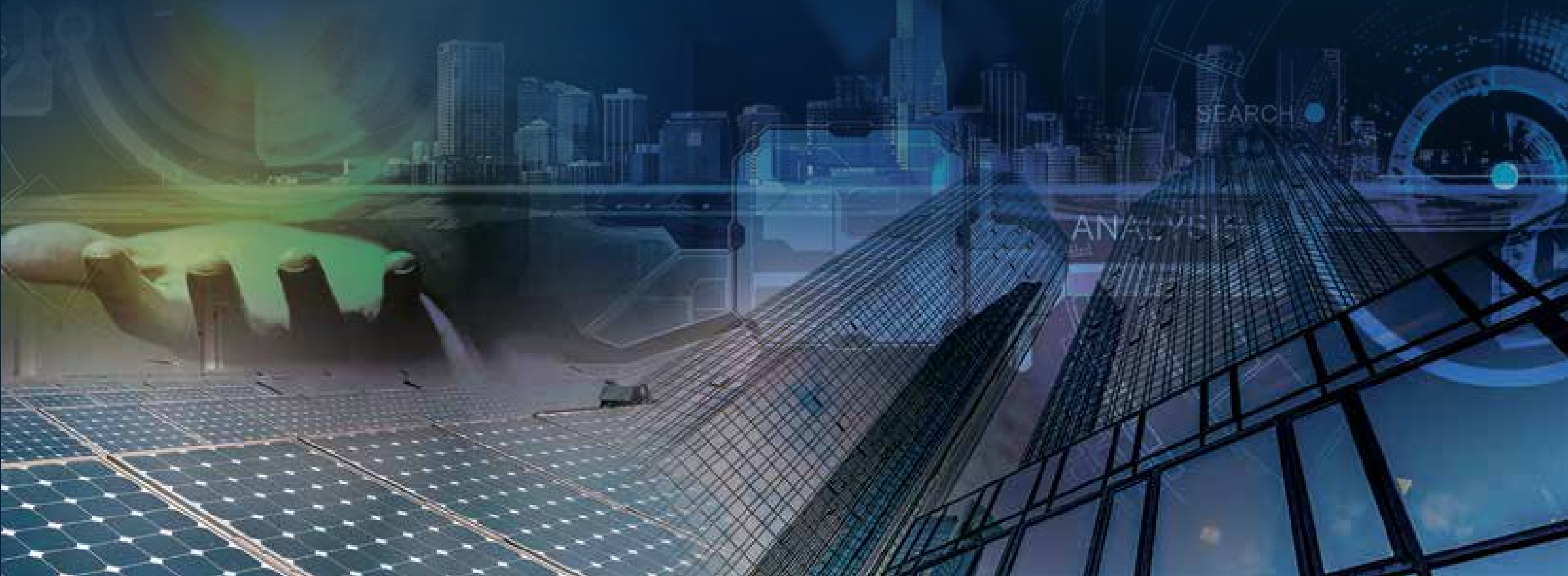
G3 Global

G3 GLOBAL BERHAD (570396-D)

INNOVATIONS FOR A SMARTER TOMORROW

Annual Report 2018

Contents



Corporate Information

BOARD OF DIRECTORS

Wan Khalik Bin Wan Muhammad
(Executive Chairman)

Datuk Haji Khan Bin Mohd Akram Khan
(Managing Director)

Goh Kok Beng
(Executive Director)

Yeoh Yeow Cheang
(Executive Director)

Md Radzi Bin Din
(Executive Director)

Puan Chan Cheong
(Non-Independent Non-Executive Director)

Tan Kay Yen
(Non-Independent Non-Executive Director)

Liew Kok Seong
(Alternate Director to Tan Kay Yen)

Lai Chin Tak
(Independent Non-Executive Director)

Saffie Bin Bakar
(Independent Non-Executive Director)

Yong Kim Fui
(Independent Non-Executive Director)

SECRETARIES

Chee Wai Hong (BC/C/1470)
Foo Li Ling (MAICSA 7019557)

AUDIT COMMITTEE

Yong Kim Fui
(Chairman, Independent Non-Executive Director)

Saffie Bin Bakar
(Independent Non-Executive Director)

Lai Chin Tak
(Independent Non-Executive Director)

REGISTERED OFFICE

51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

Tel: 04-228 9700
Fax: 04-227 9800

BUSINESS ADDRESS

115, Lebuh Victoria
10300 Georgetown
Pulau Pinang

Tel: 04-250 0888
Fax: 04-264 4777

SHARE REGISTRAR

Agriteum Share Registration Services Sdn Bhd
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmah Shah
10050 Penang

Tel: 04-228 2321
Fax: 04-227 2391

AUDITORS

Grant Thornton
Chartered Accountants

SOLICITORS

Zaid Ibrahim & Co.

PRINCIPAL BANKERS

Hong Leong Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Corporate Structure

G3 Global
G3 Global Berhad

- 100% Atilze Digital Sdn. Bhd.
  - 55% Connected Mobility Technologies Sdn. Bhd.
- 80% AG3 Sdn. Bhd.
- 100% Atilze AI Sdn. Bhd.
- 100% Atilze Solutions Sdn. Bhd. (Formerly known as Above Drive Sdn. Bhd.)
- 100% Edwin Jeans (M) Sdn. Bhd.
- 100% G.A. Blue Corporation Sdn. Bhd.
- 100% Yen Retailing (M) Sdn. Bhd.
- 100% G.A. Blue Apparel Sdn. Bhd. (Formerly known as Mustang Jeans (M) Sdn. Bhd.)
- 100% Lensan Sdn. Bhd.
- 100% Sebico Jaya Trading Co Sdn. Bhd.
- 100% Delison Sdn. Bhd.

Corporate Management Discussion & Analysis

BUSINESS OVERVIEW

Smart Internet of Things ("IoT")

Since the introduction of Smart Cities Initiatives as part of the 11th Malaysia Plan (2016-2020), Malaysia has started deploying an intelligent IoT network in cities like Kuala Lumpur, Iskandar, Selangor and Putrajaya. These projects incorporated IoT, cloud computing, big data analytics and spatial geographic information integration in their smart city planning, construction, management and services.

In addition to that, agriculture has transformed in the last few decades from small to medium farming operations to highly industrialized, commercial farming that is concentrated among a few large corporations. Growing crops and raising livestock and fish has become an increasingly mechanized and computer-driven operation. This allows corporations to treat agriculture like manufacturing in the sense that measurements, data, and control is very important to manage costs, maximize yields, and boost profits. The IoT in Agriculture ("IoTAg") represents the use of technology wherein agricultural planning and operations becomes connected in ways previously impossible if it were not for advances in sensors, communications, data analytics and other areas. Global IoT in Agriculture Market to Reach $28.65 Billion by 2023.

Smart Mobility

With smart mobility being a key aspect of its Smart Cities vision, Malaysia launched its Intelligent Transport System Blueprint 2017-2022 to upgrade its current transportation system, with big data analytics forming the core of the system. Malaysia Automotive, Robotics and IoT Institute, an agency under MiTi is currently championing the National Automotive Plan 2019. NAP2019, has key focuses on artificial intelligence, next generation vehicles, mobility-as-a-service ("Maas") and Industrial Revolution 4.0 with the data as a driving force behind all initiatives and enablers of the connected mobility vision. Data gathered from ICT infrastructure is analysed to gain insights and provide alternative choices for efficient operations. Support systems such as mobile apps will help consumers make more informed transportation choices.

- The global market for autonomous vehicles will be worth $54.23 billion in 2019 and increase to $556.67 billion by 2026 with a compound annual growth rate ("CAGR") of 39.47% during that period.
  - Allied Market Research & Forbes 2018

- By 2025, the annual potential market for smart mobility is estimated at around $400 billion. By comparison, in 2017, the smart mobility market was estimated at 40 billion dollars, while the global automobile market was estimated to be worth around 1,500 billion dollars.
  - Longer-term investments: Smart Mobility, UBS CIO WM, 2017

- 125 cities in EU have rolled out Smart Mobility Projects.

- Smart Mobility accounts for the biggest development CAPEX of Governments.

Smart AI

A recent survey conducted by leading IT market research and advisory firm IDC titled IDC Asia/Pacific Enterprise Cognitive/AI surveyhighlights that AI adoption in the region is on the rise. Current AI adoption rates stand at 14% across Southeast Asia as compared to just eight percent last year, marking a clear move by companies to embed some form of AI/cognitive intelligence into their operations.

Discovery of better business insights has become the most important adoption driver according to more than half (52%) of respondents, moving from third most important in 2017, revealing a maturity in the way the region is harnessing AI to enhance their business. Other top drivers this year are enhanced process automation (51%), and improved productivity (42%).

AI Technology positive impact already visible across banking, manufacturing, healthcare and government. Investment on AI to continue to rise, as more organizations begin to understand the benefits of embedding AI into their business and how data and analytics can help uncover new insights. Organizations that do not incorporate AI in their business operations are predicted to lose out to their AI-enabled peers who will benefit from the greater predictability, efficiency and innovation that advanced analytics can bring, according to Global Research Director, Big Data and Analytics and Cognitive/AI, IDC Asia/Pacific.

Apparel Industry

The apparel industry in Malaysia has been affected by various external factors such as the political environment and the lackluster economy in 2018. The general election during May 2018 led to a change in government, which subsequently resulted in the abolishment of Goods and Services Tax ("GST") from June to September, and subsequently replaced by Sales and Services Tax ("SST"). This led to uncertainty in the purchasing habits of consumers. Apparel wear was a highly fragmented competitive landscape in 2018 with both domestic and international brands, competing by employing different distribution methods and marketing strategies. While international fast fashion brands achieve a strong sales performance in Malaysia due to strong brand reputation and constant sales promotional strategies, local fashion brands managed

Corporate Management Discussion & Analysis (cont'd)

to gain market share through sales promotions, rebates and markdowns. While apparel specialist retailers contributed to significant distribution share in apparel in Malaysia through their conventional stores, internet retailing recorded a significant rise in value share during the year 2018. Consumers are gaining strong accessibility to online retail channels with third party websites promoting branded apparels.

Overall, retail sales growth in Malaysia have dipped to below 5% for 2018. Apparel is expected to record a stable performance in Malaysia during the current year. Economic conditions however will remain highly volatile with many consumers continuing to spend carefully and cautiously.

FINANCIAL RESULTS

Turnover for the Group for the reported financial year of 2018 was RM29.8 million which is lower as compared to the turnover of RM31.0 million achieved in the previous financial period of 17 months. Due to the change in year-end in 2017 resulting in a longer financial period of 17 months in the previous period, a direct comparison of results with the reported financial year will not be meaningful. However, it is noted that the drop in turnover in the Apparel Division has been more than compensated by the significant improvement in turnover from the ICT Division. The consumers for apparel and lifestyle products have been cautious in making purchases during the year 2018 had caused the drop in turnover.

Loss before taxation for the Group for the year was RM17.1 million which was higher than the loss before taxation of RM13.4 million incurred in the previous financial period of 17 months. The loss for the year was higher than the previous year as it has been partly affected by the reduced turnover from the Appareal Division and allowance for expected credit loss and inventories written down.

REVIEW OF OPERATIONS

The Group operates under 2 business segments, namely the Apparel Division which manufactures, distributes and retails jeanswear and other fashion apparels and accessories, and the ICT Division which supplies telecommunication solutions, devices and related products. On 15 December 2018, the Group has effectively ceased operations of its manufacturing operations upon the disposal of 2 subsidiaries involved in the manufacture of jeanswear and other apparels.

ICT Division :

Revenue for the Division increased significantly to RM12.5 million as compared to RM1.8 million in the previous period as the Division entered its development phase. The groundwork for business infrastructure and development in the Division has been laid and this has caused its turnover to be increase exponentially. The Division incurred a net loss of RM6.8 million as compared to a loss of RM5.9 million in the previous financial period. The net loss incurred was mainly due to fixed human resources costs and overheads set up for purpose of future systems infrastructure and business development. The Group will continue to invest to develop its IoT solutions in areas such as smart cities, smart agriculture and connected car solutions.

Apparel Division :

The Apparel Division recorded a revenue of RM17.3 million as against RM29.2 million achieved in the previous period of 17 months. The lower revenue was mainly due to the longer financial period reported for the previous year and hence incomparable due to the longer previous financial period. Net loss after taxation has jumped to RM10.3 million as compared to the previous period's loss of RM6.9 million. The loss for the year was higher as it has been partly affected by the reduced turnover and allowance for expected credit loss and inventories written down.

RISK MANAGEMENT

In order to spread its market risks, the Group has diversified its business risks by expanding into the distribution of ICT products & services, and products offering IoT related solutions and services. Business risks of the Group have been mitigated whereby the conventional apparel business has been balanced with the more pioneering, revolutionary and innovative IoT business.

Taking advantage of our digital revolutionary products, we hope to pioneer the building of an IoT network in Malaysia in collaboration with our business partners.

Additionally, the Board has also identified inventory management risk and credit control risk that are relevant to the Group. Inventory risk is mitigated by improving purchase management to reduce overstocking and inventory obsolescence. Credit control risk is mitigated through more stringent vetting of new customers profile and implementing a more proactive legal recovery process for delinquent accounts.

