significant components;

(b) Reviewed the External Auditors' audit report and the significant audit findings underlying their report. These were presented once a year by the External Auditors upon completion of the year-end audit;

(c) Met with the External Auditors without Executive Board members and Management present twice, on 26 February 2019 and 29 November 2019, in order to provide the External Auditors an avenue to express any concerns they may have, including those relating to their ability to perform their work without restraint or interference;

(d) Evaluated the External Auditors' independence and objectivity, as well as their ability to serve the Group in terms of technical competencies and manpower resource sufficiency. Also reviewed the reasonableness of the audit fees charged against the size and complexity of the Group; and

(e) Recommended to the Board to propose to shareholders the reappointment of the External Auditors at the AGM of the Company.

3. Matters relating to Internal Audit

(a) Reviewed the adequacy of the scope, function, competency and resources of the internal audit function;

(b) Reviewed and deliberated on the internal audit reports prepared by the internal auditors, including recommendations for corrective actions, management's response and actions taken to improve the Group's system of internal controls and operating procedures; and

(c) Met with the Internal Auditors without Executive Board members and management present once, on 22 April 2019.

4. Matters relating to risk management and internal control

(a) Reviewed the Group's Enterprise Risk Management framework, process and structure; and

(b) Reviewed the risk scorecards, risk ratings and action plans identified by management.

5. Matters relating to corporate governance

(a) Reviewed the Corporate Governance Report, Corporate Governance Overview Statement, ARC Report and the Statement on Risk Management and Internal Control and recommended the same to the Board for approval.

ARC TRAINING

During the financial year under review, members of the ARC attended training programmes on various subject matters such as regulatory, investment, risk management, corporate governance and other business related programmes to enable them to discharge their responsibilities as members of the ARC more effectively. Details of the trainings are disclosed in the Corporate Governance Overview Statement on page 29 of this Annual Report.

INTERNAL AUDIT FUNCTION

The Internal Audit function has been outsourced to PKF Advisory Sdn. Bhd., an external professional firm of consultants. In addition, the Director of Risk and Governance Advisory from PKF Advisory Sdn. Bhd. is the Head of Internal Audit. Through discussions with Management, the Head of Internal Audit is tasked to lead discussions and work sessions in identifying key risk areas and directing internal audit efforts towards those risk areas, and thereafter report directly to the ARC to preserve the independence of the Internal Audit function. The internal audits are carried out in accordance with the International Professional Practices Framework of Internal Auditing. The appointment of the Head of Internal Audit does not preclude the ARC, Board of Directors and Management from implementing board policies on risk and control. In fulfilling its responsibilities, the ARC, Board of Directors and management identifies and evaluates the risks faced by the Group, and design, operate and monitor a suitable system of internal control which implements the policies adopted by the Board of Directors.

The Head of Internal Audit will be responsible to review and appraise the effectiveness of the risk management, internal control and governance process within the Company. In addition, he will also be responsible to enhance the quality assurance and improvement programme of the internal audit function. The results will be officially presented to the ARC at least once a year.

During the financial year, the consultants have executed internal audit reviews in accordance to the strategic internal audit plan on the following processes:-

a) Best Practices of Corporate Governance Review;

b) Review of the Group's risk and internal control processes;

c) Review of the Group's human resource and payroll management;

d) Review of the Group's facilities and building management and IT general controls; and

e) Review of the Group's cash and bank accounts and investment management.

The total costs incurred in supporting the Internal Audit Function for the financial year amounted to approximately RM56,000.00 (2018: RM46,000.00).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This statement on risk management and internal control has been prepared in compliance to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities and with reference to the "Statement on Risk Management & Internal Control – Guidelines for Directors of Public Listed Companies" which outlines the processes to be adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system of the Group.

BOARD RESPONSIBILITIES

The Board recognises the importance of a sound system of internal control and risk management to safeguard shareholders' investment and the Group's assets. The Board has overall responsibility for the Group's system of risk management and internal control including the establishment of an appropriate control environment as well as reviewing its adequacy and integrity.

However, there are limitations that are inherent in any system of internal control and that such systems are designed to manage and control risks appropriately rather than to eliminate them. Accordingly, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss. Notwithstanding this, the Board requires that the procedures and controls in place are subject to regular review as part of an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

As part of its review process, the Board will continue taking necessary measures to strengthen its internal control system to address any weaknesses identified.

RISK MANAGEMENT FRAMEWORK AND SYSTEM OF INTERNAL CONTROL

During the year, the Group monitored significant risks and risk mitigation strategies on an ongoing basis through its management and Board meetings. Under the purview of the CEO, Senior Management are empowered with the responsibility of managing their respective operations.

In addition, the Audit and Risk Committee constantly reviews and improves on the existing risk management framework for identifying, evaluating and managing significant risks faced by the Group. In view of a constantly evolving environment and competitive landscape, the Board is committed in maintaining a system of internal control and risk management that comprises the following control environment, key processes and monitoring systems:

- Audit and Risk Committee reviews the adequacy and effectiveness of the Group's risk management and internal control procedures as well as any internal control issues identified by the external and internal auditors;
- A risk-mapping and on-going business process review that assists the management to continuously identify significant risks associated with key processes within a changing business and operating environment;
- An annual budgeting process against which performance is monitored on an ongoing basis;
- Quarterly business reports and management accounts are submitted by the respective managers for review by senior management;
- Disaster recovery plans including technical infrastructure monitoring processes to help ensure the risk of system outages is minimized;
- Segregation of duties and limits of authority are practiced to ensure accountability and responsibility;
- Clear, formalised and documented internal policies and procedures are in place to ensure compliance with internal controls and relevant laws and regulations;
- Employee handbook which contains, amongst others, the Company's policies on acceptable conduct and ethics;
- Periodic internal audits which focus on compliance with policies and procedures and evaluate the effectiveness and efficiency of the Group's internal control system; and
  Whistle-blowing policy which provides directors, officers, employees and stakeholders of the Group with an avenue to report suspected improprieties such as illegal or unlawful conduct, contravention of the Group's policies and procedures, acts endangering the health or safety of any individual, public or employee, and any act of concealment of improprieties.

INTERNAL AUDIT REVIEW

The Audit and Risk Committee ("ARC") is tasked by the Board with the duty of reviewing and monitoring the adequacy and effectiveness of the Group's system of internal control and risk management. In carrying out its responsibilities, the ARC relies on the support of an external professional firm of consultants appointed by the Committee, PKF Advisory Sdn. Bhd., which carries out internal audits on various areas of operations within the Group. These audits review the internal controls in the key activities of the Group's business based on the detailed internal audit plan approved by the ARC. Based on these audits, the Internal Auditors provide the ARC with periodic reports highlighting observations, recommendations and management action plans to improve the system of internal control.

ASSOCIATED COMPANIES

The Group's system of internal controls does not cover associated companies.

WEAKNESSES IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

There were no material losses or contingencies requiring disclosure in the annual report under review as a result from weaknesses in internal control.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2019, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared 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, or

(b) is factually inaccurate.

Audit and Assurance Practice Guide ("AAPG") 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board is satisfied that the risk management framework and system of internal control that is in place for the year under review and up to the date of approval of this Statement, given the current size of the Group's operations, industry dynamics and competitive landscape, is adequate and effective.

The Board has received written assurances from the CEO and CFO as well as the Head of Internal Audit that the Group's risk management framework and system of internal control is in place and operating adequately and effectively, in all material aspects, based on the risk management approach adopted by the Group.

This statement was approved by the Board of Directors on 2 June 2020.

ADDITIONAL COMPLIANCE INFORMATION

The following information provided is in respect of the financial year ended 31 December 2019.

Audit and Non-Audit Fees

During the financial year ended 31 December 2019, the amount of audit fees and non-audit fees paid or payable to KPMG PLT or a firm or corporation affiliated to KPMG PLT by the Company and the Group are as follows:

	Group RM	Company RM
Audit fees	180,000	170,000
Non-audit fees	45,872	45,872

Material Contracts

During the financial year under review, there were no material contracts entered into by the Company and its subsidiaries which involved Directors' or major shareholders' interests.

Utilisation of Proceeds

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2019.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year and of the results and cash flows of the Group and of the Company for the financial year then ended. The Directors ensure that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgments and estimates have been made, in the preparation of the financial statements. The Directors also ensure that applicable approved accounting standards have been followed. The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016.

FINANCIAL STATEMENTS

DIRECTORS' REPORT
for the financial year ended 31 December 2019

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

RESULTS

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	10,310,150	10,471,867
Non-controlling interests	9,267	-
	10,319,417	10,471,867

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid a final single tier dividend of 4.0 sen per ordinary share amounting to RM5,467,182 in respect of the financial year ended 31 December 2018 on 25 July 2019.

The Directors recommended a final single tier dividend of 4.0 sen per ordinary share amounting to RM5,423,652 in respect of the financial year ended 31 December 2019. This is computed based on the outstanding issued and paid-up share capital as at 31 December 2019, and subject to the approval of shareholders at the forthcoming Annual General Meeting. The proposed final dividend has not been accounted for in the financial statements.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Datuk Ali bin Abdul Kadir
Teo Koon Hong
Lim Chao Li
Cindy Eunbyol Ko (appointed on 27 June 2019)
Chang Mun Kee (resigned on 27 June 2019)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests, if any, of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2019	**Bought**	**Sold**	**At 31.12.2019**
Interest in the Company:				
Datuk Ali bin Abdul Kadir	740,000	-	-	740,000
Lim Chao Li	500,000	-	-	500,000
Deemed interests in the Company:				
Datuk Ali bin Abdul Kadir	42,000	-	-	42,000

None of the other Directors holding office at 31 December 2019 had any interest in the shares and options over shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year except as disclosed in the share buy-back note.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

SHARE BUY-BACK

On 27 June 2019, the shareholders of the Company renewed their approval for the Company to buy-back its own shares. During the financial year, the Company bought back from the open market, 2,163,600 of its issued ordinary shares ("JcbNext Shares") listed on the Main Market of Bursa Malaysia Securities Berhad, at an average buy-back price of approximately RM1.50 per ordinary share. The total consideration paid for the share buy-back of JcbNext Shares by the Company during the financial year was RM3,241,388 and was financed by internally generated funds. The JcbNext Shares bought back are held as treasury shares in accordance with Section 127 Subsection 4(b) of the Companies Act 2016. On 27 December 2019, the Company cancelled 2,172,200 of its treasury shares held pursuant to Section 127 Subsection 4(a) of the Companies Act 2016.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and the officers of the Company is RM15,000,000 and RM28,700 respectively.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) 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, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 18 to the financial statements.

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

DATUK ALI BIN ABDUL KADIR
Director

LIM CHAO LI
Director

Kuala Lumpur

Date: 2 June 2020

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Assets					
Property and equipment	3	240,712	299,906	224,298	286,927
Right-of-use assets	4	73,716	-	-	-
Investment properties	5	18,888,000	19,388,000	18,888,000	19,388,000
Investments in subsidiaries	6	-	-	24,214,508	14,024,387
Investments in associates	7	120,945,238	119,970,189	83,744,287	83,744,287
Other investments	8	50,118,135	54,161,360	42,812,723	53,956,015
Total non-current assets		190,265,801	193,819,455	169,883,816	171,399,616
Other investments	8	55,896,225	64,191,174	55,896,225	64,191,174
Current tax assets		75,852	-	75,852	-
Trade and other receivables	9	806,738	885,640	476,359	464,381
Prepayments and other assets		157,026	198,000	98,124	152,318
Deposits with licensed banks with original maturities more than three months		62,445,103	46,866,265	57,583,503	41,623,500
Cash and cash equivalents	10	18,185,688	24,161,435	17,489,279	23,276,834
Total current assets		137,566,632	136,302,514	131,619,342	129,708,207
Total assets		327,832,433	330,121,969	301,503,158	301,107,823
Equity					
Share capital		196,619,727	196,619,727	196,619,727	196,619,727
Reserves		129,198,302	131,965,752	103,415,085	103,529,743
Total equity attributable to owners of the Company	11	325,818,029	328,585,479	300,034,812	300,149,470
Non-controlling interests		138,866	127,965	-	-
Total equity		325,956,895	328,713,444	300,034,812	300,149,470
Liabilities					
Lease liabilities		19,380	-	-	-
Deferred tax liabilities	12	206,308	50,509	206,308	50,509
Total non-current liabilities		225,688	50,509	206,308	50,509
Lease liabilities		56,237	-	-	-
Other payables	13	1,586,827	1,342,075	1,262,038	898,653
Current tax payables		6,786	15,941	-	9,191
Total current liabilities		1,649,850	1,358,016	1,262,038	907,844
Total liabilities		1,875,538	1,408,525	1,468,346	958,353
Total equity and liabilities		327,832,433	330,121,969	301,503,158	301,107,823

The notes on pages 58 to 113 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
Revenue	14	8,686,664	8,530,267	16,258,946	17,172,142
Other operating income		12,842	5,857	-	-
Contract and outsourcing cost		(709,609)	(719,971)	-	-
Depreciation of property and equipment	3	(92,296)	(109,476)	(89,624)	(102,196)
Depreciation of right-of-use assets	4	(36,898)	-	-	-
Expenses relating to short term lease and low value assets		(88,701)	(94,499)	(1,980)	(5,444)
Staff costs	16	(2,559,860)	(2,680,219)	(1,900,569)	(1,929,996)
Other operating expenses		(2,030,093)	(1,864,854)	(1,626,590)	(1,307,497)
Results from operating activities		3,182,049	3,067,105	12,640,183	13,827,009
Interest income		64,657	37	-	-
Interest expense		(8,029)	-	-	-
Net interest income		56,628	37	-	-
Loss on financial assets classified as fair value through profit or loss		(22,040)	(164,351)	(22,040)	(164,351)
Gain on changes of interest in associates		17,036	56,767	-	-
Loss on changes in fair value of investment properties	5	(500,000)	(500,000)	(500,000)	(500,000)
Impairment loss on amounts due from subsidiaries		-	-	(154,274)	(208,340)
Share of profit of equity accounted associates, net of tax		9,086,050	8,979,804	-	-
Profit before tax		11,819,723	11,439,362	11,963,869	12,954,318
Tax expense	17	(1,500,306)	(1,485,158)	(1,492,002)	(1,477,003)
Profit for the year	18	10,319,417	9,954,204	10,471,867	11,477,315

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Profit for the year	18	10,319,417	9,954,204	10,471,867	11,477,315
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Net change in fair value of equity investments designated at fair value through other comprehensive income					
- Loss on price change		(4,557,917)	(7,121,118)	(1,554,064)	(7,121,118)
- (Loss)/gain on exchange differences		(368,739)	901,126	(323,891)	901,126
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		768,767	(1,041,486)	-	-
Share of (loss)/gain of equity-accounted associates		(209,507)	41,378	-	-
Total other comprehensive expense for the year, net of tax		(4,367,396)	(7,220,100)	(1,877,955)	(6,219,992)
Total comprehensive income for the year		5,952,021	2,734,104	8,593,912	5,257,323
Profit attributable to:					
Owners of the Company		10,310,150	9,895,431	10,471,867	11,477,315
Non-controlling interests		9,267	58,773	-	-
Profit for the year		10,319,417	9,954,204	10,471,867	11,477,315
Total comprehensive income attributable to:					
Owners of the Company		5,941,120	2,671,149	8,593,912	5,257,323
Non-controlling interests		10,901	62,955	-	-
Total comprehensive income for the year		5,952,021	2,734,104	8,593,912	5,257,323
Basic earnings per ordinary share based on profit attributable to owners of the Company (sen):	19	7.55	7.13		

The notes on pages 58 to 113 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2019

Group	Note	Share capital RM	Capital reserve RM	Translation reserve RM	Fair value reserve RM	Revaluation reserve RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
		<---Attributable to owners of the Company							--->		
		<---*Non-distributable*					--->	*Distributable*			
At 31 December 2017/1 January 2018 as previously reported		196,619,727	2,007,325	21,513,567	31,498,754	5,742,256	-	77,659,012	335,040,641	65,010	335,105,651
Adjustment on initial application of MFRS 9, net of tax		-	-	-	(2,245,801)	-	-	2,569,464	323,663	-	323,663
At 1 January 2018, restated		196,619,727	2,007,325	21,513,567	29,252,953	5,742,256	-	80,228,476	335,364,304	65,010	335,429,314
Foreign currency translation differences for foreign operations		-	-	(1,045,668)	-	-	-	-	(1,045,668)	4,182	(1,041,486)
Equity instruments designated at fair value through other comprehensive income											
- Loss on price changes		-	-	-	(7,121,118)	-	-	-	(7,121,118)	-	(7,121,118)
- Gain on exchange differences		-	-	-	901,126	-	-	-	901,126	-	901,126
Share of other comprehensive income of equity-accounted associates		-	73,252	(31,874)	-	-	-	-	41,378	-	41,378
Total other comprehensive income/(expense) for the year		-	73,252	(1,077,542)	(6,219,992)	-	-	-	(7,224,282)	4,182	(7,220,100)
Profit for the year		-	-	-	-	-	-	9,895,431	9,895,431	58,773	9,954,204
Total comprehensive income/(expense) of the year		-	73,252	(1,077,542)	(6,219,992)	-	-	9,895,431	2,671,149	62,955	2,734,104
Contributions by and distributions to owners of the Company											
- Treasury shares acquired	11	-	-	-	-	-	(3,182,261)	-	(3,182,261)	-	(3,182,261)
- Cancellation of treasury shares		-	-	-	-	-	3,134,462	(3,134,462)	-	-	-
- Dividends	20	-	-	-	-	-	-	(6,267,713)	(6,267,713)	-	(6,267,713)
Total transactions with owners of the Company		-	-	-	-	-	(47,799)	(9,402,175)	(9,449,974)	-	(9,449,974)
At 31 December 2018		196,619,727	2,080,577	20,436,025	23,032,961	5,742,256	(47,799)	80,721,732	328,585,479	127,965	328,713,444
		Note 11	Note 11	Note 11	Note 11	Note 11	Note 11				

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Group	Note	Share capital RM	Capital reserve RM	Translation reserve RM	Fair value reserve RM	Revaluation reserve RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
		<------Attributable to owners of the Company------>									
		<------*Non-distributable*------>						*Distributable*			
At 1 January 2019		196,619,727	2,080,577	20,436,025	23,032,961	5,742,256	(47,799)	80,721,732	328,585,479	127,965	328,713,444
Foreign currency translation differences for foreign operations		-	-	767,133	-	-	-	-	767,133	1,634	768,767
Equity instruments designated at fair value through other comprehensive income											
- Loss on price changes		-	-	-	(4,557,917)	-	-	-	(4,557,917)	-	(4,557,917)
- Loss on exchange differences		-	-	-	(368,739)	-	-	-	(368,739)	-	(368,739)
Share of other comprehensive income of equity-accounted associates		-	(181,650)	(27,857)	-	-	-	-	(209,507)	-	(209,507)
Transfer upon the disposal of equity investment designated at FVOCI (net of tax)	8.1	-	-	-	(3,759,986)	-	-	3,759,986	-	-	-
Total other comprehensive (expenses)/income for the year		-	(181,650)	739,276	(8,686,642)	-	-	3,759,986	(4,369,030)	1,634	(4,367,396)
Profit for the year		-	-	-	-	-	-	10,310,150	10,310,150	9,267	10,319,417
Total comprehensive (expense)/income of the year		-	(181,650)	739,276	(8,686,642)	-	-	14,070,136	5,941,120	10,901	5,952,021
Contributions by and distributions to owners of the Company											
- Treasury shares acquired	11	-	-	-	-	-	(3,241,388)	-	(3,241,388)	-	(3,241,388)
- Cancellation of treasury shares		-	-	-	-	-	3,258,157	(3,258,157)	-	-	-
- Dividends	20	-	-	-	-	-	-	(5,467,182)	(5,467,182)	-	(5,467,182)
Total transactions with owners of the Company		-	-	-	-	-	16,769	(8,725,339)	(8,708,570)	-	(8,708,570)
At 31 December 2019		196,619,727	1,898,927	21,175,301	14,346,319	5,742,256	(31,030)	86,066,529	325,818,029	138,866	325,956,895
		Note 11	Note 11	Note 11	Note 11	Note 11	Note 11				

The notes on pages 58 to 113 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

		<------Attributable to owners of the Company					------>
		<------*Non distributable*			------>	*Distributable*	
Company	**Note**	**Share capital RM**	**Fair value reserve RM**	**Revaluation reserve RM**	**Treasury shares RM**	**Retained earnings RM**	**Total equity RM**
At 31 December 2017/1 January 2018, as previously reported		196,619,727	31,498,754	5,443,353	-	70,456,624	304,018,458
Adjustment on initial application of MFRS 9, net of tax		-	(2,245,801)	-	-	2,569,464	323,663
At 1 January 2018, restated		196,619,727	29,252,953	5,443,353	-	73,026,088	304,342,121
Equity instruments designated at fair value through other comprehensive income							
- Loss on price changes		-	(7,121,118)	-	-	-	(7,121,118)
- Gain on exchange differences		-	901,126	-	-	-	901,126
Total other comprehensive expense for the year		-	(6,219,992)	-	-	-	(6,219,992)
Profit for the year		-	-	-	-	11,477,315	11,477,315
Total comprehensive (expense)/income for the year		-	(6,219,992)	-	-	11,477,315	5,257,323
Contributions by and distributions to owners of the Company							
- Treasury shares acquired	11	-	-	-	(3,182,261)	-	(3,182,261)
- Cancellation of treasury shares		-	-	-	3,134,462	(3,134,462)	-
- Dividends	20	-	-	-	-	(6,267,713)	(6,267,713)
Total transactions with owners of the Company		-	-	-	(47,799)	(9,402,175)	(9,449,974)
At 31 December 2018		196,619,727	23,032,961	5,443,353	(47,799)	75,101,228	300,149,470
		Note 11	Note 11	Note 11	Note 11		

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

		<---Attributable to owners of the Company					--->
		<---*Non distributable*			--->	*Distributable*	
Company	**Note**	**Share capital RM**	**Fair value reserve RM**	**Revaluation reserve RM**	**Treasury shares RM**	**Retained earnings RM**	**Total equity RM**
At 1 January 2019		196,619,727	23,032,961	5,443,353	(47,799)	75,101,228	300,149,470
Equity instruments designated at fair value through other comprehensive income							
- Loss on price changes		-	(1,554,064)	-	-	-	(1,554,064)
- Loss on exchange differences		-	(323,891)	-	-	-	(323,891)
Transfer upon the disposal of equity investment designated at FVOCI (net of tax)	8.1	-	(3,759,986)	-	-	3,759,986	-
Total other comprehensive (expense)/income for the year		-	(5,637,941)	-	-	3,759,986	(1,877,955)
Profit for the year		-	-	-	-	10,471,867	10,471,867
Total comprehensive (expense)/income for the year		-	(5,637,941)	-	-	14,231,853	8,593,912
Contributions by and distributions to owners of the Company							
- Treasury shares acquired	11	-	-	-	(3,241,388)	-	(3,241,388)
- Cancellation of treasury shares		-	-	-	3,258,157	(3,258,157)	-
- Dividends	20	-	-	-	-	(5,467,182)	(5,467,182)
Total transactions with owners of the Company		-	-	-	16,769	(8,725,339)	(8,708,570)
At 31 December 2019		196,619,727	17,395,020	5,443,353	(31,030)	80,607,742	300,034,812
		Note 11	Note 11	Note 11	Note 11		

The notes on pages 58 to 113 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from operating activities					
Profit before tax		11,819,723	11,439,362	11,963,869	12,954,318
Adjustments for:					
Changes in fair value of investment properties	5	500,000	500,000	500,000	500,000
Depreciation of property and equipment	3	92,296	109,476	89,624	102,196
Depreciation of right-of-use assets	4	36,898	-	-	-
Share of profit after tax of equity-accounted associates		(9,086,050)	(8,979,804)	-	-
Dividend income		(3,311,707)	(3,202,188)	(11,973,803)	(12,966,440)
Interest income		(1,956,552)	(2,131,784)	(1,811,451)	(2,058,286)
Finance cost		8,029	-	-	-
Investment distribution income	14	(2,138,308)	(1,976,949)	(2,138,308)	(1,976,949)
Impairment loss on amounts due from subsidiaries		-	-	154,274	208,340
Loss on financial assets classified as fair value through profit or loss		22,040	164,351	22,040	164,351
Gain on changes of interest in associates		(17,036)	(56,767)	-	-
Unrealised foreign exchange loss/(gain)		363,617	(408,613)	394,170	(467,104)
Reversal of impairment loss from trade receivables		(600)	-	(600)	-
Operating loss before working capital changes		(3,667,650)	(4,542,916)	(2,800,185)	(3,539,574)
Changes in trade and other receivables		122,867	76,505	(183,919)	(29,947)
Changes in prepayments and other assets		42,186	(74,415)	54,194	(57,700)
Changes in other payables		252,505	(331,876)	363,385	(372,263)
Cash used in operations		(3,250,092)	(4,872,702)	(2,566,525)	(3,999,484)
Income tax paid		(1,873,399)	(1,530,916)	(1,864,431)	(1,522,452)
Interest received		1,906,317	2,423,871	1,798,992	2,350,372
Interest paid		(8,012)	-	-	-
Net cash used in operating activities		(3,225,186)	(3,979,747)	(2,631,964)	(3,171,564)
Cash flows from investing activities					
Acquisition of other investments		(134,059,353)	(102,338,575)	(123,917,595)	(102,338,575)
Acquisition of property and equipment	3	(33,063)	(123,144)	(26,995)	(109,507)
Acquisition of treasury shares		(3,241,388)	(3,182,261)	(3,241,388)	(3,182,261)
Dividends received from an associate	14	8,662,096	9,764,252	8,662,096	9,764,252
Dividends received from other investments	14	3,311,707	3,202,188	3,311,707	3,202,188
Increase in investment in a subsidiary	6	-	-	(10,190,121)	-
Investment distribution income received	14	2,138,308	1,976,949	2,138,308	1,976,949
Net change in deposits with licensed banks with original maturities more than 3 months		(15,578,838)	(2,755,865)	(15,960,003)	2,486,900
Proceeds from disposal of other investments		141,899,026	85,701,002	141,899,026	85,701,002
Net cash generated from/(used in) investing activities		3,098,495	(7,755,454)	2,675,035	(2,499,052)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from financing activities					
Dividends paid to shareholders of the Company	20	(5,467,182)	(6,267,713)	(5,467,182)	(6,267,713)
Payment of lease liabilities		(34,948)	-	-	-
Net cash used in financing activities		(5,502,130)	(6,267,713)	(5,467,182)	(6,267,713)
Net decrease in cash and cash equivalents		(5,628,821)	(18,002,914)	(5,424,111)	(11,938,329)
Cash and cash equivalents at beginning of the year		24,161,435	41,774,591	23,276,834	34,806,399
Effects of exchange rate fluctuations on cash held		(346,926)	389,758	(363,444)	408,764
Cash and cash equivalents at end of year	10	18,185,688	24,161,435	17,489,279	23,276,834