Corporate Management Discussion & Analysis (cont'd)

CORPORATE DEVELOPMENTS

During the financial year, corporate developments in the Group are as follows:

a) On 16 April 2018, the Company's subsidiary, Atilze Digital Sdn. Bhd. ("AD"), has acquired the remaining 400 ordinary shares in Atilze Solution Sdn. Bhd. ("AS") (formerly known as Above Drive Sdn. Bhd.) from a former director of AD for a total cash consideration of RM400. Consequent to the aquisition, AS became a wholly-owned subsidiary of AD.

b) On 13 July 2018, AD incorporated a wholly-owned subsidiary, Connected Mobility Technologies Sdn. Bhd. ("CMT"), with a paid up capital of RM100. Thereafter, CMT has allotted 99,900 new ordinary shares to AD and 2 other parties for a total cash consideration of RM99,000. Consequent to the allotment all the equity interest of AD was diluted from 100% to 55%.

c) On 6 August 2018, the Company had acquired 2,800 ordinary shares representing 100% equity interest in AS from AD for a total cash consideration of RM2,800. Consequently, AS became a direct wholly-owned subsidiary of the Company. The reorganisation does not have any effect on the Group's financial statements.

d) On 21 September 2018, the Company incorporated a wholly-owned subsidiary, Atilze AI Sdn. Bhd. with a paid-up capital of RM1.

e) On 24 December 2018, the Company with minority shareholders incorporated a subsidiary, AG3 Sdn. Bhd, with an issued and paid up capital of RM100 comprising 100 ordinary shares of which the Company owns 80% equivalent to 80 ordinary shares valued at RM80.

f) On 19 December 2017, the Company entered into a conditional shares sale agreement with third parties to dispose off the entire equity interest in 2 wholly owned subsidiaries, Evatech Sdn. Bhd. and Uni Jeans Care Sdn. Bhd., for a total cash consideration of RM12,986,000. The disposal has been completed on 15 December 2018.

g) On 29 March 2019, the Company announced a proposal to undertake the establishment and implementation of a share grant scheme ("SGS") of up to 10% of the total number of issued shares of G3 (excluding treasury shares, if any) at any point in time during the duration of the Proposed SGS for the executive directors and employees of G3 and its subsidiaries who fulfill the eligibility criteria.

DIVIDEND POLICY

The Board has not adopted any fixed dividend policy.

The Board does not recommend payment of any dividend for the financial year ended 31 December 2018.

FUTURE PROSPECTS

Market conditions for the apparel industry has remained uncertain and the financial results from the apparel division was unfavourable due to lower sales and various impairments and high overheads. As part of the Group's change in business direction, the Group has disposed off its manufacturing facilities with a view to eliminate the high production overheads and operating costs.

However, the Board will continue to review current business and operational strategies in this Division to find the best solution to turnaround the division.

The revolutionary outlook for the ICT industry and in particular the IoT business is expected to augur well for the Group in the future. The increasing usage of mobile devices, and innovative solutions achieved in smart agriculture and smart city projects will continue to drive the IoT industry. We continue to be optimistic on the robust outlook of IoT globally and with the various IoT initiatives that we have started, we are confident that our ventures will provide a steady growth to the turnover of the Group. As such, the Group expects better results for the current financial year.

Directors' Profile

WAN KHALIK BIN WAN MUHAMMAD
(Executive Chairman)

En Wan Khalik, male, aged 45, Malaysian, was appointed as the Executive Chairman of the Company on 5 April 2019. He holds a Diploma in Public Administration, Universiti Teknologi MARA (UiTM) and in addition, he is also a postgraduate in Master of Arts – (Political Science) from Universiti Utara Malaysia (UUM).

He is the co-founder of a multi award-winning software development company which was established since year 2000. Besides this, he also ventured into a few businesses in the sectors such as food and beverage, marine, telecommunications, construction and engineering.

He has vast experience in the areas of corporate planning, public administration, IT strategic planning, business development among others. Wan Khalik has also served the public and government sector for more than five (5) years as the principal private secretary to the Chief Minister of Sarawak from 2013 until July 2018.

Moreover, he is also the Vice President of Access Green Association of Malaysia (AGA), a non-profit organisation with goals to help the government to achieve the National Green Technology Policy's objective in reducing energy usage and at the same time to increase economic development, help the increment in green technology and innovation in green technology development as well as its competitiveness on international level.

He is also currently the Executive Director of DWL Resources Berhad.

DATUK HAJI KHAN BIN MOHD AKRAM KHAN
(Managing Director)

Datuk Khan, male, aged 49, Malaysian, was appointed as the Managing Director of the Company on 5 April 2019. He is a strategist and a serial entrepreneur in the field of Big Data Analytics, Automotive, Logistics and Trading, and other related products. As the founder of AGA Group, Datuk Khan's journey into Big Data Analytics started back in 2001, during the time when he was still involved in the Automotive Industry. Being an advocator towards a sustainable data management and governance, his National Data Ocean framework has been renowned and accepted by MAMPU and MDEC in pursuing Beyond 2020 Roadmap.

Datuk Khan has almost 30 years of experience in the areas of Strategic Planning, Branding and Communication, Marketing, Digital Transformation and Data Analytics.

Being a prominent figure in Big Data arena, Datuk Khan has been featured in many events such as HACKATHON and forums as a speaker in order to share his views on how businesses can capitalize data as the game changer to win deals. Armed with vast experience in various industries where he strongly believes that data is the primary component in transforming and optimizing business best practices, Datuk Khan has been proactively promoting the idea of Big Data Analytics based on his principles, methodology and architecture.

His strong passion and deep understanding in data management and analytics and how it can assist businesses in making better and clearer decisions has led Datuk Khan to acquire an Australia based company, Clarity Private Limited in 2014. which later changed its name to Clarity OSS (Malaysia) Sdn. Bhd.

For the past almost 20 years, besides Clarity OSS (Malaysia) Sdn. Bhd., Datuk Khan has been building his business network under AGA Group of Companies, One Stop Dot Com, AGA Zone and AGA Gemilang.

Currently, Datuk Khan also sits on the board of MMAG Holdings Berhad as Executive Chairman.

LAI CHIN TAK
(Independent Non-Executive Director)

Mr Lai, male, aged 57, was appointed as the Independent Non-Executive Chairman of the Company on 1 august 2018. He was redesignated as the Independent Non-Executive Director of the Company on 5 April 2019. He graduated with the Bachelor of Electrical Engineering from Queens University, Kingston, Ontario, Canada in 1985 and obtained his Master of Business Administration from Oklahoma State University, USA in 1987.

He has several years' experience in various positions in USA before returning to Malaysia to take up the post of Marketing Manager in Oracle Malaysia in 1993. He moved to iMedia Sdn Bhd as its Managing Director in 1997 before returning to Oracle Malaysia as its Marketing Director in 1999. In 2002 he took up the position of Senior Vice President of Celcom Axiata and subsequently went on to head TMNet as its CEO in 2005. In 2007, he assumed the post of CEO of P1, a pioneer 4G telecommunications company. In 2013, he ventured abroad to lead Innovate Indonesia as its President Director/Chief Executive Officer. From 2015 to 2017 he was the Group Director of MyRepublic Group in Singapore.

Given his vast experience in the IT, telecommunications and business field, he will contribute immensely to the Company's future progress.

Directors' Profile (cont'd)

PUAN CHAN CHEONG
(Non-Independent Non-Executive Director)

Mr Puan, male, aged 50, Malaysian, was appointed as a Non-Independent Non-Executive Chairman of the Company on 14 September 2017. He was reappointed as Non-Independent Non-Executive Director of the Company on 14 August 2018. He holds a Bachelor of Science in Business Administration and Double major in Management Information Systems & Finance from University of Nebraska-Lincoln, USA.

He is the founder of Green Packet, a technology developer of 4G LTE and WiMAX software solutions and devices for global telecommunications companies. In August 2008, Green Packet established P1 (now known as Webe Digital Sdn Bhd), a 4G Telecommunications company ("Telco") in Malaysia. P1 as at September 2014 attracted the investment of Malaysia's leading broadband provider, Telekom Malaysia Berhad ("TM") which subsequently became its holding company.

Mr. Puan who engineered the strategic collaboration to pave way for P1's LTE transition went on to lead the P1 organization as its CEO until 2016 to fully capitalize on partnership synergies. He established the blueprint for P1's future growth and led key strategic transformations in the Company. Thereafter, he transitioned to the Board of Webe Digital Sdn Bhd, and continues to help shape the company's progress.

Previously, as Green Packet's Group Managing Director for 14 years, he spearheaded the development of its two main business pillars of Solutions and Communications. Under his stewardship, Green Packet Solutions made its way to become the world's third largest provider for WiMAX devices while proactively researching and developing next generation 4G LTE technologies. The green-field 4G Telco, P1, became Malaysia's first and leading 4G wireless broadband service provider.

A visionary and astutely entrepreneurial, Mr. Puan co-founded and sits on the board of Green Packet Berhad and several subsidiaries. He steered Green Packet to its listing on Bursa Malaysia Securities Berhad's MESDAQ Market on 25 May 2005, and subsequently the Main Market on 18 July 2007.

He has more than 20 years of diversified business experience with a strong success track-record in consulting, and the development and management of large-scale telecommunications, infrastructure and property projects internationally. His personal accolades include the coveted PIKOM Technopreneur of the Year award.

GOH KOK BENG
(Executive Director)

Mr Goh, male, aged 58, a Malaysian, was appointed as the Executive Chairman of the Company on 9 January 2009 and was re-designated as Executive Director on 14 September 2017. He received his secondary education at Chung Ling High School, Penang and further his studies in Singapore. He was a founding member of Body Glove (M) Sdn Bhd and has more than 30 years of extensive and comprehensive experience and marketing network in the apparel industry both locally and internationally. He oversees the business operations of the Group including materials procurement and marketing strategies. He is also one of the major shareholders and Executive Director of BGT Corporation PCL, a public company listed on the Stock Exchange of Thailand and sits on the board of several private limited companies. With his expertise and resources, he brings with him a wealth of synergies and benefits to the G3 Global Group of companies.

YEOH YEOW CHEANG
(Executive Director)

Mr Yeoh, male, aged 62, a Malaysian, was appointed as the Executive Director of the Company on 2 December 2003. He obtained a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College, Kuala Lumpur in 1980. He also qualified as a member of the Association of Chartered Certified Accountants (ACCA), United Kingdom in 1985 and subsequently became a Fellow in 1990. He is a Chartered Accountant, registered with the Malaysian Institute of Accountants since 1985.

He joined Deloitte Kassim Chan, Penang in 1980 and gained audit experience in various industries until 1984. In 1985,he joined to Malaysia Aica Berhad, a public listed company, as Finance Manager. From 1998 to 2001, he was an Executive Director with Maica Laminates Sdn Bhd, He joined the GA Blue Group in March 2002 as the Financial Controller and assumed the position of Executive Director in July 2002.

MD RADZI BIN DIN
(Executive Director)

En Radzi, male, aged 55, has been appointed as an Executive Director of the Company on 22 October 2018. He graduated with a Bachelor of Computer Science & Mathematics from the University of Nebraska, United States of America in 1985.

He started his career in 1986 as an Executive Marketing Manager in Uniphone Sdn Bhd and then moved to Sapura IT Sdn Bhd as a Senior General Manager. In 2006 he took up the position of Vice President of Green Packet Berhad and later assumed a similar role in Special Project Packet One Sdn Bhd. In 2012, he was made Head Regulatory at Packet One Sdn Bhd. He left in 2016 to join Theta Technologies Sdn Bhd as the Head of Sales & Relationship Management. In 2018, he left Theta to assume his present position with the Company.

Directors' Profile (cont'd)

TAN KAY YEN
(Non-Independent Non-Executive Director)

Mr Tan, male, aged 47, was appointed as a Non-Independent Non-Executive Director oof the Company on 23 September 2016. He graduated from the University of Nebraska-Lincoln, USA with a Bachelor of Science degree in Business Administration, with a double major in Finance and Management Information System.

He started his career with the Arab Malaysian Group in the financial sector. He joined the IBI group of companies, a diverse IT firm in 1996 holding a range of senior leadership positions.

He was appointed to the Board of Directors of Green Packet Berhad as Chief Executive Officer and Executive Director on 7 October 2014. Prior to this appointment, he was the Group Chief Operating Officer since 2006 and Acting Group Chief Financial Officer from 25 April 2013 until 31 October 2014.

LIEW KOK SEONG
(Alternate Director to Mr Tan Kay Yen)

Mr Liew, male, aged 50, was appointed as an Alternate Director to Mr Tan Kay Yen on 23 September 2016. He obtained his Bachelor of Accounting (Honours) from University Malaya in 1992 and is a Member of the Malaysian Institute of Accountants.

He started his career in 1992 with KPMG, an audit firm. Between 1997 and 2001, he joined a construction company for a brief period and subsequently joined an IT company as Senior Manager of Finance. In 2001, he joined The Store Corporation Berhad as Assistant General Manager of Finance. He joined Green Packet Berhad in 2006 and Cuscapi Berhad as CFO in 2012. Subsequently, he was appointed as CFO of OCK Group Berhad in 2014. He possessed over 24 years of experience in the areas of corporate finance, management accounting and reporting, business planning, treasury affairs and taxation. Throughout his career, he has served in various listed companies and industries including IT, telecommunication, retail, property and construction and audit. He is currently the CFO of Green Packet Berhad.

SAFFIE BIN BAKAR, JMN,SMP,AMP,PJK.
(Independent Non-Executive Director)

Encik Saffie, male, aged 65, a Malaysian, was appointed as a Non-Independent Non-Executive Director of the company on 2 December 2003 and re-designated as Independent Non-Executive Director on 8 December 2006.