Cash outflows for leases as a lessee

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Included in net cash from operating activities				
Payment relating to short-term leases	79,683	-	-	-
Payment relating to leases of low value assets	1,980	-	1,980	-
Interest paid in relation to lease liabilities	8,012	-	-	-
Included in net cash from financing activities				
Payment of lease liabilities	34,948	-	-	-
Total cash outflows for leases	124,623	-	1,980	-

Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 January 2019 RM	Acquisition of new lease RM	Net changes from financing cash flows RM	Foreign exchange movement RM	At 31 December 2019 RM
Lease liabilities	-	110,461	(34,948)	104	75,617

The notes on pages 58 to 113 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

JcbNext Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business	**Registered office**
Wisma JcbNext	12th Floor, Menara Symphony
No. 27, Lorong Medan Tuanku 1	No. 5, Jalan Prof. Khoo Kay Kim
(Off Jalan Sultan Ismail)	Seksyen 13
50300 Kuala Lumpur	46200 Petaling Jaya
	Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates. The financial statements of the Company as at and for the financial year ended 31 December 2019 do not include other entities.

The Company is principally engaged in investment holding while the principal activities of the other Group entities are as stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 2 June 2020.

1. 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 and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

- from the annual period beginning on 1 January 2022 for the amendment that is effective for annual periods beginning on or after 1 January 2022.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, amendments and interpretations is not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSs") requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 5 - valuation of investment properties
- Note 22 - measurement of expected credit loss ("ECL") and fair value of unquoted shares

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

Arising from the adoption of MFRS 16, *Leases*, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 26.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale of distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iii) Acquisitions of non-controlling interests

The Group accounts all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under control of the shareholder that controls the Group 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; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any resulting gain or loss is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(vi) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vi) Associates (continued)

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency

(i) Foreign currency transactions (continued)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, 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 FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the FCTR related to 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 that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(i) Recognition and initial measurement (continued)

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or 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.

(a) *Amortised cost*

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 (see Note 2(h)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(c) Fair value through profit or loss

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 Group or 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.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(h)(i)).

Financial liabilities

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

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is 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 Group or 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 Group’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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

(a) Fair value through profit or loss (continued)

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and 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

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.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iv) Financial guarantee contracts

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

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

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

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

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property and equipment (continued)

(i) Recognition and measurement (continued)

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

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

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and is recognised net within "other operating income" and "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Computers	3 - 4 years
Office equipment	3 - 5 years
Renovations	4 - 5 years
Furniture and fittings	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases

The Group has applied the requirements of MFRS 16 using modified retrospective approach with the initial application that the right-of-use assets is equivalent to the lease liabilities as at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under MFRS 117*, Leases* and related interpretations.

Current financial year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

Current financial year (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

Current financial year (continued)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see note 2(h)(i)).

Previous financial year

As a lessee

Operating leases

Leases, where the Group or the Company did not assume substantially all the risks and rewards of ownership were classified as operating leases and the leased assets were not recognised on the statement of financial position.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment properties

(i) Investment properties carried at fair value

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

The fair value of investment properties held by the Group as a right-of-use asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, the Group added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment properties

When an item of property and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and 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 Group'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 the expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

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

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

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact 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 Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery of amounts due.

(ii) Other assets

The carrying amounts of other assets (except for deferred tax assets and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment (continued)

(ii) Other assets (continued)

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 its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

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 if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses and paid annual leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(l) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

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

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Revenue and other income (continued)

(iii) Dividend and investment distribution income

Dividend and investment distribution income are recognised in profit or loss on the date that the Group’s or the Company’s right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(m) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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

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

(n) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Income tax (continued)

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Earnings per ordinary share

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders 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 or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(p) Operating segments

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

(q) Contingencies

(i) Contingent liabilities

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Contingencies (continued)

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or the non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(r) Fair value measurement

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

For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for assets or liability.

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

3. PROPERTY AND EQUIPMENT

Group	Computers RM	Office equipment RM	Renovations RM	Furniture and fittings RM	Total RM
Cost					
At 1 January 2018	272,228	6,923	1,410,750	-	1,689,901
Additions	6,060	22,607	72,550	21,927	123,144
Exchange difference	(44)	149	-	35	140
At 31 December 2018/ 1 January 2019	278,244	29,679	1,483,300	21,962	1,813,185
Additions	19,662	2,865	9,036	1,500	33,063
Written off	(1,529)	-	-	-	(1,529)
Exchange difference	59	30	-	7	96
At 31 December 2019	296,436	32,574	1,492,336	23,469	1,844,815
Depreciation					
At 1 January 2018	141,283	4,428	1,258,037	-	1,403,748
Depreciation for the year	33,421	3,965	71,106	984	109,476
Exchange difference	44	9	-	2	55
At 31 December 2018/ 1 January 2019	174,748	8,402	1,329,143	986	1,513,279
Depreciation for the year	10,705	5,274	74,108	2,209	92,296
Written off	(1,529)	-	-	-	(1,529)
Exchange difference	53	4	-	-	57
At 31 December 2019	183,977	13,680	1,403,251	3,195	1,604,103
Carrying amounts					
At 1 January 2018	130,945	2,495	152,713	-	286,153
At 31 December 2018/ 1 January 2019	103,496	21,277	154,157	20,976	299,906
At 31 December 2019	112,459	18,894	89,085	20,274	240,712

3. PROPERTY AND EQUIPMENT (CONTINUED)

Company	Computers RM	Office equipment RM	Renovations RM	Furniture and fittings RM	Total RM
Cost					
At 1 January 2018	117,730	6,264	720,818	-	844,812
Additions	6,060	11,592	72,550	19,305	109,507
At 31 December 2018/ 1 January 2019	123,790	17,856	793,368	19,305	954,319
Additions	13,594	2,865	9,036	1,500	26,995
At 31 December 2019	137,384	20,721	802,404	20,805	981,314
Depreciation					
At 1 January 2018	86,318	3,772	475,106	-	565,196
Depreciation for the year	26,980	3,257	71,106	853	102,196
At 31 December 2018/ 1 January 2019	113,298	7,029	546,212	853	667,392
Depreciation for the year	10,536	3,038	74,108	1,942	89,624
At 31 December 2019	123,834	10,067	620,320	2,795	757,016
Carrying amounts					
At 1 January 2018	31,412	2,492	245,712	-	279,616
At 31 December 2018/ 1 January 2019	10,492	10,827	247,156	18,452	286,927
At 31 December 2019	13,550	10,654	182,084	18,010	224,298

4. RIGHT-OF-USE ASSETS

	Group Buildings RM
At 1 January 2019	-
Addition	110,461
Depreciation	(36,898)
Exchange difference	153
At 31 December 2019	73,716

The Group leases an office with contract terms of 2 years. There is no option to renew the lease after that date.

4. RIGHT-OF-USE ASSETS (CONTINUED)

4.1 Significant judgements and assumptions in relation to lease

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

5. INVESTMENT PROPERTIES

	Group and Company	
	2019 RM	2018 RM
At 1 January	19,388,000	19,888,000
Change in fair value recognised in profit or loss	(500,000)	(500,000)
At 31 December	18,888,000	19,388,000

Included in the above are:

	Group and Company	
	2019 RM	2018 RM
At fair value		
Freehold land	14,500,000	15,000,000
Buildings	4,388,000	4,388,000
	18,888,000	19,388,000

Investment properties comprise freehold land and buildings that are leased to third parties and a subsidiary during the financial year. The leases contain an initial non-cancellable period of 6 months to 3 years. Subsequent renewals are negotiated with the lessee and on average renewal periods of 2 years. No contingent rents are charged.

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

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Rental income	14	331,184	166,267	335,384	170,467
Direct operating expenses:					
- income generating investment properties		(806,333)	(655,290)	(806,333)	(655,290)

5. INVESTMENT PROPERTIES (CONTINUED)

5.1 Operating lease payments receivable

The operating lease payments to be received are as follows:

	Group RM	Company RM
2019		
Less than one year	879,032	879,382
One to two years	1,403,920	1,403,920
Total undiscounted lease payments	2,282,952	2,283,302

5.2 Fair value information

Fair value of investment properties are categorised as follows:

	Group and Company Level 3	
	2019 RM	**2018 RM**
Freehold land	14,500,000	15,000,000
Buildings	4,388,000	4,388,000
	18,888,000 *	19,388,000

* RM18,500,000 (2018: RM19,000,000) is determined by an external and independent property valuer.

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Group and Company	
	2019 RM	**2018 RM**
At 1 January	19,388,000	19,888,000
Losses recognised in profit or loss:		
Change in fair value	(500,000)	(500,000)
At 31 December	18,888,000	19,388,000

5. INVESTMENT PROPERTIES (CONTINUED)

5.2 Fair value information (continued)

Level 3 fair value (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sales comparison approach: Sales price of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size, age (time factor) and location.	Premium made for differences in: 1) Age (Time factor) = 0.0% 2) Location = 5.0% – 15.0%	The estimated fair value would increase/(decrease) if premium made for differences in age (time factor) and location was higher/(lower).
Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the property. The expected net cash flows are discounted using an average yield of shop offices/ medium-rise office buildings in the vicinity of the property.	3) Void periods = 1 month per year 4) Risk-adjusted discount rate = 4.00% - 4.25%	The estimated fair value would increase/(decrease) if void periods were shorter/(longer) or risk-adjusted discount rate were (lower)/higher.

Valuation processes applied by the Group and the Company for Level 3 fair value

The fair value of investment properties is determined by an external, independent property valuer having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group and the Company's investment property every twelve months. The fair value of another building is based on the estimates by the Directors.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 RM	2018 RM
Cost of investment	26,358,959	16,168,838
Less: Accumulated impairment losses	(2,144,451)	(2,144,451)
	24,214,508	14,024,387

During the financial year, the Company has increased its investment in JcbNext Pte. Ltd. by RM10,190,121 by way of capitalisation of amount due from its subsidiary.

Details of the subsidiaries are as follows:

Name of subsidiary	**Country of incorporation**	**Principal activities**	**Effective ownership interest and voting interest**	
			2019 %	**2018 %**
Autoworld.com.my Sdn. Bhd.	Malaysia	Automobile online advertising services	100	100
JcbNext Pte. Ltd. *	Singapore	Investment Holding	100	100
JobStreet.com India Pvt. Ltd. **	India	Ceased operations	100	100
JS Overseas Holdings Limited **	British Virgin Islands	Investment Holding	100	100
Greenfield Japan Kabushiki Kaisha **	Japan	Search and selection, staffing and career consultancy	60	60

* Audited by firms of auditors other than KPMG International

** Consolidated using management accounts as there is no legal requirement for the entity to be audited

Non-controlling interests in subsidiaries

The Group does not have any material non-controlling interests (“NCI”).

7. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Investments in associate:				
Investment in shares	83,744,287	83,744,287	83,744,287	83,744,287
Share of post-acquisition profits	12,671,725	12,287,746	-	-
Post acquisition foreign exchange translation reserve	22,646,106	21,930,395	-	-
Post acquisition capital reserve	1,883,120	2,007,761	-	-
	120,945,238	119,970,189	83,744,287	83,744,287

Details of material associates are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2019 %	Effective ownership interest and voting interest 2018 %
Innity Corporation Berhad*	Malaysia	Provider of interactive online marketing platforms and technologies for advertisers and publishers	21.03	21.07
104 Corporation#	Taiwan	Provider of advertising and consultancy services	22.99	22.99

* Audited by firms of auditors other than KPMG International
\# Audited by other member firms of KPMG International

7. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any difference in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

Summarised financial information

2019	Innity Corporation Berhad RM	104 Corporation RM
As at 31 December		
Non-current assets	11,122,870	46,770,742
Current assets	62,751,603	305,821,485
Non-current liabilities	(2,026,723)	(7,663,498)
Current liabilities	(33,228,315)	(140,486,953)
Non-controlling interest	(2,987,329)	(1,110,569)
Net assets	35,632,106	203,331,207
Year ended 31 December		
Profit for the year	1,249,142	38,382,114
Other comprehensive income	(95,487)	(824,545)
Total comprehensive income	1,153,655	37,557,569
Included in comprehensive income is		
Revenue	117,189,967	223,202,641

	Innity Corporation Berhad RM	104 Corporation RM	Total RM
Reconciliation of net assets to carrying amount as at 31 December			
Group's share of net assets	7,492,720	46,742,591	54,235,311
Goodwill	4,946,718	47,868,950	52,815,668
Effects of exchange rate fluctuations	-	13,894,259	13,894,259
Carrying amount in the statement of financial position	12,439,438	108,505,800	120,945,238
Group's share of results for the year ended 31 December			
Group's share of profit	262,616	8,823,434	9,086,050
Group's share of comprehensive income	(19,957)	(189,550)	(209,507)
	242,659	8,633,884	8,876,543
Other information			
Dividend received by the Group	-	8,662,096	

7. INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarised financial information (continued)

2018	**Innity Corporation Berhad RM**	**104 Corporation RM**
As at 31 December		
Non-current assets	8,724,673	37,616,828
Current assets	62,132,945	292,115,751
Non-current liabilities	(997,223)	(767,176)
Current liabilities	(32,984,423)	(125,813,409)
Non-controlling interest	(2,546,021)	(973,391)
Net assets	34,329,951	202,178,603
Year ended 31 December		
Profit for the year	1,449,086	37,738,034
Other comprehensive income	154,490	38,980
Total comprehensive income	1,603,576	37,777,014
Included in comprehensive income is		
Revenue	106,933,841	213,608,665

	Innity Corporation Berhad RM	**104 Corporation RM**	**Total RM**
Reconciliation of net assets to carrying amount as at 31 December			
Group's share of net assets	7,234,351	46,476,211	53,710,562
Goodwill	4,946,718	47,868,950	52,815,668
Effects of exchange rate fluctuations	-	13,443,959	13,443,959
Carrying amount in the statement of financial position	12,181,069	107,789,120	119,970,189
Group's share of results for the year ended 31 December			
Group's share of profit	304,698	8,675,106	8,979,804
Group's share of comprehensive income	32,417	8,961	41,378
	337,115	8,684,067	9,021,182
Other information			
Dividend received by the Group	-	9,764,252	

8. OTHER INVESTMENTS

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Non-current				
Fair value through other comprehensive income	50,118,135	54,161,360	42,812,723	53,956,015
Current				
Fair value through profit or loss	55,896,225	64,191,174	55,896,225	64,191,174
	106,014,360	118,352,534	98,708,948	118,147,189

8.1 Equity investments designated at fair value through other comprehensive income

The Group designated the investments shown below as equity securities as at fair value through other comprehensive income because these equity securities represent investments that the Group intends to hold for long-term strategic purposes.

	Group Fair value at 31 December RM	Group Dividend income recognised during the year RM	Company Fair value at 31 December RM	Company Dividend income recognised during the year RM
2019				
Quoted investments	47,112,577	3,311,707	39,807,165	3,311,707
Unquoted investments	3,005,558	-	3,005,558	-
	50,118,135	3,311,707	42,812,723	3,311,707
2018				
Quoted investments	51,712,406	3,202,188	51,712,406	3,202,188
Unquoted investments	2,448,954	-	2,243,609	-
	54,161,360	3,202,188	53,956,015	3,202,188

During the year, the Group disposed the following investment which is carried at fair value through other comprehensive income because it is no longer in line with the Group's strategy.

Group and Company

	Fair value at derecognition RM	Cumulative gain on disposal (net of tax) RM	Dividend income recognised during the year RM
2019			
Quoted investment	10,093,363	3,759,986	404,126

9. TRADE AND OTHER RECEIVABLES

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Trade					
Trade receivables		108,716	164,320	-	-
Non-trade					
Amount due from subsidiaries	9.1	-	-	6,074,188	5,919,914
Less: Impairment losses		-	-	(6,074,188)	(5,919,914)
		-	-	-	-
Other receivables		698,022	721,320	476,359	464,381
		698,022	721,320	476,359	464,381
		806,738	885,640	476,359	464,381

9.1 The amount due from subsidiaries is unsecured, interest free and repayable on demand.

10. CASH AND CASH EQUIVALENTS

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Deposits with licensed banks	15,934,440	20,077,575	15,933,440	20,076,575
Cash and bank balances	2,251,248	4,083,860	1,555,839	3,200,259
	18,185,688	24,161,435	17,489,279	23,276,834

11. CAPITAL AND RESERVES

Share capital	Group and Company Number of shares 2019	Amount 2019 RM	Number of shares 2018	Amount 2018 RM
Ordinary shares, issued and fully paid:				
At 1 January	137,784,900	196,619,727	139,650,000	196,619,727
- Cancellation of treasury shares	(2,172,200)	-	(1,865,100)	-
At 31 December	135,612,700	196,619,727	137,784,900	196,619,727

11. CAPITAL AND RESERVES (CONTINUED)

Ordinary shares

The holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per ordinary share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

Capital reserve

The capital reserve comprises the non-distributable share premium of the associated company.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity and debt securities designated at fair value through other comprehensive income until the assets are derecognised or impaired.

Revaluation reserve

The revaluation reserve relates to the revaluation of property and equipment immediately prior to its reclassification as investment properties.

Treasury shares

During the financial year, the Company bought back from the open market, 2,163,600 (2018: 1,895,100) of its issued ordinary shares ("JcbNext Shares") listed on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of approximately RM1.50 (2018: RM1.68) per ordinary share. The total consideration paid for the share buy-back of JcbNext Shares by the Company during the financial year was RM3,241,388 (2018: RM3,182,261) and was financed by internally generated funds. On 27 December 2019, the Company cancelled 2,172,200 treasury shares being JcbNext Shares bought back during the current and preceding financial years in accordance with Section 127 Subsection 4(a) of the Companies Act 2016. At 31 December 2019, the Group held 21,400 (2018: 30,000) of the Company's own shares.

12. DEFERRED TAX LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group and Company	Assets 2019 RM	Assets 2018 RM	Liabilities 2019 RM	Liabilities 2018 RM	Net 2019 RM	Net 2018 RM
Property and equipment	-	-	(8,550)	(8,752)	(8,550)	(8,752)
Investment properties	-	-	(419,000)	(234,500)	(419,000)	(234,500)
Provisions	221,242	192,743	-	-	221,242	192,743
Tax assets/(liabilities)	221,242	192,743	(427,550)	(243,252)	(206,308)	(50,509)
Set off of tax	(221,242)	(192,743)	221,242	192,743	-	-
Net tax liabilities	-	-	(206,308)	(50,509)	(206,308)	(50,509)

Movement in temporary differences during the year

Group and Company	At 1.1.2018 RM	Recognised in profit or loss (Note 17) RM	At 31.12.2018/ 1.1.2019 RM	Recognised in profit or loss (Note 17) RM	At 31.12.2019 RM
Property and equipment	(10,299)	1,547	(8,752)	202	(8,550)
Investment properties	(259,500)	25,000	(234,500)	(184,500)	(419,000)
Provisions	220,560	(27,817)	192,743	28,499	221,242
	(49,239)	(1,270)	(50,509)	(155,799)	(206,308)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised on the following items (stated at gross) as it was not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom:

	Group 2019 RM	Group 2018 RM
Deductible temporary difference	14,000	14,000
Tax losses carry-forward	12,580,000	11,717,000
Unabsorbed capital allowances	22,000	22,000
	12,616,000	11,753,000

The tax losses carry forward and unabsorbed capital allowances do not expire under current tax legislation, except for tax losses arising from Year of Assessment (YA) 2019 amounting to RM145,826 expire in 2027 and tax losses accumulated up to Year of Assessment (YA) 2018 amounting to RM1,942,045 expire in 2026.

13. OTHER PAYABLES

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Non-trade					
Deferred income	13.1	74,396	4,200	74,746	4,550
Other payables and accrued expenses		1,512,431	1,337,875	1,187,292	894,103
		1,586,827	1,342,075	1,262,038	898,653

13.1 Deferred income comprises rental income received in advance.

14. REVENUE

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue from contracts with customer				
- Services				
Online advertising	27,119	10,985	-	-
Contract staffing	986,451	1,042,131	-	-
	1,013,570	1,053,116	-	-
Other revenue				
- Rental income from investment properties	331,184	166,267	335,384	170,467
- Dividends from other investments - quoted	3,311,707	3,202,188	3,311,707	3,202,188
- Dividends from an associate - quoted	-	-	8,662,096	9,764,252
- Investment distribution income	2,138,308	1,976,949	2,138,308	1,976,949
- Interest income	1,891,895	2,131,747	1,811,451	2,058,286
	8,686,664	8,530,267	16,258,946	17,172,142

14.1 Disaggregation of revenue

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Services				
- Malaysia	27,119	10,985	-	-
- Japan	986,451	1,042,131	-	-
	1,013,570	1,053,116	-	-

14. REVENUE (CONTINUED)

14.2 Nature of services

Online advertising

This is recognised at a point in time upon advertisements are placed on the website. The Group has an average credit term of 90 days.

Contract staffing

This relates to revenue from providing contract staff to customers. The revenue is recognised over the period when the service is rendered. The Group has an average credit term of 30 days.

15. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Directors				
- Fees	255,000	214,000	255,000	214,000
- Remuneration*	303,050	747,704	-	3,313
	558,050	961,704	255,000	217,313
Other key management personnel:				
- Remuneration*	1,169,271	838,924	852,446	838,924
	1,727,321	1,800,628	1,107,446	1,056,237

Other key management personnel comprises persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

* On 27 June 2019, Chang Mun Kee has resigned as an executive director but remained as the Group's CEO. Subsequent to his resignation from the Board of Directors, his remuneration has been classified under remuneration of other key management personnel.

16. STAFF COSTS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Staff costs (including key management personnel compensation):				
Salaries and other employee benefits	2,357,644	2,509,860	1,696,288	1,772,133
Contributions to state plans	202,216	170,359	204,281	157,863
	2,559,860	2,680,219	1,900,569	1,929,996

17. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Income tax expense on continuing operations	1,500,306	1,485,158	1,492,002	1,477,003
Current tax expense				
Malaysia - current year	253,868	282,311	253,868	282,311
- prior year	(948)	(17,084)	(948)	(17,084)
Overseas - current year	1,091,587	1,218,661	1,083,283	1,210,506
Total current tax recognised in profit or loss	1,344,507	1,483,888	1,336,203	1,475,733
Deferred tax expense				
Recognition of temporary difference	139,911	1,270	139,911	1,270
Under provision in prior year	15,888	-	15,888	-
Total tax expense	1,500,306	1,485,158	1,492,002	1,477,003
Reconciliation of tax expense				
Profit for the year	10,319,417	9,954,204	10,471,867	11,477,315
Total tax expense	1,500,306	1,485,158	1,492,002	1,477,003
Share of profit of equity-accounted associates, and net of tax	(9,086,050)	(8,979,804)	-	-
Adjusted profit before tax	2,733,673	2,459,558	11,963,869	12,954,318
Tax calculated using Malaysian tax rate of 24% (2018: 24%)	656,082	590,294	2,871,329	3,109,036
Effect of tax rates in foreign jurisdictions*	48,239	43,304	-	-
Effect of deferred tax assets not recognised	157,000	168,281	-	-
Non-taxable income	(1,573,538)	(1,516,009)	(3,647,616)	(3,845,806)
Non-deductible expenses	1,112,832	1,004,296	1,170,066	1,020,351
Taxes arising from foreign jurisdictions	1,084,751	1,212,076	1,083,283	1,210,506
	1,485,366	1,502,242	1,477,062	1,494,087
Under/(Over) provided in prior year	14,940	(17,084)	14,940	(17,084)
Tax expense	1,500,306	1,485,158	1,492,002	1,477,003

* Subsidiaries operate in tax jurisdictions with different tax rates from Malaysia

18. PROFIT FOR THE YEAR

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Profit for the year is arrived at after charging/(crediting):					
Auditors' remuneration					
- Audit fees					
KPMG PLT		180,000	160,000	170,000	150,000
Other auditors		13,509	12,712	-	-
- Non-audit fees					
KPMG PLT		8,000	8,000	8,000	8,000
Overseas affiliates of KPMG PLT		37,872	32,026	37,872	32,026
Material expenses/(income)					
Depreciation of property and equipment		92,296	109,476	89,624	102,196
Depreciation of right-of-use assets		36,898	-	-	-
Impairment loss on amounts due from subsidiaries		-	-	154,274	208,340
Realised foreign exchange (gain)/loss		(637,881)	5,933	(686,244)	5,933
Unrealised foreign exchange loss/(gain)		363,617	(408,613)	394,170	(467,104)
Gain on changes of interest in associates		(17,036)	(56,767)	-	-
Reversal of impairment loss on trade receivables		(600)	-	(600)	-
Expenses arising from leases					
Expenses related to short-term leases	a	86,721	-	-	-
Expenses relating to leases of low value assets	a	1,980	-	1,980	-

Note a

The Group leases building with contract terms of 1 year. These leases are short-term and leases of low value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

19. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per share at 31 December 2019 was based on the profit attributable to owners of the Company and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2019 RM	2018 RM
Profit for the year attributable to owners of the Company	10,310,150	9,895,431
Issued ordinary shares at 1 January	137,754,900	139,650,000
Effect of treasury shares held	(1,163,842)	(833,098)
Weighted average number of ordinary shares at 31 December	136,591,058	138,816,902
Basic earnings per ordinary share (sen)	7.55	7.13

Diluted earnings per ordinary share

No diluted earnings per share is disclosed in the financial statements as there are no dilutive potential ordinary shares.

20. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM	Date of payment
2019			
Final 2018 single tier	4.00 per share	5,467,182	25 July 2019
2018			
Final 2017 single tier	4.50 per share	6,267,713	28 June 2018

The Directors recommended a final single tier dividend of 4.0 sen per ordinary share amounting to RM5,423,652 in respect of the financial year ended 31 December 2019. This is computed based on the outstanding issued and paid-up share capital as at 31 December 2019, and subject to the approval of shareholders at the forthcoming Annual General Meeting. The proposed final dividend has not been accounted for in the financial statements.

21. OPERATING SEGMENTS

The information reported to the Group's chief operating decision maker, who is also the Group's Chief Executive Officer, for the purposes of resource allocation and assessment of performance is segregated according to the following segments:

Investment holding	Includes equity investments, property investments, treasury investments, investments in associates, and property leasing
Others	Includes online advertising and contract staffing

Segment profit

Reporting on segmental profit includes items directly attributable to the segments identified, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Executive Officer. Hence, no disclosure is made on segment liability.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property and equipment.

21. OPERATING SEGMENTS (CONTINUED)

2019	Investment holding RM	Others RM	Eliminations RM	Consolidated RM
Segment revenue				
Revenue from external customers	331,184	1,013,570	-	1,344,754
Inter-segment revenue	4,200	-	(4,200)	-
Dividends	11,973,803	-	(8,662,096)	3,311,707
Interest income	2,138,308	-	-	2,138,308
Investment distribution income	1,891,895	-	-	1,891,895
Revenue for the year	16,339,390	1,013,570	(8,666,296)	8,686,664
Segment profit/(loss)				
Operating profit/(loss) for reportable segments	12,039,594	(153,930)	(8,703,615)	3,182,049
Interest income	-	64,657	-	64,657
Interest expense	(8,029)	-	-	(8,029)
Loss on financial assets classified as fair value through profit or loss	(22,040)	-	-	(22,040)
Gain on changes of interest in associates	17,036	-	-	17,036
Loss on changes in fair value of investment properties	(500,000)	-	-	(500,000)
Impairment loss on amounts due from subsidiaries	(154,274)	-	154,274	-
Share of profit of equity accounted associates	9,086,050	-	-	9,086,050
Profit before tax	20,458,337	(89,273)	(8,549,341)	11,819,723
Income tax expense	(1,492,002)	(8,304)	-	(1,500,306)
Profit for the year	18,966,335	(97,577)	(8,549,341)	10,319,417
Segment assets	351,175,217	872,074	(24,214,858)	327,832,433
Included in the measure of segment assets are:				
Investments in associates	120,945,238	-	-	120,945,238
Non-current assets other than financial instruments and deferred tax assets	19,202,419	9	-	19,202,428
Additions to non-current assets other than financial instruments and deferred tax assets	143,524	-	-	143,524
Other segment information				
Depreciation of property and equipment	92,296	-	-	92,296
Depreciation of right-of-use assets	36,898	-	-	36,898

21. OPERATING SEGMENTS (CONTINUED)

2018	Investment holding RM	Others RM	Eliminations RM	Consolidated RM
Segment revenue				
Revenue from external customers	166,267	1,053,116	-	1,219,383
Inter-segment revenue	4,200	-	(4,200)	-
Dividends	12,966,440	-	(9,764,252)	3,202,188
Interest income	2,131,747	-	-	2,131,747
Investment distribution income	1,976,949	-	-	1,976,949
Revenue for the year	17,245,603	1,053,116	(9,768,452)	8,530,267
Segment profit/(loss)				
Operating profit/(loss) for reportable segments	12,893,884	(4,186)	(9,822,593)	3,067,105
Interest income	-	37	-	37
Loss on financial assets classified as fair value through profit or loss	(164,351)	-	-	(164,351)
Gain on changes of interest in associates	56,767	-	-	56,767
Loss on changes in fair value of investment properties	(500,000)	-	-	(500,000)
Impairment loss on amounts due from subsidiaries	(208,340)	-	208,340	-
Share of profit of equity accounted associates	8,979,804	-	-	8,979,804
Profit before tax	21,057,764	(4,149)	(9,614,253)	11,439,362
Income tax expense	(1,477,003)	(8,155)	-	(1,485,158)
Profit for the year	19,580,761	(12,304)	(9,614,253)	9,954,204
Segment assets	343,354,799	791,908	(14,024,738)	330,121,969
Included in the measure of segment assets are:				
Investments in associates	119,970,189	-	-	119,970,189
Non-current assets other than financial instruments and deferred tax assets	19,687,897	9	-	19,687,906
Additions to non-current assets other than financial instruments and deferred tax assets	123,144	-	-	123,144
Other segment information				
Depreciation of property and equipment	108,880	596	-	109,476

22. FINANCIAL INSTRUMENTS

22.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Fair value through profit or loss ("FVTPL")
 - Mandatorily required by MFRS 9
(b) Amortised cost ("AC")
(c) Fair value through other comprehensive income ("FVOCI")
 - Equity instrument designated upon initial recognition ("EIDUIR")

	Carrying amount RM	AC RM	Mandatorily at FVTPL RM	FVOCI - EIDUIR RM
2019				
Financial assets				
Group				
Other investments	106,014,360	-	55,896,225	50,118,135
Trade and other receivables	806,738	806,738	-	-
Other assets	102,319	102,319	-	-
Deposit with licensed bank with original maturities more than three months	62,445,103	62,445,103	-	-
Cash and cash equivalents	18,185,688	18,185,688	-	-
	187,554,208	81,539,848	55,896,225	50,118,135
Company				
Other investments	98,708,948	-	55,896,225	42,812,723
Trade and other receivables	476,359	476,359	-	-
Other assets	58,090	58,090	-	-
Deposit with licensed bank with original maturities more than three months	57,583,503	57,583,503	-	-
Cash and cash equivalents	17,489,279	17,489,279	-	-
	174,316,179	75,607,231	55,896,225	42,812,723

	Carrying amount RM	AC RM
2019		
Financial liabilities		
Group		
Other payables (excluding deferred income)	1,512,431	1,512,431
Company		
Other payables (excluding deferred income)	1,187,292	1,187,292

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.1 Categories of financial instruments (continued)

	Carrying amount RM	AC RM	Mandatorily at FVTPL RM	FVOCI - EIDUIR RM
2018				
Financial assets				
Group				
Other investments	118,352,534	-	64,191,174	54,161,360
Trade and other receivables	885,640	885,640	-	-
Other assets	92,826	92,826	-	-
Deposit with licensed bank with original maturities more than three months	46,866,265	46,866,265	-	-
Cash and cash equivalents	24,161,435	24,161,435	-	-
	190,358,700	72,006,166	64,191,174	54,161,360
Company				
Other investments	118,147,189	-	64,191,174	53,956,015
Trade and other receivables	464,381	464,381	-	-
Other assets	58,090	58,090	-	-
Deposit with licensed bank with original maturities more than three months	41,623,500	41,623,500	-	-
Cash and cash equivalents	23,276,834	23,276,834	-	-
	183,569,994	65,422,805	64,191,174	53,956,015

	Carrying amount RM	AC RM
2018		
Financial liabilities		
Group		
Other payables (excluding deferred income)	1,337,875	1,337,875
Company		
Other payables (excluding deferred income)	894,103	894,103

22.2 Net gains and losses arising from financial instruments

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Net (losses)/gains on:				
Fair value through profit or loss:				
- Mandatorily required by MFRS 9	(22,040)	(164,351)	(22,040)	(164,351)
Equity instruments designated at fair value through other comprehensive income	(4,926,656)	(6,219,992)	(1,877,955)	(6,219,992)
Financial assets measured at amortised cost	2,223,387	2,534,427	1,949,851	2,311,117
	(2,725,309)	(3,849,916)	49,856	(4,073,226)

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

22.4 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 other investments and receivables from customers. The Company's exposure to credit risk arises principally from its other investments, trade receivables, advances to subsidiaries and financial guarantees given to banks for credit facilities granted to a subsidiary. There are no significant changes as compared to prior periods.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2019 **RM**	**2018** **RM**
Malaysia	5,551	3,446
Others	103,165	160,874
	108,716	164,320

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment losses

The Group uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

The Group and the Company maintain an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

Group	**Gross-carrying amount RM**	**Loss allowances RM**	**Net balance RM**
2019			
Not past due	103,193	-	103,193
Past due 1 - 30 days	16	-	16
Past due 31 - 180 days	5,507	-	5,507
	108,716	-	108,716
2018			
Not past due	164,232	-	164,232
Past due 1 - 30 days	15	-	15
Past due 31 - 180 days	73	-	73
Past due more than 180 days	600	(600)	-
	164,920	(600)	164,320
Company			
2019			
Not past due	-	-	-
Past due 1 - 30 days	-	-	-
Past due 31 - 180 days	-	-	-
Past due more than 180 days	-	-	-
	-	-	-
2018			
Not past due	-	-	-
Past due 1 - 30 days	-	-	-
Past due 31 - 180 days	-	-	-
Past due more than 180 days	600	(600)	-
	600	(600)	-

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment losses (continued)

The movements in the allowance for impairment in respect of trade receivables during the year are shown below:

	Trade receivables		
Group	**Lifetime ECL RM**	**Credit impaired RM**	**Total RM**
Balance at 1 January/ 31 December 2018	-	600	600
Net remeasurement of loss allowance	-	(600)	(600)
Balance at 31 December 2019	-	-	-

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk and credit quality

As at the end of the reporting period, the Group has invested in domestic and overseas securities. The maximum exposure to the credit risk is represented by the carrying amounts in the statements of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

The investments and other financial assets are unsecured.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk (continued)

Inter-company balances (continued)

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' advances as at 31 December 2019.

Company	Gross carrying amount RM	Impairment loss allowance RM	Net balance RM
2019			
Credit impaired	6,074,188	(6,074,188)	-
2018			
Credit impaired	5,919,914	(5,919,914)	-

The movement in the allowance for impairment in respect of subsidiaries' advances during the year is as follows:

Company	Lifetime ECL RM
Balance at 1 January 2018	5,711,574
Net remeasurement of loss allowance	208,340
Balance at 31 December 2018/1 January 2019	5,919,914
Net remeasurement of loss allowance	154,274
Balance at 31 December 2019	6,074,188

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence it is not provided for.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loan and borrowing.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate/ Discount rate %	Contractual cash flows RM	Within 1 year RM	1-2 years RM
2019					
Group					
Non-derivative financial liabilities					
Lease liabilities	75,617	10.88	85,953	64,465	21,488
Other payables	1,512,431	-	1,512,431	1,512,431	-
	1,588,048		1,598,384	1,576,896	21,488
Company					
Non-derivative financial liabilities					
Other payables	1,187,292	-	1,187,292	1,187,292	-
2018					
Group					
Non-derivative financial liabilities					
Other payables	1,337,875	-	1,337,875	1,337,875	-
Company					
Non-derivative financial liabilities					
Other payables	894,103	-	894,103	894,103	-

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

22.6.1 Currency risk

The Group is exposed to foreign currency risk on cash that are held in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Hong Kong Dollar ("HKD") and Singapore Dollar ("SGD"). The Group does not hedge its currency risk.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Group		**Company**	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Cash and cash equivalents and deposits with licensed banks with original maturities more than 3 months held in:				
USD	16,590,149	20,594,983	16,586,057	20,590,843
HKD	16,547	25,262	16,547	25,262
SGD	27,647,345	21,286,950	27,647,345	21,286,950
Exposure in the statements of financial position	44,254,041	41,907,195	44,249,949	41,903,055

Currency risk sensitivity analysis

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

A 7.5% (2018: 7.5%) strengthening of the RM against the USD, HKD and SGD at the end of the reporting period would have decreased pre-tax profit by the amounts shown below. This analysis is based on foreign currency exchange rate variance that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Market risk (continued)

22.6.1 Currency risk (continued)

	Profit or loss			
	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
USD	(1,244,261)	(1,544,624)	(1,243,954)	(1,544,313)
HKD	(1,241)	(1,895)	(1,241)	(1,895)
SGD	(2,073,551)	(1,596,521)	(2,073,551)	(1,596,521)

A 7.5% (2018: 7.5%) weakening of RM against the USD, HKD and SGD at the end of the reporting period would have had equal but opposite effect on the USD, HKD and SGD to the amounts shown above, on the basis that all other variables remained constant.