He graduated from University of Malaya with a B.A (Honours) majoring in Geography in 1977 and subsequently received a Postgraduate Diploma in Public Admin.(D.P.A) from the Faculty of Economics and Administration, University of Malaya in 1978. He received a MBA degree from the U.S International University (USIU) in San Diego, California, USA in 1988.

He is also an Associate Member of Certified System Investigator (CSI), World Headquarters, Singapore, Member of Malaysian Institute of Corporate Governance (MICG),Malaysia Crime Prevention Foundation (MCPF)and also a life member Malaysian Drug Prevention Association. He is currently a Vice President of Malaysian Exporters Association (MEXPA), Co-Chairman of the Special Task Forces to Facilitate Business (PEMUDAH) for Perlis State and a Chartered Audit Committee Director (CACD) of The Institute of Internal Auditors Malaysia (IIAM).

He has more than 40 years experience of management expertise especially in the areas of industrial project planning, business development, property development, human resources management, project management, cross border investments, mining exploration, corporate advisory transactions including Initial Public Offerings (IPOs), Reverse Takeovers (RTOs), Mergers and Acquisitions (M&A) and General Offer (GO).

He was attached to the Perlis State Government from May 1978 to August 1983, during which he served as Director of Perlis State Economic Planning Unit (SEPU). He joined Perlis State Economic Development Corporation (SEDC) in September 1983 as Business Development Manager until his optional retirement from Government Service in August 1994.

He is currently the Corporate Advisor to PECCA Group Berhad. He is also a Senior Independent Non-Executive Director and Audit Committee Member of MESB Berhad and AE Multi Holdings Berhad.

YONG KIM FUI
(Independent Non-Executive Director)

Mr Yong, male, aged 47, graduated in 1996 from the University of Southern Queensland and is a registered member of the Malaysian Institute of Accountants (MIA). He is also a Certified Practising Accountant (CPA) in Australia.

After graduation, he started his career in accounting practice with Coopers & Lybrand as auditor specializing in the financial and manufacturing sectors. During his tenure, he was exposed to transactions involving review of profit and cashflow forecast for corporate restructuring, tax investigation and review of financial statements for debt facilities and bonds.

Having garnered enough experience and expertise, he subsequently founded a company rendering accounting, taxation and advisory services targeting mainly SMEs to assist and support their growth. In December 2016, he left the company and joined an IT company in January 2017 as Chief Financial Controller.

In total he has accumulated close to 22 years of experience in the accounting, tax and advisory industries covering both SMEs and listed companies in various industries. He also sits on the Board of Securemetric Berhad.

Notes:
1. None of the Directors of the Company have any family relationship with any Directors or substantial shareholders of the Company except Mr Puan Chan Cheong, Mr Tan Kay Yen and Mr Liew Kok Seong are the nominees of Green Packet Berhad; En Wan Khalik and Datuk Khan are the nominees of Global Man Capital Sdn. Bhd.

2. All the Directors of the Company have no conflict of interest with the Company and have not been convicted of any offence within the past five (5) years.

Corporate Events

THE APPRECIATION OF GREEN INITIATIVE & SUSTAINABLE DEVELOPMENT

Corporate Events (cont'd)

G3 GLOBAL BERHAD
16TH ANNUAL GENERAL MEETING

Sustainability Report

"G3 Global is committed to building a sustainable, innovative and competitive organisation."

INTRODUCTION

G3 Global Berhad ("G3 Global" or "the Group") remains committed to its journey of sustainability and draws encouragement and confidence in the progress achieved in Financial Year ended December 31 2018 ("FY2018").

Our journey of sustainability, though still in its infancy has paved the way for G3 Global to play a key role in not just managing its economic, environmental and societal ("EES") materiality impacts, but in also contributing to nation-building and spurring the development of the local Information Communications and Technology ("ICT") landscape. We are best positioned to continue delivering value given our principal business activities in the field of Internet of Things ("IoT") and ICT devices.

Notably, we take a measure of pride and satisfaction in the various tangible, positive impacts we have delivered to stakeholders across while also contributing to the development of the local ICT industry in the niche area that the Group operates in via our wholly owned subsidiary, Atilze Digital Sdn. Bhd., which specializes in IoT solutions with end-to-end delivery of connected devices, IoT networks and cloud-based data-driven applications and services utilizing Artificial Intelligence ("AI") covering, among others, Smart IoT solutions and Connected Vehicles.

Two evident examples of our ability to create value for stakeholders is illustrated in the domain of smart agriculture (one of the use cases for Smart IoT solutions) where it aids farmers to increase the production yields. Meanwhile, in the domain of Connected Vehicles, we introduced and launched Connected ADAS (Advanced Driver Assistance System), a proven solution that can reduce road accidents by up to 82% in an effort to improve road safety via facilitating driver behavioural change.

We remain cognisant that our sustainability strategy can and will be improved going forward and with that, our disclosure will in tandem be more inclusive and comprehensive. This will be realised as we expand our data collection process to encompass a wider range of materiality matters, which will allow for a more complete and compelling story of our sustainability journey to emerge as we progress together with stakeholders in subsequent years.

G3 Global is committed to building a sustainable, innovative and competitive organisation. We will continue to take into account the present social and environmental issues and trends to drive the formulation of business strategies. This includes promoting innovation and increasing our customer spread in the field of Internet of Things ("IoT") and ICT devices, promoting the proliferation of Big Data Analysis ("BDA") and Artificial Intelligence ("AI") technology.

SCOPE & BOUNDARY

The G3 Global Sustainability Report has been guided by the Bursa Malaysia Sustainability Reporting Guide Second Edition. It covers the period of 1 January 2018 to 31 December 2018.

The scope of this Report is limited to the Group's business operations and is further scoped to include only the most material or pertinent of projects, initiatives and activities of the Group rather than every aspect of our operations. The Report does not include the Group's value chain consisting of third-party contractors, suppliers and vendors.

Data presented for this Report has been collected from internal and external data collection methods, which include but are not limited to internally conducted surveys, workshops and other methods. The data has been internally verified and going forward, we may consider the possibility of seeking external assurance.

Sustainability Report (cont'd)

DISTRIBUTION & FEEDBACK

We welcome questions, feedback and suggestions that will spur further improvements in our reporting process. Please send any comments, insights and queries to: *contact@g3global.com.my*

SUSTAINABILITY GOVERNANCE & LEADERSHIP

Sustainability related matters come under purview of the Group's Board of Directors. Progressively over the years, the Board's strategic role of oversight has been expanded to include sustainability related matters beyond the customary aspects of risk, corporate governance and other related areas.

In 2018, the Board has taken into account EES matters as an intrinsic part of the Group's business and operational strategy development process. This includes linking pertinent sustainability matters which could impact business operations and vice versa, assessing how Group operations could potentially have EES impacts on stakeholders, including the environment.

Broad strategies or action plans were developed and with the support of Senior Management cascaded across the Group to reduce environmental footprint. This included assessing power and water consumption, ensuring a more conducive and equal opportunity work environment while also looking into improving gender diversity, particularly at the management levels of the organisation,

With the Board having set the broad direction for sustainability and materiality, the role of Management remains to cascade awareness on sustainability concepts and principles amongst internal stakeholders while enhancing existing governance structures for managing Group sustainability performance. This includes processes related to identifying, monitoring, data collating and reporting on the Company's sustainability performance.

The Sustainability agenda is also driven by the existence of supportive policies and procedures. These include the G3 Global Whistleblower Policy, the Group Code of Business Conduct, Quality Policy, Health, Safety & Environment Policy, Procurement Policy and Quality Policy.

The Group is also guided by the relevant laws and policies of the country, pertaining to minimum wage, labour conditions, human rights and more. In FY2018, the Group's wage structure was revised for several low-level staff to ensure compliance with the new minimum wage threshold set by the Government.

G3 Global Helps Local Farmers via ELadang Labs

By leveraging on G3's proprietary IoT technology, local farmers at two eLadang laboratories ("eLadang Labs") were able to better manage their crop and thus enjoy reduced operational cost, enhanced productivity, higher yield and thus better earnings, all of which have contributed a positive effect on their livelihoods.

The full success story is given on page 15 of this Statement.

Promoting Safe Driving Among Malaysians Via the Malaysia Driver Score (MDS) Project

Atilze is working with the local insurance industry to design and develop a unified Malaysia Driver Score ("MDS") to identify driver behaviour through driver safety scoring.

The MDS works as a nationwide driver profiling system which assists insurers to determine the right risk profile for the relevant insurance policies offered, matched to specific driver scoring. With this solution, Malaysia is poised to become the world's 1st country in creating a national driver score that utilises Connected Car, Big Data and AI technologies to reduce road accidents.

Sustainability Report (cont'd)

GUIDED BY UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

In 2018, G3 Global has taken its initial steps towards aligning its sustainability journey with relevant United Nations Sustainability Development Goals ("SDGs"). Going forward, we shall continue our initial efforts to further align ourselves in support of the identified SDGs. Following are the selected SDGs:

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
SDG 9	**SDG 11**	**SDG 12**
Industry Innovation and Infrastructure	Sustainable Cities and Communities via our Smart IoT3 Solutions	Responsible Consumption and Production

STAKEHOLDER ENGAGEMENT

As in previous years, the Group's various stakeholder engagement efforts have enabled the solicitation of external feedback, opinions, insights and perspectives, which have contributed to the Group's overall view and understanding of its sustainability journey.

Engagement also ensures that we do not develop tunnel vision and remain in touch with our stakeholders. Following is a snapshot of our stakeholder engagement activities for FY2018:

STAKEHOLDER GROUPS	ENGAGEMENT APPROACH	FREQUENCY	FOCUS AREAS
Customers	• Advertising & promotions • Customer contact centre • Online shopping • Sales conventions	Regular Regular Regular Periodic	Ensure that customers are kept abreast of the offerings that are available to them as well as to act as a means of eliciting feedback.
Employees	• Engagement events (in-house talks, training, development programmes, etc.) • Annual dinner	Regular Annually	Ensure that information relating to the Group is cascaded to the employees and giving them a platform to feedback. Talent development is also a key area of focus.
Shareholders, Investors & Analysts	• Annual report • Annual general meeting • Financial reports • Investor roadshows/events • Media releases • Investor relations page on website	Annually Annually Quarterly Periodic Periodic Periodic	Keep shareholders, investors and analysts updated on the progress of the Group.
Government & Regulators	• Meetings & visits • Participation in Government & Regulatory events	Ad-hoc Ad-hoc	Ensure that the Group is compliant to Government and Regulatory guidelines
Community & general public	• Advertising & promotions • CSR activities	Regular Regular	Ensure brand awareness is maintained in the public eye and to continue growing as a socially responsible corporate citizen.

Sustainability Report (cont'd)

ASSESSING MATERIALITY

The insights gleaned from our stakeholder engagement process, coupled with our own internal knowledge allows us to identify our materiality issues with greater clarity. Beyond stakeholder insights, we have also relied on our risk framework to assess our materiality. The presented issues and risk factors were further deliberated upon by management and refined accordingly to those which were the most material.

The Group has also taken into account that with the sale of its garment manufacturing factory in December 2018, G3's retail operations is now purely focussed on distribution and sales and does not involve in any manufacturing activities and hence, disclosure on related issues such as water and electricity consumption, workers' rights to collective agreements and bargaining and occupational health and safety may not be material to the Group going forward. However, if the Group is able to extend its sustainability agenda to its vendors, suppliers and partners across the value chain, such matters may become pertinent in future sustainability related disclosures.

For this Report, where possible, we have provided factory related sustainability related disclosure given that factory operations were still a principal business activity for G3 Global for the most part of FY2018.

GROUP POSITION ON CLIMATE CHANGE

G3 Global is cognisant of the growing impact of climate change on the world today. In particular, we remain concerned on how climate change has influenced the global physical environment which is reflected in adverse or extreme weather patterns and natural events, the increased pressures placed on scarce or limited resources such as water, arable land and more. Going further, climate change may affect rainfall patterns, river flows and other water sources as well as contribute to land degradation and even desertification. This may in turn impact upstream and downstream waterbodies. Farmers, in particular are one of the most vulnerable groups to be impacted by climate change related problems.

The Group is of the view that through its technology solutions and offerings, it can play a role in helping affected stakeholders respond proactively to the effects of climate change. In essence, solutions provided by the Group may likely empower companies to better monitor, manage and reduce their EES impacts while continuing to achieve optimal productivity.

One evident success story is our efforts in helping farmers to improve their yield of their crops, while reducing water and resource consumption as proven via our successful involvement in the eLadang programme undertaken in FY2018.

While the project is still at a very early stage, it attests to the efficacy of our solutions, in helping to improve output of farmers, who are hard-pressed to increase yield and ensure optimum productivity while having to also control costs and manage their use of pesticides, water and essentially operate in a more efficient and sustainable manner.

Essentially, the eLadang Programme is centred on a 1-acre plot of commercial farming (4,000 polybag capacity) land located at Banting, Selangor, that utilises the Atilze Smart Fertigation system in the planting and harvesting of chillies. The programme involved 10 farmers who were benchmarked against experienced farmers employing the conventional manual fertigation system.