22.6.2 Interest rate risk

The Group's and the Company's exposure to interest rate risk arises from interest-earning assets. The Group does not hedge its interest rate risk. Investment in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Deposits are placed with licensed banks with varying maturity dates.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Fixed rate instruments				
Financial assets				
Deposits with licensed banks with original maturities:				
- more than 3 months	62,445,103	46,866,265	57,583,503	41,623,500
- 3 months or less	15,934,440	20,077,575	15,933,440	20,076,575
	78,379,543	66,943,840	73,516,943	61,700,075

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Market risk (continued)

22.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

22.6.3 Other price risk

Other price risk arises from the Group's quoted investments.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the quoted investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant and the Group's short term and long term quoted investments moved in correlation with the stock exchange of Malaysia, Singapore, Australia and Hong Kong.

A 10% (2018: 10%) strengthening in the abovementioned stock exchanges and financial markets at the end of the reporting period would result in the following impact to equity and profit or loss:

	2019		2018	
	Equity RM	Profit or loss RM	Equity RM	Profit or loss RM
Group				
Long term other investments	5,011,814	-	5,416,136	-
Short term other investments	5,589,623	5,589,623	6,419,117	6,419,117
Company				
Long term other investments	4,281,272	-	5,395,602	-
Short term other investments	5,589,623	5,589,623	6,419,117	6,419,117

A 10% (2018: 10%) weakening in the abovementioned stock exchanges and financial markets would have had equal but opposite effect on equity and profit or loss respectively.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and their fair value cannot be reliably measured.

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

	Fair value of financial instruments carried at fair value				**Fair value of financial instruments not carried at fair value**				**Total fair value**	**Carrying amount**
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**		
2019	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Group										
Financial assets										
Investments in quoted instruments	103,008,802	-	-	103,008,802	-	-	-	-	103,008,802	103,008,802
Company										
Financial assets										
Investments in quoted instruments	95,703,390	-	-	95,703,390	-	-	-	-	95,703,390	95,703,390
2018										
Group and Company										
Financial assets										
Investments in quoted instruments	115,903,580	-	-	115,903,580	-	-	-	-	115,903,580	115,903,580

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.7 Fair value information (continued)

22.7.1 Fair value hierarchy

Policy on transfer between levels
The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value
Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value
Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values
There has been no transfer between Level 1 and Level 2 fair values during the financial year (2018: no transfer in either direction).

Level 3 fair value
Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

23. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

24. CAPITAL COMMITMENTS

	Group and Company	
	2019	2018
	RM	RM
Investment in unquoted shares		
Contracted but not provided for:	537,932	819,104

25. RELATED PARTIES

Identity of related parties

For the purpose of these financial statements, parties are considered to be related or jointly control to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

25. RELATED PARTIES (CONTINUED)

Identity of related parties (continued)

The Group has related party relationship with its significant investors, associates, subsidiaries and key management personnel.

Significant related party transactions

Related party transactions have been entered into the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 15), are as follows:

	Transactions value year ended 31 December	
	2019	**2018**
Group and Company	**RM**	**RM**
Associate		
Sale of services	(260)	(195)
Company		
Subsidiaries		
Rental income	(4,200)	(4,200)

Balances with subsidiaries are as disclosed in Note 9.

26. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group and the Company adopted MFRS 16.

Definition of a lease

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Where the Group is a lessee, the Group applied the requirements of MFRS 16 using modified retrospective approach with the initial application that the right-of-use assets is equivalent to the lease liabilities as at 1 January 2019.

At 1 January 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 January 2019. The weighted-average rate applied is 10.88%. Right-of-use assets are measured at either:

- their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at 1 January 2019; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

26. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

As a lessee (continued)

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:
- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease; and
- adjusted the right-of-use assets by the amount of provision for onerous contract under MFRS 137 immediately before the date of initial application, as an alternative to an impairment review.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

26.1 Impacts on financial statements

Since the Group applied the requirements of MFRS 16 using modified retrospective approach with the initial application that right-of-use assets is equivalent to the lease liabilities as at 1 January 2019, there are no adjustments made to the prior period presented.

27. POST BALANCE SHEET EVENT

The coronavirus (Covid-19) pandemic was announced by the World Health Organisation in March 2020 given the outbreak of the virus in countries across the world including Malaysia. The Covid-19 pandemic has resulted in disruptions to businesses and various macro-economic impacts.

The Group and the Company consider that the effects related to this outbreak to be a non-adjusting event as it was not a condition that existed as at 31 December 2019, the end of the reporting period. Accordingly, the current conditions arising from this outbreak do not have an impact on the carrying amounts reported for the financial year ended 31 December 2019.

As at the date of the financial statements are authorised for issuance, the Covid-19 situation is still evolving and unpredictable. As a result, it is not practicable for the Group and the Company to estimate the financial effect of Covid-19 at this juncture. The Group and the Company are actively monitoring and managing the Group’s and the Company’s operations to minimise any impacts that may arise from Covid-19.

STATEMENT BY DIRECTORS
pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 49 to 113 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

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

DATUK ALI BIN ABDUL KADIR
Director

LIM CHAO LI
Director

Kuala Lumpur

Date: 2 June 2020

STATUTORY DECLARATION
pursuant to Section 251(1)(b) of the Companies Act 2016

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)

The undersigned, **Gregory Charles Poarch**, being first duly sworn, does hereby state under oath as follows:

I, **Gregory Charles Poarch**, the officer primarily responsible for the financial management of JcbNext Berhad, do solemnly and sincerely declare that the financial statements set out on pages 49 to 113 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true.

IN WITNESS WHEREOF, the undersigned has executed this Affidavit on this 2nd day of June, 2020.

GREGORY CHARLES POARCH

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)

BE IT REMEMBERED, that on this 2nd day of June, 2020, before me, the undersigned, a Notary Public in and for said county and state came Gregory Charles Poarch, who is personally known to me to be the same person who executed the within instrument of writing, and duly acknowledged the execution of the same.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public

Commission No. 17003547

My Commission Expires: 11 April 2021

(SEAL)

INDEPENDENT AUDITORS' REPORT

to the members of **JcbNext Berhad**
(Registration No. 200401002875 (641378-W))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of JcbNext Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 113.

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 year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Investment in an associate

Refer to Note 2(a)(vi) – Significant accounting policies: "Associates" and Note 7 - Investments in associates.

The key audit matter

The Group owns 22.99% in 104 Corporation ("104C"), an associate listed on the Taiwan Stock Exchange. The Group's share of results from this associate for the year ended 31 December 2019 was RM8,633,884 and with carrying amounts of RM108,505,800. This associate has contributed approximately 33.29% to the Group's net assets which are significant in the context of the consolidated financial statements.

Key Audit Matters (continued)

Investment in an associate (continued)

The key audit matter (continued)

Given that this is a foreign investment, the carrying amount of this investment in the consolidated financial statements which is accounted under equity method is reassessed by applying appropriate adjustments on consolidation for any differences in accounting policies by the management.

We identified the accounting for the results and the investment in this associate as a key audit matter because of the material impact that the associate has on the consolidated financial statements.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We engaged in a continuous communication with 104C auditor throughout the audit to satisfy our requirements under the international auditing standards.
- We instructed the 104C auditor to perform an audit on the financial information and issued instructions to 104C auditor to communicate the overall Group's audit strategy.
- We obtained an understanding of the procedures planned to be performed by the 104C auditor of significant risks identified and considered whether the planned procedures were appropriate for the purpose of the audit of the consolidated financial statements.
- We assessed the adequacy of the work performed by the 104C auditor by inspecting their audit documentation and the consistency of the Group's accounting policies applied.
- We obtained the reporting from 104C auditor and discussed with the auditor on the matters of significance in their audit which could impact the Group's consolidated financial statements.
- We assessed whether the carrying amount of this associate which is accounted under equity method after the adjustments made by the management was prepared in accordance with the Group's accounting policies.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- 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 ability of the Group or of the Company 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 gives a true and fair view.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

Other Matter

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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chong Dee Shiang
Approval Number: 02782/09/2020 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 2 June 2020

LIST OF PROPERTIES

Location	Description	Existing Use	Age of Building (Years)	Built-Up Area (Sq m)	Tenure	Carrying Value as at 31.12.2019 (RM)	Date of Acquisition
Wisma JcbNext No. 27, Lorong Medan Tuanku 1, Off Jalan Sultan Ismail, 50300 Kuala Lumpur	8-storey office building with basement	Office	29	3,917	Freehold	18,500,000	6.12.2005
19, Jalan Sasa 3, Taman Gaya, 81800 Ulu Tiram, Johor Darul Takzim	2-storey shop office	Office	12	357	Freehold	388,000	19.5.2006

ANALYSIS OF SHAREHOLDINGS
as at 29 May 2020

Total Number of Issued Shares	:	135,612,700.00*
Class of Share	:	Ordinary shares
Voting Right	:	One vote per ordinary share held

* Inclusive of 1,116,000 treasury shares

DISTRIBUTION OF SHAREHOLDINGS *

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%#
Less than 100 shares	290	16.38	12,318	0.01
100 – 1,000 shares	589	33.28	329,179	0.24
1,001 – 10,000 shares	616	34.80	2,546,302	1.89
10,001 – 100,000 shares	205	11.58	6,715,858	4.99
100,001 to less than 5% of issued shares#	67	3.79	42,694,403	31.74
5% and above of issued shares	3	0.17	82,203,640	61.12
Total	**1,770**	**100.00**	**134,501,700**	**100.00**

* Pursuant to the Bursa Malaysia Depository Disclosure Framework, reports on the list of shareholders and transactions are based on the settlement cycle of 2 trading days after the transaction date. Hence, the distribution of shareholdings record transactions made up to 27 May 2020 which was subsequently captured in the Record of Depository ("ROD") dated 29 May 2020.

\# Excludes 1,111,000 ordinary shares bought back by the Company and held as treasury shares based on the ROD dated 29 May 2020.

SUBSTANTIAL SHAREHOLDERS
(As per register of substantial shareholders)

	No. of Shares Held			
Name	**Direct**	**%#**	**Indirect**	**%#**
Chang Mun Kee	70,229,494	52.22	4,705,000*	3.50
Wong Siew Hui	12,200,626	9.07	-	-

* Registered in the name of Bank Julius Baer & Co. Ltd, Singapore – HSBC Trustees (S) Ltd for Voyager Assets Limited, the trustee of a discretionary trust for estate planning purposes, the beneficiaries of which are members of Mr. Chang Mun Kee's family and himself.

\# Excludes 1,116,000 ordinary shares bought back by the Company and held as treasury shares.

DIRECTORS' SHAREHOLDINGS
(As per register of directors' shareholdings)

	No. of Shares Held			
Name of Directors	**Direct**	**%#**	**Indirect**	**%#**
Datuk Ali bin Abdul Kadir	740,000	0.55	42,000 *	0.03
Teo Koon Hong	-	-	-	-
Cindy Eunbyol Ko	-	-	-	-
Lim Chao Li	500,000	0.37	-	-

Note : * Deemed interested by virtue of Section 8(4) of the Companies Act 2016.
Excludes 1,116,000 ordinary shares bought back by the Company and held as treasury shares.

30 LARGEST SHAREHOLDERS *

	Name	**No. of Shares Held**	**%**
1.	AMSEC Nominees (Tempatan) Sdn Bhd *Ambank (M) Berhad for Chang Mun Kee (5032-1101)*	57,082,864	42.44
2.	HSBC Nominees (Tempatan) Sdn Bhd *BJB SG for Chang Mun Kee*	12,920,150	9.61
3.	Wong Siew Hui	12,200,626	9.07
4.	Citigroup Nominees (Asing) Sdn Bhd *PLL for Acacia Partners LP*	4,837,080	3.60
5.	HSBC Nominees (Asing) Sdn Bhd *EXEMPT AN for Bank Julius Baer & Co. Ltd. (Singapore BCH)*	4,705,000	3.50
6.	Suresh A/L Thirugnanam	4,226,164	3.14
7.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Exempt AN for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)*	3,421,870	2.54
8.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN for Credit Suisse (SG BR-TST-ASING)*	2,990,780	2.22
9.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Kuan Gin*	1,660,400	1.23
10.	CIMB Group Nominees (Asing) Sdn. Bhd. *Exempt AN for DBS Bank Ltd (SFS)*	1,386,000	1.03
11.	HSBC Nominees (Tempatan) Sdn Bhd *Exempt AN for Credit Suisse (SG BR-TST-TEMP)*	1,385,800	1.03
12.	Lin Hai Moh @ Lin See Yan	1,380,000	1.03
13.	Yeoh Liew Se	1,000,000	0.74

30 LARGEST SHAREHOLDERS * (CONTINUED)

Name		No. of Shares Held	%
14.	Lee Sau Eng	915,600	0.68
15.	Lim Gaik Bway @ Lim Chiew Ah	655,400	0.49
16.	Ng Kay Ian	651,558	0.48
17.	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Gaik Bway @ Lim Chiew Ah (Margin)*	600,000	0.45
18.	AmBank (M) Berhad *Pledged Securities Account for Ali bin Abdul Kadir (Smart)*	592,000	0.44
19.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)*	546,400	0.41
20.	TMF Trustees Malaysia Berhad *JPOS Trust*	506,000	0.38
21.	Lim Chao Li	500,000	0.37
22.	Yeoh Phaik Seok	494,800	0.37
23.	Yap Zhong Kai	440,000	0.33
24.	Lim Eng Hock	415,000	0.31
25.	Yew Kok Onn	407,700	0.30
26.	Tay Kok Choon	407,258	0.30
27.	Lim Kuan Gin	369,500	0.27
28.	Affin Hwang Nominees (Asing) Sdn Bhd *DBS Vickers Secs (S) Pte Ltd for GF Capital Global Limited*	364,320	0.27
29.	Leong Wai Kong	330,000	0.25
30.	Chew Siew Mee	283,000	0.21

* Pursuant to the Bursa Malaysia Depository Disclosure Framework, reports on the list of shareholders and transactions are based on the settlement cycle of 2 trading days after the transaction date. Hence, the distribution of shareholdings record transactions made up to 27 May 2020 which was subsequently captured in the ROD dated 29 May 2020.