At the end of the programme, the farmers on the Atilze Smart Fertigation system saw an average yield increase of 20.1% compared to the control group and similarly, an increase of 20% in average income.
In terms of the quality of the produce, while there was little difference in terms of length and width of the individual chillies harvested under both fertigation systems, there were some marked improvements from the Smart Fertigation batch. Other benefits included:

- Chili does not ripen early, hence shelf life is longer with farmers having more time to move the produce from distributor to end consumer. Thus, they have greater flexibility in moving their product at the opportune time to obtain the best possible selling price
- Bigger diameter of chillies may result in more yield weight.

Sustainability Report (cont'd)

By using Atilze Smart Fertigation system participating farmers have reduced their daily manpower by four hours. This equates to an average saving of RM12.50 per day or RM375 per month per worker and a RM10,125 reduction on a single worker's salary annually.

Spurred by the initial success, going forward, we aim to expand eLadang to more farmers going forward to a total of 190 participants for FY2019.

Beyond farmers, our IoT solutions have the potential to help businesses reduce water and energy consumption. Beyond cost savings, the reduction in resources used will also help to negate the effects of climate change.

RESOURCE CONSUMPTION

The Group continues to seek ways to reduce its consumption of natural resources, notably electricity which is largely derived from fossil fuel sources as well as its use of water, which is withdrawn from municipal sources.

Among the measures undertaken in FY2018 included replacing conventional lighting at our factory and office with LED lighting, which has resulted in reduced power consumption and invariably savings in our electricity bill in 2018.

The capex investments have been supported by mind-set and cultural change programmes, with staff being encouraged to adopt a more sustainability oriented mind-set with regard to water and electricity use. The campaign has been cascaded and reinforced via various tactical means and communication channels throughout the year. This includes official company memos as well as more subtle notices in rooms and such reminding staff to switch off unused lighting.

In a similar vein, we have look to reduce and minimise our paper usage by encouraging the use of emails and other electronic mediums for communication. Staff are reminded to go paperless where possible which is more earth friendly but also reduces operational cost.

TRACEABILITY OF RAW MATERIALS AND MANPOWER SOURCING

The Group is serious about the sources of its raw materials namely, for the procurement of cloth for its then factory operations and the hiring of workers, especially foreign labour for the said factory.

The cloth is sourced from a reputable supplier listed on the Taiwan stock exchange who has complied with the labour laws of the nation, as well as the International Labour Organisation's regulations. The Group's hiring of foreign workers in Malaysia is in line with local labour laws, here in Malaysia.

SERVING SOCIETY

The Group believes that society and people are an intrinsic part of its sustainability journey. However, beyond pure altruism, our community efforts are driven towards public awareness, education and empowerment. In FY2018, G3 Global has initiated or participated in various society focused engagements and activities. These include job and career fairs, industry forums and conferences, governmental efforts and others.

Majlis Perjumpaan Ketua Pengarah LPP Bersama Pengurusan LPP, NAFAS, PPN and PPK: Atilze were invited to showcase our innovative farm technology to YB Salahuddin Ayub, Minister of Agriculture, Malaysia.

Smart Selangor event held at MITAC in September 2018. G3 Global via Atilze was present to showcase its Smart Mobility and Smart Agriculture solutions

PROMOTING ROAD SAFETY

One key initiative in FY2018 is our involvement in improving road safety via facilitating driver behavioural change using an IOT based Intelligent Transportation Systems ("ITS") solution. The ITS was test piloted in FY2018 to gauge its effectiveness in assisting human drivers in improving their driving habits and overall behaviour towards ultimately supports the prevention of road accidents.

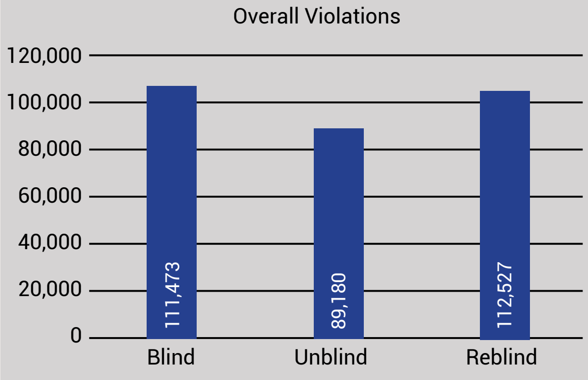
Our pilot study using IOT and ITS has proven that violations and faults such as dangerous turning, careless driving and speeding can be significantly reduced by implementing driver monitoring and warning devices. Our focus on driver behaviour is based on statistics released by the Royal Malaysian Police ("PDRM") which states that 80% of road crashes are caused by human errors, and only 13% and 7% were due to environmental factors and vehicle defects respectively.

Part of the ITS solutions is the Advanced driver-assistance systems, or ADAS. ADAS is designed to assist drivers during the driving process. The use of ADAS is generally intended to increase road safety by monitoring driving behaviour such as Lane Departure Warning ("LDW"), Forward Collision Warning ("FCW") and headway monitoring. With exception to motorcycles, installation of ADAS is applicable for vehicles such as passenger and commercial vehicles i.e. vans, buses, lorries and so on.

In FY2018, ADAS were installed in 20 different vehicles with data collection conducted in two different phases: blind and unblind modes. In blind mode, the ADAS will only record the violations conducted by the drivers while in the unblind mode, the ADAS records and alert the drivers using sound and visual display. Blind mode phase commenced on 30th March 2018 and was completed on 25th April 2018 whereas the unblind mode phase commenced on 30th April 2018 and ended on 4th July 2018.

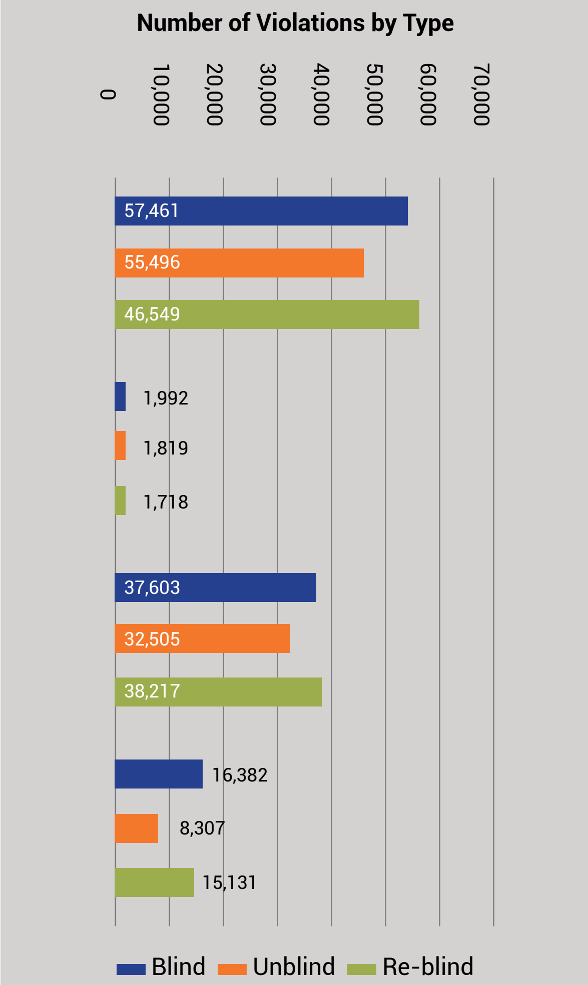
A reblind phase was conducted from 6th July 2018 to 31st July 2018 to ascertain the effect of the ADAS alert even when the system was not in use any longer. During this phase, ADAS continued to collect the individual drivers' violations but without the alert sound and visual display. This can help to determine if the driver's driving had improved even when the alert and warning system was deactivated.

The results showed that with the ADAS system activated (unblind mode), driver violations had decreased considerably by 20%.



Overall violations by blind, unblind and re-blind mode

Across various common parameters, there was a considerable reduction in violations during the unblind phase:



Number of violations conducted by type for blind, unblind and re-blind mode

Sustainability Report (cont'd)

Beyond providing a safety benefit, the study provides a starting point to reward / penalise drivers based on their behaviour by allowing safer drivers to enjoy lower insurance premiums and vice versa for drivers with high violations.

In addition the study will allow monitoring and improvement of driving behaviour by the creation of driver profiling. Driver profiling is useful to understand the correlation and causation of road crashes and monitor individual and group driving behaviour over a period of time. Key road safety issues can be identified and targeted interventions can be planned and executed effectively.

In addition, driving data that is collected will enable scientific research and studies to be conducted to further improve road safety in Malaysia.

OUR PEOPLE

The Group draws pride in the multi-racial nature of its workforce which reflects a microcosm of Malaysia. We continue to place emphasis on being an equal opportunity employer that provides opportunities for career advancement and growth based on merit.

We also believe that unity in diversity, provides the Group with a broader range of perspectives and ideas which stems from the varied and rich cultural background of our staff.

The Group as in FY2018 has a relatively even spread between male and female employees. However, we are cognisant that women can and should be better represented at Managerial and senior strategic and decision making levels of the Group. We continue to actively seek to bring in more women to fill positions at Management level.

GROUP TALENT COMPOSITION BY GENDER

POSITION LEVEL	FEMALE	MALE	GRAND TOTAL
Non Executive	80	39	119
Associate / Executive	14	2	16
Senior Associate	6	16	22
Manager	5	12	17
Director	1	7	8
C-Level	0	1	1
Grand Total	106	77	183

POSITION LEVEL	CHINESE	INDIAN	MALAY	OTHERS	GRAND TOTAL
Non Executive	52	6	61	–	119
Associate / Executive	12	–	4	–	16
Senior Associate	9	5	7	1	22
Manager	13	–	4	–	17
Director	6	–	1	1	8
C-Level	1	–	–	–	1
Grand Total	93	11	77	2	183

ENSURING STAFF WELFARE

G3 Global contributed RM1.20 million for statutory contributions, which included contributions to both the Employees Provident Fund as well as the Social Security Organisation ("SOCSO").

Staff are also accorded various benefits which include medical insurance and coverage, various types of paid and unpaid leave, parental leave comprising both maternal and paternal leave, annual bonuses based on individual and Group performance and more. We encourage employees to take their off days and to utilise their various employee benefits.

STAFF TRAINING AND DEVELOPMENT

We continue to upskill our employees as this is a crucial aspect of our overall talent development and management strategy. We view training as a means to not just develop the staff competence and capabilities, but also to reward and retain employees, while ensuring that the Group possesses key skills and skillsets to ensure it remains competitive and sustainable in relation to the external environment.

The average number of training hours per employee was 20. Staff attended a wide range of technical and non-technical courses which were conducted internally or externally.

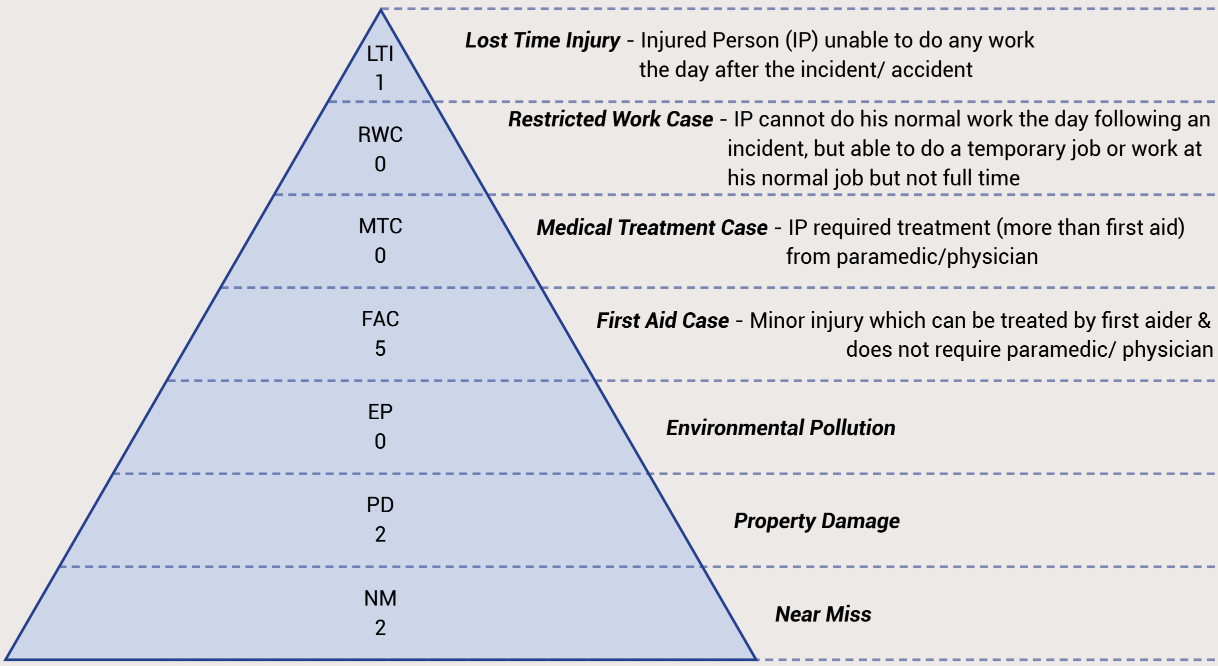
Sustainability Report (cont'd)

OCCUPATIONAL HEALTH AND SAFETY

G3 Global continues to inculcate a strong Health, Safety and Environment ("HSE") mind-set and culture within the organisation. The Group has formed an occupational safety and health committee which meets on a regular basis. Workers representation on the committee is at 50%.