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth ("**16th**") Annual General Meeting ("**AGM**") of JCBNEXT BERHAD ("**JcbNext**" or "**the Company**") will be conducted fully virtual via Remote Participation Electronic Voting ("**RPEV**") facilities for the purpose of considering and if thought fit, passing with or without modifications the resolutions setting out in this notice.

Meeting Date	:	Friday, 17 July 2020
Time	:	10.30 a.m.
Meeting Platform	:	https://web.lumiagm.com/
Broadcast Venue	:	12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan Malaysia
Mode of Communication	:	1) Submit questions to the Board prior to the 16th AGM by emailing to ir@jcbnext.com no later than 5.00 p.m., Friday, 10 July 2020. 2) Post questions to the Board via real time submission of typed text at https://web.lumiagm.com/ during live streaming of 16th AGM.

A G E N D A

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon.

(Please refer to Note 1 of the Explanatory Notes)

2. To approve the payment of Final Dividend of 4.0 sen per ordinary share under single-tier system in respect of the financial year ended 31 December 2019.

Ordinary Resolution 1

3. To approve the Directors' Fees up to an aggregate amount of RM262,000.00 for the financial year ending 31 December 2020 and Benefits Payable to Non-Executive Directors up to an aggregate amount of RM38,000.00 for the period from the date of AGM until the next AGM of the Company in year 2021 and the payment thereof.

Ordinary Resolution 2

4. To re-elect Datuk Ali bin Abdul Kadir who is retiring under Clause 96 of the Constitution of the Company.

Ordinary Resolution 3

5. To re-elect Ms Cindy Eunbyol Ko who is retiring under Clause 103 of the Constitution of the Company.

Ordinary Resolution 4

6. To re-appoint Messrs. KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

Ordinary Resolution 5

As Special Business

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

7. **Proposed Renewal of Authority to Allot Shares pursuant to Section 76 of the Companies Act 2016**

"THAT pursuant to Section 76 of the Companies Act 2016 (the "**Act**"), the Directors be and are hereby authorised to allot and issue shares in the Company at any time and from time to time until the conclusion of the next AGM of the Company 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 ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) at the time of issue, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issue."

Ordinary Resolution 6

8. **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares of up to 10% of its Total Number of Issued Shares ("Proposed Share Buy-Back")**

"THAT subject to the Act, rules, regulations and orders made pursuant to the Act, provisions of the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**") and any other relevant authority, the Directors of the Company be and are hereby unconditionally and generally authorised, to the extent permitted by law, to make purchases of ordinary shares comprised in the Company's total number of issued shares, such purchases to be made through Bursa Securities and to take all such steps as necessary (including opening and maintaining of a central depositories account under the Securities Industry (Central Depositories Act 1991) and enter into any agreements, arrangements, and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any), as may be imposed by the relevant authorities from time to time subject further to the following:

(i) the maximum aggregate number of ordinary shares in the Company ("**JcbNext Shares**") which may be purchased and/or held by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company, subject to the provisions of the Listing Requirements;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the JcbNext Shares under the Proposed Share Buy-Back shall not exceed the retained profits of the Company for the time being. Based on the audited financial statements of the Company for the financial year ended 31 December 2019, the audited retained profits of the Company stood at approximately RM80.61 million;

(iii) the authority conferred by this resolution to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

a. the conclusion of the next AGM of the Company, following the general meeting at which this resolution was passed at which time it will lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions but not as to prejudice the completion of purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority;

b. the expiration of the period within which the next AGM after that date is required by law to be held; or

c. revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of JcbNext Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authority; and upon the purchase(s) of JcbNext Shares by the Company, the Directors of the Company be and are hereby authorised to decide at their absolute discretion to either cancel any portion or all of JcbNext Shares so purchased or to retain JcbNext Shares so purchased as treasury shares, and to dealt with such treasury shares in the manner as set out in Section 127 of the Act and the Listing Requirements and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the purchase(s) of the JcbNext Shares by the Company with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of the JcbNext Shares."

Ordinary Resolution 7

9. To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company and the Act.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the 16th AGM to be held on Friday, 17 July 2020, a Final Dividend of 4.0 sen per ordinary share under single-tier system in respect of the financial year ended 31 December 2019 will be paid to shareholders on 13 August 2020. The entitlement date for the said dividend shall be on 28 July 2020.

A Depositor shall qualify for entitlement to the Dividend only in respect of:

(a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 28 July 2020 in respect of the transfers; and

(b) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

TAI YIT CHAN
(SSM PC No. 202008001023)
(MAICSA 7009143)

WONG WEI FONG
(SSM PC No. 201908001352)
(MAICSA 7006751)
Company Secretaries

Selangor Darul Ehsan
Date: 19 June 2020

NOTES:

1. Precautionary measures against COVID-19 pandemic

a. In light of the current COVID-19 pandemic and having regard to the well-being and safety of our Shareholders, the 16th AGM shall be held as a fully virtual meeting where shareholders are only allowed to participate remotely via live streaming and online voting using RPEV facilities which are available on Boardroom Smart Investor Portal at https://web.lumiagm.com/. Please follow the procedures provided in the Administrative Details of the 16th AGM in order to register, participate and vote remotely via RPEV facilities.
b. With RPEV facilities, a Shareholder may exercise his/her right to participate (including to pose questions to the Board/Management of the Company) and vote at the 16th AGM, in the comfort

of your home. Shareholders may use the query box facility to submit questions real time during the AGM or e-mail questions to ir@jcbnext.com no later than 5.00 p.m., Friday, 10 July 2020.

c. The venue of the 16th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue (Broadcast Venue) and to facilitate the conduct of the fully virtual meeting. **No Shareholders/Proxy(ies) from the public shall be physically present at the Broadcast Venue.**

2. Proxy

a. Since the 16th AGM will be conducted via a fully virtual meeting, all Shareholders are advised to participate in the 16th AGM remotely by registering yourself at https://boardroomlimited.my so that you would be able to participate in the virtual 16th AGM at https://web.lumiagm.com/.

b. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy, failing which the appointment shall be invalid. There shall be no restriction as to the qualification of the proxy.

c. If a Shareholder of the Company entitled to attend and vote at a meeting of the Company is not able to participate in the 16th AGM via RPEV facilities on Friday, 17 July 2020, in line with the Guidance and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, released by Securities Commission Malaysia on 18 April 2020 and revised on 11 June 2020 ("**SC Guidance Note**") , we strongly encourage all Shareholders to appoint the Chairman of the Meeting as his/her Proxy and indicate the voting instructions in the instrument appointing a Proxy (Proxy Form).

d. Where a member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

e. The appointment of Proxy may be made in a hardcopy form or by electronic means as follows:

In Hardcopy Form

The Hardcopy Proxy Form shall be in writing under the hands of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a Proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.

The Proxy Form shall be deposited at the Share Registrar's Office of the Company, Boardroom Share Registrar Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof.

By Electronic Means

The Proxy Form may be submitted:

a. to the Share Registrar of the Company, Boardroom Share Registrar Sdn. Bhd. via e-mail to bsr.helpdesk@boardroomlimited.com, not less than forty-eight (48) hours before the time set for holding the AGM or any adjourment thereof; or

b. via electronic means ("**e-Proxy**") through the Boardroom Share Registrar's smart investor portal at https://boardroomlimited.my by logging in and selecting "E-PROXY LODGEMENT" not less than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof (please refer to the Annexure to the Proxy Form for further information on submission via e-Proxy).

3. Shareholders entitled to participate and vote

In respect of deposited securities, only members whose names appear on the Record of Depositors on 10 July 2020 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.

4. Voting

a. Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of the 16th AGM will be put to vote by way of poll.

b. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.

c. The lodging of a form of proxy does not preclude a member from attending and voting at the meeting should the member subsequently decide to do so.

d. Please refer to the voting procedure as specified in the Administrative Details of the 16th AGM.

e. Upon completion of the voting session for the 16th AGM, the Independent Scrutineers will verify and announce the poll results followed by the Chairman of the Meeting's declaration whether the resolutions are duly passed.

EXPLANATORY NOTES

1. To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. Ordinary Resolution 2 – Directors' Fees and Benefits Payable

The amount of Directors' Fee payable includes fee payable to Directors as a member of Board and Board Committees. The amount of Benefits Payable to Non-Executive Directors comprise meeting allowances only. Other than the Directors' Fees and Benefits Payable from the Company, the Non-Executive Directors do not receive any Directors' Fees or Benefits Payable from any of the subsidiaries with JcbNext Group.

In the event that the proposed Directors' Fees and Benefits Payable during the above period exceed the estimated amount sought at the 16th AGM, approval will be sought at the next AGM for additional Directors' Fees and Benefits Payable to meet the shortfall.

3. Ordinary Resolution 6 – Proposed Renewal of Authority to Allot Shares pursuant to Section 76 of the Act

The Company had, during its Fifteenth AGM held on 27 June 2019, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Act. As at the date of this notice, the Company has not issued any shares pursuant to that mandate.

Ordinary Resolution 6 proposed under item 7 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the total number of issued shares (excluding treasury shares) of the Company for such purposes as the Directors consider would be in the interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding investment project(s), working capital and/or acquisitions.

4. Ordinary Resolution 7 - Proposed Share Buy-Back

The proposed Ordinary Resolution 7, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of JcbNext Shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company following the 16th AGM is required by law to be held.

Further information on the Proposed Share Buy-Back is set out in the Statement to Shareholders dated 19 June 2020 which was despatched together with this Annual Report.

Personal data privacy:

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

ADMINISTRATIVE DETAILS OF THE SIXTEENTH (“16TH”) ANNUAL GENERAL MEETING

Meeting Date	:	Friday, 17 July 2020
Time	:	10.30 a.m.
Meeting Platform	:	https://web.lumiagm.com/
Broadcast Venue	:	12th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan Malaysia
Mode of Communication	:	3) Submit questions to the Board prior to the 16th Annual General Meeting (“**AGM**”) by emailing to ir@jcbnext.com no later than 5.00 p.m., Friday, 10 July 2020. 4) Post questions to the Board via real time submission of typed text at https://web.lumiagm.com/ during live streaming of the 16th AGM.

Dear Shareholders,

In light of the COVID-19 pandemic and having regard to the well-being and safety of our Shareholders, the 16th AGM of JcbNext Berhad (‘the Company”) will be conducted **fully virtual** through live streaming and online remote voting via **REMOTE PARTICIPATION ELECTRONIC VOTING (“RPEV”)** facilities. This is line with the Guidance and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, released by Securities Commission Malaysia on 18 April 2020 and revised on 11 June 2020.

In line with the Malaysian Code on Corporate Governance Practice 12.3, by conducting a virtual AGM, this would promote greater shareholder participation as it facilitates electronic voting and remote shareholders’ participation. With the RPEV facilities, you may exercise your right as a member of the Company to participate (including to pose questions to the Board of Directors and/or Management of the Company) and vote at the AGM. Alternatively, you may also appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the AGM. **No Shareholders/Proxies/Corporate Representatives from the public shall be physically present nor admitted at the Broadcast Venue on the day of the AGM.**

Kindly ensure that you are connected to the internet at all times in order to participate and vote when our virtual AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained. Kindly note that the quality of the live webcast is dependent on the bandwidth and stability of the internet connection of the participants.

Digital Copies of Annual General Meeting Documents

The following documents are available for download from Bursa Malaysia Berhad and the Company’s website at https://www.jcbnext.com/?page_id=183:-

1. Annual Report 2019;
2. Corporate Governance Report 2019;
3. Notice of the 16th AGM;
4. Proxy Form;
5. Administrative Details of the 16th AGM; and
6. Statement to Shareholders in relation to Proposed Renewal of Authority for the Company to purchase its own Ordinary Shares of up to Ten Percent (10%) of Total Number of Issued Shares dated 19 June 2020 (“Statement to Shareholders”)

If you wish to receive a printed black and white copy of the Annual Report 2019 and/or Statement to Shareholders, please email your request to ir@jcbnext.com accompanied by your full name, CDS Account Number, full mailing address and telephone number. The Annual Report 2019 and/or Statement to Shareholders will be delivered to you within four (4) market days from the date of receipt of the written request.