The Group has launched various HSE campaigns using company communication channels as part of the on-going dissemination and propagation of a safety first mind-set among employees. As an added measure, random drug testing is conducted and thus far all samples tested have returned negative for drug consumption.

All accidents are thoroughly investigated to determine the root cause(s) for occurrence with remedial and preventive



measures identified to avoid future incidences. These include a lessons learnt approach. The investigation process and findings are documented to ensure easier reference in the future especially to serve as case studies for future training or learning.

While our H & S performance has improved, we remain constantly vigilant and continue to adopt proactive measures to yield further improvements.

Corporate Governance Overview Statement

The Board of Directors acknowledges the importance of maintaining good corporate governance within the Group to safeguard the interest of its shareholders and strives to continuously improve the effective application of the principles and best practices as laid down in the Malaysian Code on Corporate Governance issued in 2017 ("MCCG") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

A. BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board is responsible to guide and monitor the affairs of the Group on behalf of the shareholders to retain full and effective control over the Group. This includes without limitation, the review of the strategic direction for the Group, overseeing the business operations of the Group, and evaluating whether these are being properly managed.

The Board assumes the following responsibilities to facilitate the discharge of their stewardship responsibilities:

- Reviewing and adopting a strategic plan for the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed and the statutory requirements are being complied;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations programme or shareholder communications policy for the Company; and
- Ensuring the adequacy of the management information and internal control systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines in the Group.

The combination of Executive Directors, who with their intimate knowledge of the business takes on primary responsibility for leadership of the company with the Non-Executive Directors, provides a broader view to the Company's activities and a balanced perspective.

The Board meets on a scheduled basis once in every quarter to primarily discuss the financial statements, corporate and strategic issues, performance of business units and factors relating to potential risk in the business of the Group. During the financial year under review, four (4) Board meetings were held and the record of attendance of the members is as follows:

NAME OF DIRECTORS	NO OF MEETINGS ATTENDED
Mr Lai Chin Tak (appointed on 1.8.2018)	2/2
Mr Puan Chan Cheong	4/4
Mr Goh Kok Beng	3/4
Mr Yeoh Yeow Cheang	4/4
En Md Radzi bin Din (appointed on 22.10.2018)	-/1
Mr Lim Boon Hong (resigned on 5.4.2018)	4/4
En Saffie bin Bakar	4/4
Mr Yong Kim Fui	4/4
Mr Tan Kay Yen	3/4
Mr Liew Kok Seong (Alternate Director)	3/4
Mr Oon Hock Chye (resigned on 1.8.18)	2/2
En Wan Khalik Bin Wan Muhammad (appointed on 5.4.2019)	-/-
Datuk Haji Khan Bin Mohd Akram Khan (appointed on 5.4.2019)	-/-

BOARD CHARTER

The Board has established a Board Charter. The Board Charter clearly sets out the principal role of the Board, the demarcation of the roles, functions, responsibilities and powers of the Board, the Board Committees and the management. It also defines the specific accountabilities and responsibilities of the Board to ensure smooth interaction between the management and the Board. It also reinforces the overall accountability of the Board and management towards the Company and stakeholders.

Corporate Governance Overview Statement
(cont'd)

DIRECTORS' CODE OF ETHICS

The Board in discharging its functions has observed the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia, the provisions of the Companies Act 2016 and the principles of MCCG. The Board has put in place a Code of Ethics for all employees of the Group, including the Whistleblower Policy of the Group.

BOARD BALANCE

The Board composition comprises of eleven (11) members with En Wan Khalik Bin Wan Muhammad at the helm as Executive Chairman. Five of the Directors are Executive Directors, three are Non-Independent Non-Executive Directors while the remaining three are Independent Non-Executive Directors.

The composition of the Board is deemed fairly balanced to complement the Board in providing industry-specific knowledge, technical, and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgment to various aspects of the Company's strategies and performance. The structure of the Board fairly reflects the investment of the minority shareholders through Board representation. The Board reviews its composition and size from time to time for appropriateness. The Board does not have a gender diversity policy and hopes to fulfill the gender diversity representation when the opportunity arises.

Mr Yong Kim Fui, Chairman of the Audit Committee, has professional accounting and audit background to continuously provide inputs for check and balance. He also reviews the internal control system, risk management system and published financial reports. He has also been identified as the Independent Non-Executive Director, with the assistance of the Company's Corporate Division personnel, to whom concerns of shareholders, management or other matters concerning the Group may be conveyed.

SUPPLY OF INFORMATION

All notices of meetings together with the agenda and discussion papers are served on the Directors in advance of meeting dates. Ample opportunities have been provided to the Directors to make enquiries and to obtain information and explanation on any issue at any time within the Group whether as a full Board or in their individual capacity in furtherance of their duties.

The availability of the Company Secretaries, financial and corporate officers within the Group as well as the engagement of panel lawyers enables the Directors to have easy access to their advice and services. They may take independent advice, at the Company's expense, if so required.

NOMINATING COMMITTEE

The Nominating Committee was established on 3 December 2003 and comprises of the following Directors:

- Mr Lai Chin Tak, Independent Non-Executive Director (Chairman)
- En Saffie bin Bakar, Independent Non-Executive Director (Member)
- Mr Yong Kim Fui, Independent Non-Executive Director (Member)

The Nominating Committee was established with defined terms of reference to assist them in discharging their duties. The Nomination Committee has met during the year to review the following:

a) The performance of the directors seeking re-election at the forthcoming AGM;
b) The Annual Assessment on the effectiveness of the Board and individual directors; and
c) Appointment of new directors.

For appointments of new Board members, the Committee will evaluate and assess the suitability of candidates based on the required mix of skills, knowledge, expertise and experience before recommending them to the Board for appointment.

Corporate Governance Overview Statement

(cont'd)

RE-ELECTION OF DIRECTORS

In accordance with the provisions of the Company's Constitution (Articles of Association as adopted before the commencement of the companies act, 2016) an election of Directors shall take place each year and all Directors will retire from office at least once in every 3 years, but shall be eligible for re-election.

The particulars of the Directors seeking re-election at this coming AGM are disclosed in the Notice of Meeting.

CONFLICT OF INTEREST

Directors are required to declare their respective shareholdings in the Company and related companies and their interests in any contracts with the Group. The Board members' directorship in other companies are well within the restriction of not more than five in public listed companies as stated in the listing requirements of Bursa Malaysia.

BOARD AND INDIVIDUAL DIRECTORS' EFFECTIVENESS

The Board members undertake a formal process every year to assess the effectiveness of fellow Directors and the Board as a whole. The evaluation is based on answers to a detailed questionnaire which covers topics on responsibilities of the Board like strategic plan, risk management and internal audit.

DIRECTORS' TRAINING

The Directors are aware of the need for continuous update of their skills and knowledge to maximize their effectiveness as Directors and assist them in discharging their duties during their tenure of service. The Board has also undertaken an assessment of the training needs of each director.

All the directors have attended the Mandatory Accreditation Programme as required under the Bursa Malaysia Main Market Listing Requirements.

During the financial year, members of the Board have attended various training programmes and seminars, some of which are as follows:

Training Programmes Attended

1. "Blockchain Beyond Bitcoin", 29 March 2018 (CC)
2. "Singularity Thailand Summit", 18-21 June 2018 (CC)
3. "Wild Digital South East Asia 2018", 4-5 July 2018 (CC)
4. "Bloconomics 2018", Blockchain Economic Summit, 16-17 August 2018 (CC)
5. "Abundance 360 Summit 2018", 27-28 September 2018 (CC)
6. "South China Morning Post China Conference in South East Asia", 10-11 October 2018 (CC)
7. "Seminar on The Next Industrial Revolution", 27 March 2018 (SB)
8. "National Investment Seminar", 30 Oct 2018 (SB)
9. "Forum and The Launching Ceremony of the National Policy on Industry 4.– by Prime Minister of Malaysia", 31 October 2018 (SB)
10. "Seminar on Robotics & Automation - Tools to become Industry 4.– Ready", 25 October 2018 (SB)
11. "The Annual Report of Tomorrow - Guide to Forward-Looking Information", 27 November 2018 (SB)
12. APCAC 2018 Business Summit", 4-5 April 2018 (KT)
13. Blockchain Solutions Asia 2018", 27-28 September 2018 (KT)
14. "Make Blockchain Work in Asia", 15 November 2018 (KT)
15. "Fintech Conference 2018 – Embracing Technology", 28-29 November 2018 (KT)
16. "GST Abolishment & SST Implementation", 24 September 2018 (YC)
17. "Tax Seminar on Budget 2019", 16 November 2018 (YC)
18. "Latest Developments on Tax Incentives in Malaysia", 6 December 2018 (KY)

Corporate Governance Overview Statement
(cont'd)

DIRECTORS' REMUNERATION

The Remuneration Committee ("RC") was established on 3 December 2003 and comprises of the following Directors:

- Mr Lai Chin Tak, Independent Non-Executive Director (Chairman)
- En Saffie bin Bakar, Independent Non-Executive Director (Member)
- Mr Yong Kim Fui, Independent Non-Executive Director (Member)

The RC was established with defined terms of reference to assist them in performing their duties. They shall be responsible for recommending the remuneration framework for Directors as well as the remuneration packages of Executive Directors of the Board.

Directors' fees and benefits are recommended by the Board and approved by shareholders at each Annual General Meeting.

The details of Directors' remuneration for the financial year ended 31 December 2018 are as follows:

PARTICULARS	EXECUTIVE DIRECTORS		NON-EXECUTIVE DIRECTORS	TOTAL RM
	Company	Subsidiaries	Company	
Fees	79,200	–	162,150	241,350
Salaries & Allowances	–	871,860	–	871,860
Bonus	–	89,200	–	89,200
Benefit-in-kind	–	11,100	–	11,100
Total	**79,200**	**972,160**	**162,150**	**1,213,510**

The remuneration of the Directors summarised in bands of RM50,000 for the financial year ended 31 December 2018 are as follows:

RANGE OF REMUNERATION	NUMBER OF DIRECTORS	
	EXECUTIVE	NON–EXECUTIVE
Below RM250,000	1	7
RM250,001 to RM300,000	1	–
RM300,001 to RM350,000	–	–
RM350,001 to RM400,000	2	–

	Salaries & allowances RM	Bonus RM	Benefit-in-kind RM	Director's fee RM	Total RM
Executive Directors					
Goh Kok Beng	275,828	40,600	11,100	25,000	352,528
Yeoh Yeow Cheang	200,528	28,600	–	25,000	254,128
Lim Boon Hong	333,000	20,000	–	25,000	378,000
Md Radzi bin Din (appointed on 22.10.18)	62,504	–	–	4,200	66,704
Non-Executive Directors					
Lai Chin Tak (appointed on 1.8.18)	–	–	–	20,900	20,900
Puan Chan Cheong (resigned on 1.8.18 and reappointed on 14.8.18)	–	–	–	25,000	25,000
Saffie Bin Bakar	–	–	–	30,000	30,000
Yong Kim Fui	–	–	–	25,000	25,000
Tan Kay Yen	–	–	–	25,000	25,000
Liew Kok Seong	–	–	–	–	–
Oon Hock Chye (resigned on 1.8.18)	–	–	–	17,500	17,500
Huang Heng Li (resigned on 22.10.18)	–	–	–	18,750	18,750
TOTAL	**871,860**	**89,200**	**11,100**	**241,350**	**1,213,510**

The Directors' remuneration are the total sum of the remuneration received by the Company's Directors from the Company and/or its subsidiary companies.

Corporate Governance Overview Statement

(cont'd)

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The financial statements of the Group as set out in this Report are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for that year then ended.

The Directors consider that in preparing the financial statements:

- The Group has used appropriate accounting policies and are consistently applied;
- Reasonable and prudent judgements and estimates were made; and
- All applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible to ensure that the Company maintains accounting records that discloses with reasonable accuracy, the financial position of the Group and the Company, and that the financial statements comply with the Companies Act 2016.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

FINANCIAL REPORTING

The Directors provide a balanced and meaningful assessment of the Group's position and prospects through the annual financial statements and quarterly announcements of results to the shareholders. The Audit Committee of the Board assists by scrutinising the information to be disclosed to ensure accuracy and adequacy.

INTERNAL CONTROL

In line with the requirement of the Bursa Malaysia, a statement on the Group's Internal Control Statement is attached.

RELATIONSHIP WITH AUDITORS

The Group has, through the Audit Committee, established a transparent and appropriate relationship with the Group's external auditors. A report of the Audit Committee and their terms of reference is included. In addition, the Chairman of the Audit Committee has met with the external auditors without the presence of other Executive Board members twice during the year.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

The Board takes responsibility for presenting a balanced and understandable assessment of the Group's operations and prospects each time it releases its quarterly and annual financial statements to shareholders. The Audit Committee reviews the reports to be released to ensure its accuracy and adequacy.

DIALOGUE BETWEEN THE COMPANY AND INVESTORS

The Company values dialogue with investors as a means of effective communication that enables the Board and management to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interest.

Information of the Group could be obtained from the Company's website at www.g3global.com.my. In addition, the latest annual report available in PDF format can be downloaded and printed. Quarterly announcement are also available at the website of Bursa Malaysia at www.bursamalaysia.com after announcement to the public.

Corporate Governance Overview Statement

(cont'd)

ANNUAL GENERAL MEETING ("AGM")

The AGM is the principal forum for dialogue with shareholders. Notice of AGM and annual reports are sent out to the shareholders at least 28 days before the date of meeting.