Procedures for RPEV Facilities

Procedure		Action
Before the day of the AGM		
1.	Register Online with Boardroom Smart Investor Portal	*[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register. You may proceed to Step 2.]* a. Access website https://boardroomlimited.my b. Click <<Login>> and click <<Register>> to sign up as a user. c. Complete registration and upload softcopy of MyKAD (for Malaysian) front and back or Passport (for non-Malaysian). d. Please enter a valid email address. e. Your registration will be verified and approved within one business day and an email notification will be provided.
Procedure		**Action**
Before the day of the AGM		
2.	Submit request for remote participation	Registration for remote access will be opened on **Saturday, 20 June 2020**. Please note that the closing time to submit your request is on **Wednesday, 15 July 2020** at **10.30 a.m.** (48 hours before the commencement of the AGM). **Individual Members** a. Log in to https://boardroomlimited.my b. Select "Hybrid/Virtual Meeting" from main menu and select the correct Corporate Event "**JCB 16th AGM**" Virtual AGM. c. Enter your CDS Account. d. Read and agree to the terms & condition and thereafter submit your request. **Corporate Shareholders** a. Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request. b. Please provide a copy of Corporate Representative's MyKAD (for Malaysian) front and back or Passport (for non-Malaysian) as well as his/her email address. **Authorised Nominee and Exempt Authorised Nominee** a. Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Form of Proxy to submit the request. b. Please provide a copy of Corporate Representative's MyKad (for Malaysian) front and back or Passport (for non-Malaysian) as well as his/her email address.
3	Email notification	a. You will receive notification(s) from Boardroom Share Registrars Sdn. Bhd. ("Boardroom") that your request(s) has been received and is/are being verified. b. Upon system verification against the General Meeting Record of Depositories as at **10 July 2020**, you will receive an email from Boardroom either approving or rejecting your registration for remote participation together with your remote access user ID and password.

On the day of the AGM		
4.	Login to Meeting Platform	a. The Meeting Platform will be open for login one (1) hour before the commencement of the AGM. b. The Meeting Platform can be accessed via one of the following:- ➢ Download the free **Lumi AGM** application from Apple App Store or Google Play Store; ➢ Scan the QR Code provided in the email notification; ➢ Navigate to the website at https://web.lumiagm.com/ c. Insert the Meeting ID and sign in with the user ID and password provided to you via the email notification in Step 3.
5.	Participate	*[Note: Questions submitted online will be moderated before being sent to the Chairman to avoid repetition. All question and messages will be presented with the full name and identity of the participant raising the question.]* a. If you would like to view the live webcast, select the broadcast icon. b. If you would like to ask a question during the AGM, select the messaging icon. c. Type your message within the chat box, once completed click the send button.
6.	Voting	a. Once voting has been opened, the polling icon will appear with the resolutions and your voting choices. b. To vote simply select your voting direction from the options provided. A confirmation message will appear to show your vote has been received. c. To change your vote, simply select another voting direction. d. If you wish to cancel your vote, please press "Cancel".
7.	End of Participation	Upon the announcement by the Chairman on the closure of the AGM, the live webcast will end and the Messaging window will be disabled.

Entitlement to Participate the AGM

In respect of deposited securities, only members whose names appear on the Record of Depositors on **10 July 2020** (General Meeting Record of Depositors) shall be eligible to participate the meeting or appoint proxy(ies) to participate on his/her behalf.

Proxy

If you are unable to attend the AGM, you are encouraged to appoint a proxy or the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

Please ensure that the original form is deposited at our Share Registrar's office not less than forty-eight (48) hours before the time appointed for holding the meeting. Details of our Share Registrar's office can be found in the enquiry section of this document.

Alternatively, you may deposit your proxy form(s) by electronic means trough the Boardroom's smart investor portal at https://boardroomlimited.my by logging in and selecting "E-PROXY LODGEMENT".

Revocation of Proxy

If you have submitted your Proxy Form and subsequently decide to appoint another person or wish to participate in our virtual AGM personally, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy forty-eight (48) hours before the meeting.

Voting Procedure

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM will be conducted by poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

No Distribution of Vouchers or Door Gifts

There will be no distribution of vouchers or door gifts for the participation in the AGM.

No Recording or Photography

No recording or photography of the AGM proceedings is allowed without the prior written permission of the Company.

Enquiry

If you have any enquiries prior to the AGM, please contact the following during office hours from Monday to Friday (8.30 a.m. to 5.30. p.m.):-

Boardroom Share Registrars Sdn. Bhd.

Address	:	11th Floor, Menara Symphony No. 5 Jalan Prof. Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Darul Ehsan Malaysia
General Line	:	603-7890 4700
Fax Number	:	603-7890 4670
Email	:	bsr.helpdesk@boardroomlimited.com

Personal Data Policy

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

PROXY FORM

JCBNEXT BERHAD
[200401002875 (641378-W)]
(Incorporated in Malaysia)

No. of Shares Held	
CDS Account No.	

I/We, ... NRIC/Passport/Company No. .... of
(NAME IN FULL AND IN BLOCK LETTERS)

....and Telephone
(FULL ADDRESS)

no./Email address ……………………………………………………….……being a member/members of **JCBNEXT BERHAD ("Company")**,

hereby appoint ……………………………………………………………......…… NRIC/Passport No. …………………………………………… of
(NAME IN FULL AND BLOCK LETTERS)

....
(FULL ADDRESS)

and/or failing him/her, …...NRIC/Passport No. ……......................................of
(NAME IN FULL AND BLOCK LETTERS)

....
(FULL ADDRESS)

or failing him/her, *THE CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us and on my/our behalf at the Sixteenth ("**16th**") Annual General Meeting **("AGM")** of the Company, to be conducted fully virtual via Remote Participation Electronic Voting ("**RPEV**") facilities at broadcast venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on **Friday, 17 July 2020** at **10.30 a.m.** and at any adjournment thereof.

** Please delete the words "THE CHAIRMAN OF THE MEETING" if you wish to appoint some other person to be your proxy.*

My/our proxy is to vote as indicated below:-

No.	**Resolution**	**For**	**Against**
Ordinary Resolution 1	Approval of the payment of Final Dividend of 4.0 sen per ordinary share under single-tier system in respect of the financial year ended 31 December 2019.		
Ordinary Resolution 2	Approval of Directors' Fees for the financial year ending 31 December 2020 and Benefits Payable to the Non-Executive Directors for the period from the date of AGM until the next AGM of the Company in year 2021 and the payment thereof.		
Ordinary Resolution 3	Re-election of Datuk Ali bin Abdul Kadir as Director pursuant to Clause 96 of the Constitution of the Company.		
Ordinary Resolution 4	Re-election of Ms Cindy Eunbyol Ko as Director pursuant to Clause 103 of the Constitution of the Company.		
Ordinary Resolution 5	Re-appointment of Messrs. KPMG PLT as Auditors.		
Ordinary Resolution 6	Proposed Renewal of Authority for the Directors to allot and issue shares pursuant to Section 76 of the Companies Act 2016.		
Ordinary Resolution 7	Proposed Renewal of Authority for the Company to Purchase its Own Ordinary Shares.		

(Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.)

Signed this .... day of 2020

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

1st proxy		%
2nd proxy		%
TOTAL	100	%

……………………………………...........
Signature of Shareholder or
Common Seal of Shareholder

NOTES:

1. **Precautionary measures against COVID-19 pandemic**
   a) In light of the current COVID-19 pandemic and having regard to the well-being and safety of our Shareholders, the 16th AGM shall be held as a fully virtual meeting where shareholders are only allowed to participate remotely via live streaming and online voting using RPEV facilities which are available on Boardroom Smart Investor Portal at https://web.lumiagm.com/. Please follow the procedures provided in the Administrative Details of the 16th AGM in order to register, participate and vote remotely via RPEV facilities.
   b) With RPEV facilities, a Shareholder may exercise his/her right to participate (including to pose questions to the Board/Management of the Company) and vote at the 16th AGM, in the comfort of your home. Shareholders may use the query box facility to submit questions real time during the AGM or e-mail questions to ir@jcbnext.com no later than 5.00 p.m., Friday, 10 July 2020.
   c) The venue of the 16th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue (Broadcast Venue) and to facilitate the conduct of the fully virtual meeting. **No Shareholders/Proxy(ies) from the public shall be physically present at the Broadcast Venue.**

2. **Proxy**
   a) Since the 16th AGM will be conducted via a fully virtual meeting, all Shareholders are advised to participate in the 16th AGM remotely by registering yourself at https://boardroomlimited.my so that you would be able to participate in the virtual 16th AGM at https://web.lumiagm.com/.
   b) A member entitled to attend and vote is entitled to appoint not more than two (2) proxies. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy, failing which the appointment shall be invalid. There shall be no restriction as to the qualification of the proxy.
   c) If a Shareholder of the Company entitled to attend and vote at a meeting of the Company is not able to participate in the 16th AGM via RPEV facilities on Friday, 17 July 2020, in line with the Guidance and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, released by Securities Commission Malaysia on 18 April 2020 and revised on 11 June 2020 ("**SC Guidance Note**") , we strongly encourage all Shareholders to appoint the Chairman of the Meeting as his/her Proxy and indicate the voting instructions in the instrument appointing a Proxy (Proxy Form).
   d) Where a member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

e) The appointment of Proxy may be made in a hardcopy form or by electronic means as follows:

In Hardcopy Form

The Hardcopy Proxy Form shall be in writing under the hands of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a Proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.

The Proxy Form shall be deposited at the Share Registrar's Office of the Company, Boardroom Share Registrar Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof.

By Electronic Means

The Proxy Form may be submitted:

a) to the Share Registrar of the Company, Boardroom Share Registrar Sdn. Bhd. via e-mail to bsr.helpdesk@boardroomlimited.com, not less than forty-eight (48) hours before the time set for holding the AGM or any adjourment thereof; or

b) via electronic means ("**e-Proxy**") through the Boardroom Share Registrar's smart investor portal at https://boardroomlimited.my by logging in and selecting "E-PROXY LODGEMENT" not less than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof (please refer to the Annexure to the Proxy Form for further information on submission via e-Proxy).

3) Shareholders entitled to participate and vote

In respect of deposited securities, only members whose names appear on the Record of Depositors on 10 July 2020 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.

4) Voting

a) Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of the 16th AGM will be put to vote by way of poll.
b) If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.
c) The lodging of a form of proxy does not preclude a member from attending and voting at the meeting should the member subsequently decide to do so.
d) Please refer to the voting procedure as specified in the Administrative Details of the 16th AGM.
e) Upon completion of the voting session for the 16th AGM, the Independent Scrutineers will verify and announce the poll results followed by the Chairman of the Meeting's declaration whether the resolutions are duly passed.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 19 June 2020.

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AFFIX
STAMP

BOARDROOM SHARE REGISTRARS SDN. BHD.
[Registration No. 199601006647 (378993-D)]
11TH FLOOR, MENARA SYMPHONY
NO. 5, JALAN PROF. KHOO KAY KIM
SEKSYEN 13
46200 PETALING JAYA
SELANGOR DARUL EHSAN
MALAYSIA

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Fold This Flap For Sealing

ANNEXURE TO THE PROXY FORM

Dear Shareholders,

We are pleased to inform you that as a Shareholder, you have the option to submit your Proxy Form via electronic means (e-Proxy) in paperless form. Once you have successfully submitted your e-Proxy form, you are no longer required to complete and submit the physical Proxy Form to the office of the Share Registrar of the Company.

To assist you on how to engage with e-Proxy, kindly read and follow the guidance notes which are detailed below:

ELECTRONIC LODGEMENT OF PROXY FORM OF THE 16TH AGM (E-PROXY LODGEMENT)

Step 1 – Register online with Boardroom Smart Investor Portal (for first time registration only)

[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 below for e-Proxy lodgement.]

a. Access Boardroom's website at https://boardroomlimited.my
b. Click <<Login>> and click <<Register>> to sign up as a user. Registration is free.
c. Complete registration and upload a softcopy of your MYKAD (for Malaysian) front and back or your Passport (for non-Malaysian).
d. Please enter a valid e-mail address and wait for Boardroom's e-mail verification.
e. Your registration will be verified and approved within one (1) business day and an e-mail notification will be provided.

Step 2 – e-Proxy lodgement

a. Access Boardroom's website at https://boardroomlimited.my
b. Login with your user ID (i.e. e-mail address) and password.
c. Go to "E-PROXY LODGEMENT" and browse the Meeting List for **"JCB 16TH AGM"** and click "APPLY".
d. Read the terms and conditions and confirm the declaration.
e. Enter the CDS account number and indicate the number of securities for your Proxy to vote on your behalf.
f. Appoint the Chairman of the Meeting as your Proxy and enter the required particulars.
g. Indicate your voting instructions – FOR or AGAINST, otherwise your Proxy will decide your vote.
h. Review and confirm your Proxy appointment.
i. Click submit.
j. Download or print the e-Proxy form acknowledgement.