The Company provides ample opportunity for shareholders to raise questions pertaining to the business activities of the Group. All the directors are available to provide responses to questions from the shareholders during these meetings.

Special business items are included in the notice of the meeting with sufficient explanatory notes to facilitate full understanding and evaluation of the issues involved.

COMPLIANCE WITH MCCG

The Group has complied with the Best Practices set out in the Code throughout the financial year, except as disclosed below, with the explanation for departure from best practice:

- The Board acknowledges the recommendations of the MCCG on the establishment of a gender diversity policy. The Board believes in the practice of non-discrimination of any form, whether age, race or gender and will strive to achieve diversity in its Board in the future as far as possible.

- The Code recommends that at least half the Board comprises independent directors. The Board has 3 Independent Non-Executive Directors and is of the view that they are adequate to represent the interests of the minority shareholders.

- The Board has not adopted a policy to limit the tenure of its Independent Directors to nine years.

Statement on Risk Management and Internal Control

The Board of Directors ("Board") acknowledged their responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve corporate objective. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, risk management and financial, organizational, operational and compliance control.

The Board has extended the responsibilities of the Audit Committee to include the work of monitoring internal controls on its behalf, which includes identifying risk areas faced by the Group to be communicated to the Board of Directors.

INTERNAL AUDIT DIVISION

The Group has set up an independent audit function which provides the Board with much of the assurance it requires regarding the adequacy and effectiveness of the Group's risk management system of controls, procedures, and operations. During the financial year under review, the Group has conducted internal audit at the subsidiary level on the internal control system and certain identified process weaknesses with the objective of safeguarding the Group's assets and to prevent potential losses arising from these weaknesses. This was carried out using the Group's internal resources and the cost to the Group of maintaining this division was RM44,325 for the financial year ended 31 December 2018.

RISK MANAGEMENT

The Board regards risk management as an integral part of business operations. The Group adopts an ongoing process of identifying, evaluating and managing any significant risks faced by the Group in its operations. The audit function undertakes the review and recommends any necessary actions to be taken to remedy any significant weaknesses identified.

OTHER KEY ELEMENTS OF RISK AND CONTROL PROCESS

With the assistance of the Audit Committee and the Internal Audit function, the Board has the following control processes in place:

- The full Board meets on a quarterly basis to discuss matters brought to its attention, thus ensuring effective supervision over the operations of the Group are maintained. In addition, the Board is kept updated on the Group's activities and its operations on a regular basis;

- An organizational structure with defined lines of responsibility and delegation of authority is in place. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability;

- Quarterly reviews by the Board on the adequacy and integrity of the system of internal control will be conducted, to establish the level of risk tolerance and identify key business risks to safeguard company assets; and

- Periodic testing of the effectiveness and efficiency of the internal control procedures were conducted by the internal audit function to ensure that the system is viable and robust.

There were no material losses incurred during the financial year as a result of weakness in internal control.The Board, together with Management, continues to take measures to strengthen the control environment.

CONCLUSION

During the financial under review, the Board is satisfied that there is an ongoing process of identifying, evaluating and managing significant risk that may affect the achievement of the Group's corporate objectives for the year under review. The system of internal control will continue to be reviewed in line with the changes in the operating environment.

The Executive Directors have assured that the Group's Risk Management and Internal Control System is operating adequately and effectively, in all material aspect, based on the Risk Management and Internal Control System of the Group. There was no material or significant losses arising from deficiencies in internal control that would require separate disclosure in this Annual Report.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement pursuant to the scope set out in Recommended Practice Guide 5 ("RPG 5") issued by the Malaysian Institute of Accountants for inclusion in this Annual Report. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of risk management and internal control system of the Group.

Audit Committee Report

COMPOSITION

Mr Yong Kim Fui, Chairman (Independent, Non-Executive Director)
Mr Lai Chin Tak, Member (Independent, Non-Executive Director)
En Saffie bin Bakar, Member (Independent, Non-Executive Director)

OBJECTIVES

The principal objective of the Audit Committee (the Committee) is to assist the Board of Directors in discharging its duties and responsibilities in the area of corporate governance and internal audit with particular reference to the public accountability of the Company and its subsidiaries.

COMPOSITION

The Committee shall consist of at least three (3) members appointed by the Board from amongst the directors, comprising a majority of Independent Non-Executive Directors.

The Board shall ensure that at least one member of the Committee shall be:

i) A member of the Malaysian Institute of Accountants; or

ii) If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:

   a) He must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

   b) He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountant Act 1967.

An alternate director shall not be appointed as a member of the Committee. The members of the Committee shall select a chairman from amongst the Independent Non-Executive Directors.

AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference.

The Committee is also authorised by the Board to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Committee has full and unrestricted access to any information pertaining to the Group and the resources, which are required to perform its duties.

DUTIES

The duties of the Committee shall include the following:

* To consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal;

* To discuss with the external auditor their audit plan before the audit commences, the nature and scope of the audit and ensure coordination where more than one audit firm is involved;

* To discuss problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of management where necessary);

* To review the system of internal control, and in particular review the external auditor's management letter and management's response;

Audit Committee Report (cont'd)

DUTIES (cont'd)

* To ensure that adequate assistance is given by the employees of the Company to the external auditors;

* To ensure the adequacy of the scope and resources of the internal audit functions with the necessary authority for implementation;

* To review the internal audit programme and its findings, ensure that investigation is undertaken with the appropriate remedial action based on the recommendations of the internal audit function;

* To review any appraisal or assessment of the performance of members of the internal audit function;

* To approve any appointment or termination of senior staff members of the internal audit function;

* To be informed of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning;

* To review the quarterly and year-end financial statements, prior to the approval by the board of directors, focusing particularly on:

    i. Changes in or implementation of major accounting policies;

    ii. Significant and unusual events;

    iii. The going concern assumption; and

    iv. Compliance with accounting standards and other legal requirements;

* To review management's monitoring of compliance with the Company's code of corporate conduct;

* To review with the Company's council, any legal matters that could have a significant impact on the Company's financial statements;

* To review the major findings of internal investigations and management's responses as well as any examinations by regulatory authorities;

* To review the allocation of options pursuant to share scheme for employees, transactions, procedure or course of conduct that raises questions of management integrity;

* To review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

* Such other responsibilities as may be agreed to or by the Committee and the Board of Directors.

RETIREMENT AND RESIGNATION

In the event of any vacancy in a Committee resulting in non compliance with the minimum requisite number of members, the said vacancy must be filled within 3 months.

REVIEW OF THE AUDIT COMMITTEE

The Board of Directors of the Company must review the terms of office and performance of a Committee and each of its members annually to determine whether such Audit Committee and its members have carried out their duties in accordance with their terms of reference.

Audit Committee Report (cont'd)

MEETINGS

The Committee shall meet at least four (4) times per financial year. Additional meetings may be held at the discretion of the Committee or at the request of external auditors. The quorum of the meeting is two (2) and majority of members present must be Independent Directors.

A representative of the Company's department heads and the external auditors shall normally attend the meeting as and when required. However, at least twice a year the Committee shall meet with the external auditors without the Executive Board members present.

The Secretary to the Committee shall be the Company Secretary or any other person appointed by the Committee.

The procedures of the meeting are as follows:

* The members may regulate their meetings as they think fit;
* Every notice convening meetings shall specify the place, the day, time and the agenda of the meeting and shall be given to all members at least one day before the meeting;
* Any question arising at any meeting of members shall be decided by a majority of votes and a determination by a majority of members. In the case of an equality of votes the Chairman shall not have a casting vote including but not limiting to the case where the quorum is made up of only two (2) members;
* The minutes of the meetings shall be kept at the registered office of the Company; and
* The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee.

During the financial year ended 31 December 2018, four (4) meetings were held and the table of attendance of each committee member is as follows:

NAME	NO. OF MEETINGS ATTENDED
Mr Yong Kim Fui	4/4
En Saffie bin Bakar	4/4
Mr Lai Chin Tak (appointed on 1 August 2018)	2/2
Mr Oon Hock Chye (resigned on 1 August 2018)	2/2

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

The activities of the Audit Committee for the financial year under review include the following:

1. Reviewing and recommending for the Board's approval on the quarterly financial results and audited financial statements.
2. Reviewing with the external auditors their audit plan and management letter.

INTERNAL AUDIT AND RISK MANAGEMENT

The staff of the Group assists the Committee in discharging its duties and responsibilities. Their role is to provide the Committee with independent and objective reports on the state of internal controls for high risk areas of the Group and the extent of compliance with established policies and procedures.

During the financial year ended 31 December 2018, the Group has carried out the following activities:

* Reviewed operational and financial risks of the Group; and
* Recommended and implemented appropriate actions to be taken and being carried out to mitigate probable risk areas.

Other Information

AUDIT AND NON-AUDIT FEES

During the financial year, audit fees and non-audit fees paid to the external auditors by the company and the Group incurred for services rendered are as follows:

	Company	Group
Audit Fees	RM30,000	RM102,000
Non-audit Fees	RM10,000	RM10,000

Non-audit fees are tax compliance fees paid to a company in which certain partners of the external audit firm are directors and shareholders.

REVALUATION POLICY ON LANDED PROPERTIES

The Company does not adopt any revaluation policy on landed properties.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either still subsisting as at 31 December 2018 or entered into since the end of the previous financial period.

CORPORATE SOCIAL RESPONSIBILITY

There were no corporate social responsibility activities or practices undertaken by the Group for the financial year.

UTILISATION OF PROCEEDS

Proceeds amounting to RM55 million from the rights issue completed on 9 October 2017 has been utilised as at 31 December 2018 as follows:

Utilisation Purpose	Proceeds Utilisation To Date RM'000	Actual Utilised RM'000	Balance Unutilised RM'000	Proposed Timeframe for utilisation
Expansion of ICT business	37,113	27,533	9,580	Within 24 months
Expansion of apparel business	4,375	4,375	–	Within 24 months
Repayment of borrowings	8,000	8,000	–	Within 3 months
Working capital	4,312	4,312	–	Within 6 months
Corporate exercise expenses	1,200	1,200	–	Within 2 weeks
	55,000	45,420	9,580	

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Recurrent related party transaction of revenue or trading nature for the financial year ended 31 December 2018 made pursuant to a shareholders' mandate are as follows:

Company in G3 Global Group	Transacting Party / Provider	Recipient	Nature of transactions	Related Party	Amount approved at AGM on 6 June 2018 (RM)	6 June 2018- 31 Dec 2018
Atilze Digital Sdn. Bhd.	Gemtek Technology Co. Ltd.	Atilze Digital Sdn. Bhd.	Purchases of Wireless LAN Router, IoT/LoRa Equipments	Gemtek Investment Co. Ltd.	19,000,000	2,688,941
Atilze Digital Sdn. Bhd.	Atilze Digital Sdn. Bhd.	Green Packet, Green Packet (S) Pte Ltd, Green Packet Networks S.P.C	Sales of Wireless LAN Router	Green Packet Berhad, Green Packet (S) Pte Ltd, Green Packet Networks S.P.C., Green Packet Holdings Ltd, Puan Chan Cheong,	20,000,000	7,692,841
Atilze Digital Sdn. Bhd.	Green Packet, Green Packet Networks (Taiwan) Pte Ltd	Atilze Digital Sdn. Bhd.	Purchases of Connected Car Devices	Green Packet, Green Packet Networks (Taiwan) Pte Ltd	10,000,000	–

Directors' Report

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended **31 December 2018**.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	GROUP RM	COMPANY RM
(Loss)/Profit after taxation for the financial year	**(17,114,434)**	**1,582,255**
Attributable to:		
Owners of the Company	**(17,108,950)**	**1,582,255**
Non-controlling interests	**(5,484)**	**–**
	(17,114,434)	**1,582,255**

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **31 December 2018** 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 report other than the following items which have been charged to the profit or loss for the financial year under review:

	GROUP RM	COMPANY RM
Gain on disposal of investment in subsidiaries	**–**	**3,788,995**
Impairment loss on investment in subsidiaries	**–**	**(871,819)**
Inventories written off	**(3,130,495)**	**–**
Loss on deconsolidation of investment in subsidiaries	**(1,025,434)**	**–**

DIVIDENDS

No dividends have been declared or paid by the Company since the end of the previous financial period.

The directors do not recommend any dividend payment for the financial year.

RESERVES AND PROVISIONS

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

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any share or debenture.

WARRANTS

The salient features of the Warrants are disclosed in Notes 15 to the financial statements respectively.

Details of Warrants issued to directors are disclosed in the section on directors' interest in this report.

Directors' Report (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

DIRECTORS

The directors who served since the date of the last report are as follows:

Directors of the Company:

Wan Khalik Bin Wan Muhammad (appointed 5.4.19)
Datuk Haji Khan Bin Mohd Akram Khan (appointed on 5.4.19)
Lai Chin Tak (appointed on 1.8.18)
Puan Chan Cheong (resigned on 1.8.18 and reappointed on 14.8.18)
Goh Kok Beng
Yeoh Yeow Cheang
Md. Radzi Bin Din (appointed on 22.10.18)
Saffie Bin Bakar
Yong Kim Fui
Tan Kay Yen
Oon Hock Chye (resigned on 1.8.18)
Huang Heng-Li (resigned on 22.10.18)
Lim Boon Hong (resigned on 5.4.19)
Liew Kok Seong (alternate director to Tan Kay Yen)

Directors of the subsidiaries:

Goh Kok Heng
Goh Kok Peng
Gerard Lim Kim Meng (resigned on 31.12.18)

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings as required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares in the Company during the financial year are as follows:

	|-------------- Number of ordinary shares --------------|			
	Balance at 1.1.18	**Bought**	**Sold**	**Balance at 31.12.18**
The Company				
Direct interest:				
Yeoh Yeow Cheang	190,000	–	(90,000)	100,000
Saffie Bin Bakar	135,400	–	–	135,400
Deemed interests:				
Puan Chan Cheong	132,000,000	–	–	132,000,000
Goh Kok Beng	32,693,900	67,329,700	–	100,023,600

	|------------------Number of warrants -----------------|			
	Balance at 1.1.18	**Bought**	**Sold**	**Balance at 31.12.18**
The Company				
Direct interest:				
Yeoh Yeow Cheang	111,000	–	–	111,000
Saffie Bin Bakar	68,400	–	–	68,400

Directors' Report (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

DIRECTORS' INTERESTS IN SHARES (cont'd)

	Number of warrants			
	Balance at 1.1.18	**Bought**	**Sold**	**Balance at 31.12.18**
Deemed interests:				
Puan Chan Cheong	76,312,500	–	–	76,312,500
Goh Kok Beng	2,020,425	–	–	2,020,425

By virtue of their interests in the shares of the Company, **Mr. Puan Chan Cheong** and **Mr. Goh Kok Beng** are also deemed interested in the shares of all the subsidiaries, to the extent that the Company has interests.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the directors of the Group and of the Company are as follows:

	COMPANY RM	**SUBSIDIARIES RM**	**GROUP RM**
Salaries, allowance and bonus	**–**	**2,024,707**	**2,024,707**
Defined contribution plan	**–**	**220,255**	**220,255**
Fees	**241,350**	**–**	**241,350**
Benefits-in-kind	**–**	**11,100**	**11,100**
	241,350	**2,256,062**	**2,497,412**

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects 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.

Since the end of the previous financial period, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown above) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnity has been given to or insurance effected for any of the directors, officers or auditors of the Group and of the Company during the financial year.

Directors' Report (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the provision for doubtful debts, and satisfied themselves that adequate provision had been made for doubtful debts and there were no bad debts to be written off; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

(i) that would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent,

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

(iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, and

(iv) that have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

In the opinion of the directors:

(i) no contingent liability or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due, and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

Directors' Report (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

AUDITORS

The total amount of fees receivable by the auditors, **Grant Thornton**, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 31 December 2018 are RM102,000 and RM30,000 respectively.

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

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

Goh Kok Beng

Yeoh Yeow Cheang

Penang,

Date: 12 April 2019

DIRECTORS' STATEMENT

In the opinion of the directors, the financial statements set out on pages 42 to 103 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 December 2018** 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 Board of Directors:

....

Goh Kok Beng **Yeoh Yeow Cheang**

Date: 12 April 2019

STATUTORY DECLARATION

I, **Yeoh Yeow Cheang**, the officer primarily responsible for the financial management of **G3 Global Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 42 to 103 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this **12th**)
day of **April 2019.**)

....

Yeoh Yeow Cheang
MIA No. 3696
Chartered Accountant
(I/C No. 570210-07-5735)

Before me,

....

Liew Juan Leng
No: P162
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF G3 GLOBAL BERHAD

Company No. 570396-D (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **G3 Global Berhad**, which comprise the statements of financial position as at **31 December 2018** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 42 to 103.

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 2018** and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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 financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the Key Audit Matters
Valuation of inventories (*Refer to Notes 2.6 and 8 to the financial statements*)	
The Group holds significant inventories as at the reporting date which exposes the Group to a risk that the inventories may become slow moving or obsolete and eventually non-saleable or selling below their carrying values. The Group measures inventories at the lower of cost and net realisable value. Identifying and determining the appropriate write down of the inventories to net realisable value required judgement by the management. We focused on this area as judgements made by the Group are affected by external and market considerations which are inherently uncertain.	Our audit procedures in relation to the valuation of inventories included amongst others: • Obtaining an understanding of: - the Group's inventory management process; - how the Group identifies and assesses inventory write down; and - how the Group makes the accounting estimates for inventory write down. • Attended the year end physical inventory count paying attention to the physical condition of inventories. • Reviewing the consistency of the application of management's methodology in determining and estimating the impairment from year to year. • Reviewing and testing the reliability of the ageing report of inventories provided by management.

Key Audit Matters (cont'd)

Key Audit Matters	How our audit addressed the Key Audit Matters
Impairment of trade receivables (Refer to Notes 2.6 and 9 to the financial statements) The Group has significant trade receivables as at the reporting date and is subject to credit risk exposures. We focus on this area as deriving the expected credit losses of receivables involves management's judgement and estimates in determining the probability of default occurring by considering the ageing of receivables, historical loss experience and forward-looking information.	Our audit procedures included amongst others: • Obtaining an understanding of: - the Group's control over the trade receivables' collection process; - how the Group identifies and assesses the loss allowance of trade receivables; and - how the Group makes the accounting estimates for loss allowance. • Reviewing the ageing of trade receivables, the accuracy of which was tested. • Reviewing collections received after the end of the reporting period. • Evaluating the reasonableness and adequacy of the impairment loss recognised. • Assessing the consistency in methodology applied by the management in determining the impairment loss on trade receivables to those of prior years. • Evaluating techniques and methodology applied for the expected credit loss approach against the requirements of MFRS 9.
Impairment of intangible assets (Refer to Notes 2.6 and 7 to the financial statements) The Group has significant intangible assets as at the reporting date which consist mainly of development costs, goodwill and trademark. The intangible assets are subject to impairment assessment. The assessment has been performed by comparing the carrying amounts to their corresponding recoverable amounts. The recoverable amounts were determined using the value-in-use method, based on future financial information. We focused on these areas as significant judgment and estimates are applied in determining the recoverable amounts.	Our audit procedures included amongst others: • Obtained management's impairment analysis and gained an understanding of their impairment assessment process. • Reviewing the reasonableness of the key assumptions used and judgement made in determining the recoverable amount. • Checked the sensitivity analysis on revenue growth, profit margin and discount rate.

There are no key audit matters in relation to the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF G3 GLOBAL BERHAD (cont'd)

Company No. 570396-D (Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF G3 GLOBAL BERHAD (cont'd)

Company No. 570396-D (Incorporated in Malaysia)

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

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

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

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

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

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

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

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.

Grant Thornton
No. AF : 0042
Chartered Accountants

John Lau Tiang Hua
No. 01107/03/2020 J
Chartered Accountant

Penang

Date: 12 April 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		GROUP		COMPANY	
		2018	2017	**2018**	2017
	NOTE	**RM**	RM	**RM**	RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	**2,049,036**	1,900,083	**–**	–
Investment property	5	**106,500**	110,100	**–**	–
Investment in subsidiaries	6	**–**	–	**10,518,258**	17,557,739
Intangible assets	7	**5,358,810**	3,333,181	**–**	–
		7,514,346	5,343,364	**10,518,258**	17,557,739
Current assets					
Inventories	8	**7,472,545**	11,496,411	**–**	–
Trade receivables	9	**11,719,389**	4,157,798	**–**	–
Other receivables, deposits and prepayments	10	**1,411,164**	5,095,938	**360,469**	6,000
Amount due from subsidiaries	11	**–**	–	**68,675,790**	68,123,488
Current tax assets		**–**	23,046	**–**	–
Cash and cash equivalents	12	**31,361,309**	39,805,011	**7,986,208**	1,459,550
		51,964,407	60,578,204	**77,022,467**	69,589,038
Assets held for sale	13	**–**	19,485,537	**–**	–
		51,964,407	80,063,741	**77,022,467**	69,589,038
TOTAL ASSETS		**59,478,753**	85,407,105	**87,540,725**	87,146,777
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	14	**68,750,000**	68,750,000	**68,750,000**	68,750,000
Warrant reserve	15	**22,306,914**	22,306,914	**22,306,914**	22,306,914
Other reserve	15	**(22,306,914)**	(22,306,914)	**(22,306,914)**	(22,306,914)
(Accumulated losses)/Retained profits	16	**(18,101,179)**	(908,795)	**9,443,076**	7,860,821
		50,648,821	67,841,205	**78,193,076**	76,610,821
Non-controlling interests		**39,536**	(423)	**–**	–
Total equity		**50,688,357**	67,840,782	**78,193,076**	76,610,821
Non-current liabilities					
Borrowings	17	**260,928**	93,396	**–**	–
Current liabilities					
Trade payables	18	**4,798,089**	3,291,630	**–**	–
Other payables and accruals	19	**3,603,001**	4,762,604	**921,008**	2,109,037
Contract liabilities	20	**23,480**	–	**–**	–
Amount due to a director	21	**2,355**	–	**–**	–
Amount due to subsidiaries	11	**–**	–	**8,426,641**	8,426,919
Borrowings	17	**83,272**	2,064,963	**–**	–
Current tax liabilities		**19,271**	19,271	**–**	–
		8,529,468	10,138,468	**9,347,649**	10,535,956
Liabilities held for sale	13	**–**	7,334,459	**–**	–
		8,529,468	17,472,927	**9,347,649**	10,535,956
Total liabilities		**8,790,396**	17,566,323	**9,347,649**	10,535,956
TOTAL EQUITY AND LIABILITIES		**59,478,753**	85,407,105	**87,540,725**	87,146,777

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		GROUP		COMPANY	
		1.1.18 TO 31.12.18 (12 months)	1.8.16 TO 31.12.17 (17 months)	**1.1.18 TO 31.12.18 (12 months)**	1.8.16 TO 31.12.17 (17 months)
	NOTE	**RM**	RM	**RM**	RM
Revenue	**22**	**29,837,758**	31,038,208	**–**	–
Cost of sales	**23**	**(28,569,093)**	(21,252,627)	**–**	–
Gross profit		**1,268,665**	9,785,581	**–**	–
Other income	**24**	**3,139,723**	3,575,105	**3,791,740**	438,314
Administrative expenses		**(16,059,224)**	(18,647,335)	**(1,337,666)**	(1,862,137)
Impairment losses and write off	**25**	**(515,479)**	(191,251)	**(871,819)**	(794,037)
Selling and distribution expenses		**(4,910,830)**	(7,176,912)	**–**	–
Operating (loss)/profit		**(17,077,145)**	(12,654,812)	**1,582,255**	(2,217,860)
Finance costs		**(14,243)**	(743,867)	**–**	(8,656)
(Loss)/Profit before taxation	**26**	**(17,091,388)**	(13,398,679)	**1,582,255**	(2,226,516)
Taxation	**27**	**(23,046)**	599,681	**–**	–
Net (loss)/profit, representing total comprehensive (loss)/income for the financial year/period		**(17,114,434)**	(12,798,998)	**1,582,255**	(2,226,516)
Total comprehensive (loss)/profit attributable to:					
Owners of the Company		**(17,108,950)**	(12,798,175)	**1,582,255**	(2,226,516)
Non-controlling interests		**(5,484)**	(823)	**–**	–
		(17,114,434)	(12,798,998)	**1,582,255**	(2,226,516)
Loss per share attributable to owners of the Company (sen)					
- Basic	**28**	**(4.15)**	(3.54)		
- Diluted	**28**	**(4.15)**	(2.46)		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Attributable to Owners of the Company							
			Non-distributable						
	NOTE	Share Capital RM	Share Premium RM	Warrant Reserve RM	Other Reserve RM	Accumulated Losses RM	Total RM	Non-controlling Interests RM	Total Equity RM
1.1.18 TO 31.12.18									
Balance at beginning, as previously reported		**68,750,000**	**–**	**22,306,914**	**(22,306,914)**	**(908,795)**	**67,841,205**	**(423)**	**67,840,782**
Adjustment on initial application of MFRS 9		**–**	**–**	**–**	**–**	**(82,611)**	**(82,611)**	**–**	**(82,611)**
Balance at end, restated		**68,750,000**	**–**	**22,306,914**	**(22,306,914)**	**(991,406)**	**67,758,594**	**(423)**	**67,758,171**
Total comprehensive loss for the financial year		**–**	**–**	**–**	**–**	**(17,108,950)**	**(17,108,950)**	**(5,484)**	**(17,114,434)**
Transactions with owners:									
Acquisition of equity interest from non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**45,020**	**45,020**
Change in ownership interest in a subsidiary		**–**	**–**	**–**	**–**	**(823)**	**(823)**	**423**	**(400)**
Total transactions with owners		**–**	**–**	**–**	**–**	**(823)**	**(823)**	**45,443**	**44,620**
Balance at end		**68,750,000**	**–**	**22,306,914**	**(22,306,914)**	**(18,101,179)**	**50,648,821**	**39,536**	**50,688,357**
1.8.16 TO 31.12.17									
Balance at beginning		68,750,000	238,528	–	–	(43,110,620)	25,877,908	–	25,877,908
Transition to no-par value regime on 31 January 2017		238,528	(238,528)	–	–	–	–	–	–
Total comprehensive loss for the financial period		–	–	–	–	(12,798,175)	(12,798,175)	(823)	(12,798,998)
Transactions with owners:									
Acquisition of equity interest from non-controlling interests		–	–	–	–	–	–	400	400
Par value reduction	14	(55,000,000)	–	–	–	55,000,000	–	–	–
Issuance of shares pursuant to rights issue	14	55,000,000	–	22,306,914	(22,306,914)	–	55,000,000	–	55,000,000
Payment of rights issue expenses		(238,528)	–	–	–	–	(238,528)	–	(238,528)
Total transactions with owners		(238,528)	–	22,306,914	(22,306,914)	55,000,000	54,761,472	400	54,761,872
Balance at end		68,750,000	–	22,306,914	(22,306,914)	(908,795)	67,841,205	(423)	67,840,782

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

			|--------- Non-distributable		---------|	Distributable	
	NOTE	Share Capital RM	Share Premium RM	Warrant Reserve RM	Other Reserve RM	Retained Profits RM	Total Equity RM
1.1.18 TO 31.12.18							
Balance at beginning		**68,750,000**	**–**	**22,306,914**	**(22,306,914)**	**7,860,821**	**76,610,821**
Total comprehensive income for the financial year		**–**	**–**	**–**	**–**	**1,582,255**	**1,582,255**
Balance at end		**68,750,000**	**–**	**22,306,914**	**(22,306,914)**	**9,443,076**	**78,193,076**
1.8.16 TO 31.12.17							
Balance at beginning		68,750,000	238,528	–	–	(44,912,663)	24,075,865
Transition to no-par value regime on 31 January 2017		238,528	(238,528)	–	–	–	–
Total comprehensive loss for the financial period		–	–	–	–	(2,226,516)	(2,226,516)
Transactions with owners:							
Par value reduction	14	(55,000,000)	–	–	–	55,000,000	–
Issuance of shares pursuant to rights issue	14	55,000,000	–	22,306,914	(22,306,914)	–	55,000,000
Payment of rights issue expenses		(238,528)	–	–	–	–	(238,528)
Total transactions with owners		(238,528)	–	22,306,914	(22,306,914)	55,000,000	54,761,472
Balance at end		68,750,000	–	22,306,914	(22,306,914)	7,860,821	76,610,821

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	GROUP		COMPANY	
	1.1.18 TO 31.12.18 (12 months) RM	1.8.16 TO 31.12.17 (17 months) RM	**1.1.18 TO 31.12.18 (12 months) RM**	1.8.16 TO 31.12.17 (17 months) RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation	**(17,091,388)**	(13,398,679)	**1,582,255**	(2,226,516)
Adjustments for:				
Allowance for expected credit losses on receivables	**458,053**	36,981	**–**	–
Amortisation of development costs	**963,424**	290,153	**–**	–
Depreciation	**677,977**	1,516,124	**–**	–
Loss/(Gain) on deconsolidation of investment in subsidiaries	**1,025,434**	(948,192)	**–**	–
Gain on disposal of investment in subsidiaries	**–**	–	**(3,788,995)**	(356,340)
Gain on disposal of property, plant and equipment	**(68,000)**	–	**–**	–
Impairment loss on investment in subsidiaries	**–**	–	**871,819**	794,037
Interest expense	**14,243**	743,867	**–**	8,656
Interest income	**(560,497)**	(261,362)	**(2,745)**	(81,974)
Inventories written off	**3,130,495**	–	**–**	–
Property, plant and equipment written off	**109,752**	161,147	**–**	–
Reversal of allowance for expected credit losses	**(52,326)**	(6,877)	**–**	–
Unrealised gain on foreign exchange	**(194,428)**	(30,438)	**–**	–
Operating loss before working capital changes	**(11,587,261)**	(11,897,276)	**(1,337,666)**	(1,862,137)
Decrease in inventories	**927,342**	2,045,503	**–**	–
(Increase)/Decrease in receivables	**(3,446,232)**	6,195,640	**(354,469)**	–
(Decrease)/Increase in payables	**(2,314,023)**	(10,185,848)	**(1,188,029)**	253,882
Cash used in operations	**(16,420,174)**	(13,841,981)	**(2,880,164)**	(1,608,255)
Income tax paid	**–**	(541)	**–**	–
Income tax refunded	**–**	90,000	**–**	–
Interest paid	**(14,243)**	(743,867)	**–**	(8,656)
Net cash used in operating activities	**(16,434,417)**	(14,496,389)	**(2,880,164)**	(1,616,911)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	**560,497**	261,362	**2,745**	81,974
Proceeds from disposal of property, plant and equipment	**68,000**	–	**–**	–
Proceeds from disposal of subsidiaries	**12,986,000**	3,399,478	**–**	–
Proceeds from disposal of investment in a subsidiary	**–**	–	**9,959,538**	3,408,000
Purchase of investment in subsidiaries	**–**	–	**(2,881)**	(999,900)
Purchase of intangible assets	**(2,989,053)**	(3,493,558)	**–**	–
* Purchase of property, plant and equipment	**(663,082)**	(1,630,208)	**–**	–
Net cash from/(used in) investing activities	**9,962,362**	(1,462,926)	**9,959,402**	2,490,074
Balance carried forward	**(6,472,055)**	(15,959,315)	**7,079,238**	873,163

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

	GROUP		COMPANY	
	1.1.18 TO 31.12.18 (12 months) RM	1.8.16 TO 31.12.17 (17 months) RM	**1.1.18 TO 31.12.18 (12 months) RM**	1.8.16 TO 31.12.17 (17 months) RM
Balance brought forward	**(6,472,055)**	(15,959,315)	**7,079,238**	873,163
CASH FLOWS FROM FINANCING ACTIVITIES				
Acquisition from non-controlling interests	**(400)**	–	**–**	–
Net repayment of bankers acceptance	**(2,032,000)**	(4,101,000)	**–**	–
Net change in subsidiaries' balances	**–**	–	**(552,580)**	(50,706,507)
Payment of rights issue expenses	**–**	(238,528)	**–**	(238,528)
Proceeds from issuance of shares to non-controlling interests of a subsidiary	**45,020**	400	**–**	–
Proceeds from rights issue	**–**	55,000,000	**–**	55,000,000
Repayment of finance lease liabilities	**(52,159)**	(43,641)	**–**	–
Net cash (used in)/from financing activities	**(2,039,539)**	50,617,231	**(552,580)**	4,054,965
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(8,511,594)**	34,657,916	**6,526,658**	4,928,128
Effects of changes in exchange rate on cash and cash equivalents	**(1,434)**	21,444	**–**	–
CASH AND CASH EQUIVALENTS AT BEGINNING	**39,874,337**	5,194,977	**1,459,550**	(3,468,578)
CASH AND CASH EQUIVALENTS AT END	**31,361,309**	39,874,337	**7,986,208**	1,459,550
Represented by:				
Cash and bank balances	**31,361,309**	39,805,011	**7,986,208**	1,459,550
Cash and bank balances classified as assets held for sale (Note 13)	**–**	69,326	**–**	–
	31,361,309	39,874,337	**7,986,208**	1,459,550
* **Purchase of property, plant and equipment**				
Total acquisition	**933,082**	1,630,208	**–**	–
Acquired under finance lease	**(270,000)**	–	**–**	–
Total cash acquisition	**663,082**	1,630,208	**–**	–

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

1. CORPORATE INFORMATION

General

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

The registered office of the Company is located at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at 115, Lebuh Victoria, 10300 Georgetown, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 April 2019.

Principal Activities

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. BASIS OF PREPARATION (cont'd)

2.2 Basis of Measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is also the Group's and the Company's functional currency.

2.4 Adoption of Amendments/Improvements to MFRSs

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial period except for the adoption of the following standards that are mandatory for the current financial year:

Effective for annual periods beginning on or after 1 January 2018
Amendments to MFRS 2 Share-based Payment: Classification and Measurement of Share-based Payment Transactions
MFRS 9 Financial Instruments
MFRS 15 Revenue from Contracts with Customers
Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140 Investment Property: Transfers of Investment Property
Annual Improvements to MFRS 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interest in Other Entities)
IC Interpretation 22 Foreign Currency Transactions and Advance Considerations

Initial application for the above standards did not have any material impact to the financial statements of the Group and of the Company upon adoption except for:

MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied MFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which was reported under MFRS 139. Differences arising from the adoption of MFRS 9 in relation to classification, measurement and impairment are recognised in accumulated losses.

2. BASIS OF PREPARATION (cont'd)

2.4 Adoption of Amendments/Improvements to MFRSs (cont'd)

The natures of the changes of adopting MFRS 9 are described below:

Classification and measurement
The classification and measurement requirements of MFRS 9 did not have a significant impact on the Group. The Group continues to measure at fair value all financial assets previously held at fair value under MFRS 9. The changes in the classification of the Group's trade receivables and other financial assets (i.e., other receivables, refundable deposits and cash and cash equivalents) previously classified as loans and receivables as at 31 December 2017 which are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified as debt instruments and measured at amortised cost beginning 1 January 2018.

Impairment
The adoption of MFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group and the Company to recognise an allowance for ECLs for contract assets and all debt instruments not held at fair value through profit or loss.

Upon adoption of MFRS 9, the Group recognised impairment loss on trade receivables as at 1 January 2018 amounting to RM82,611 and a corresponding increase in accumulated losses. The cumulative effect of initially applying MFRS 9 is recognised at the date of initial application as an adjustment to the opening balance of accumulated losses.

Set out below is the reconciliation of the ending impairment loss on receivables in accordance with MFRS 139 to the opening balances of impairment loss on receivables determined in accordance with MFRS 9:

	Allowance for impairment under MFRS 139 as at 31 December 2017 RM	Remeasurement RM	ECL under MFRS 9 as at 1 January 2018 RM
Loans and receivables under MFRS 139/Financial assets at amortised cost under MFRS 9	484,873	82,611	567,484

MFRS 15 Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 January 2018.

The adoption of MFRS 15 results in changes in accounting policies for revenue recognition, and has no material financial impact on the substance of the principles applied by the Group to the amount and timing of revenue recognition. The revenue recognition principles and delivery terms applied by the Group remains generally unaltered. No adjustment to the opening balance of accumulated losses had been made as there are no changes in timing of the revenue recognition. The comparative information which was reported under MFRS 111, MFRS 118 and related Interpretations was not restated.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

2. BASIS OF PREPARATION (cont'd)

2.4 Adoption of Amendments/Improvements to MFRSs (cont'd)

MFRS 15 Revenue from Contracts with Customers (cont'd)

Presentation of contract liabilities
In previous financial years, deposits received from customers are part of contract balances which were presented in the consolidated statement of financial position under "Other payables and accruals".

Under MFRS 15, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue.

To reflect the changes of adopting MFRS 15 as disclosed in Note 19 and 20 to the financial statements, the Group has reclassified "Deposits received" of RM296,606 which was included under "Other payables and accruals" in the previous financial period to "Contract liabilities" as at 1 January 2018.

2.5 Standards Issued But Not Yet Effective

The Group and the Company have not applied the following standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

Effective for annual periods beginning on or after 1 January 2019
Amendments to MFRS 9 Financial Instrument: Prepayment Features with Negative Compensation
MFRS 16 Leases
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
IC Interpretation 23 Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015-2017 Cycle

Effective for annual periods beginning on or after 1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards

Effective for annual periods beginning on or after 1 January 2021
MFRS 17 Insurance Contracts

Effective 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

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption except as mentioned below:

MFRS 16 Leases

MFRS 16 was issued in January 2016 and it replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

2. BASIS OF PREPARATION (cont'd)

2.5 Standards Issued But Not Yet Effective (cont'd)

MFRS 16 Leases (cont'd)

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MRFS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under MFRS 117.

The Group is currently assessing the impact of MFRS 16 and plan to adopt MFRS 16 on the required effective date using the modified retrospective approach.

2.6 Significant Accounting Estimates and Judgements

The preparation of financial statements 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 estimate is revised and in any future periods affected.

2.6.1 Judgements made in applying accounting policies

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

2.6.2 Key sources of estimation uncertainty

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

(i) Useful lives of depreciable assets

Machinery and factory equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the machinery and factory equipment to be 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the machinery and factory equipment. Therefore, future depreciation charges could be revised.

(ii) Impairment of plant and equipment

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

2. BASIS OF PREPARATION (cont'd)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.2 Key sources of estimation uncertainty (cont'd)

(iii) Impairment of intangible assets

The Group determines whether goodwill and trade mark are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which research and development cost, goodwill and trade mark are allocated. Estimating the value-in-use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iv) Inventories

The management reviews for slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

(v) Provision for expected credit loss ("ECL") of receivables

The Group uses a provision matrix to calculate ECL for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

3.1 Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated 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 the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of Consolidation (cont'd)

(i) Subsidiaries (cont'd)

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

Upon disposal of an investment in a subsidiary, the difference between the net disposal proceed and its carrying amount is recognised in profit or loss.

(ii) Business combination

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 interest 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 at 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 to recognise non-controlling interest 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.

(iii) Acquisitions of non-controlling interests

The Group treats 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 reserve.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the 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 previous 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 an available-for sale financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of Consolidation (cont'd)

(v) 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 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.

(vi) 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.

3.2 Property, Plant and Equipment

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

Property, plant and equipment are depreciated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Machinery and factory equipment	10%
Renovation	2%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	20%

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

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

3.3 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Leases (cont'd)

Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership, which include hire purchase arrangement, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over its useful life. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

Operating leases

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

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

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

3.4 Investment Property

Investment property is a property which is held to earn rental income, or for capital appreciation or for both. Such property is measured initially at cost. Initial cost comprises purchase price and any directly attributable expenditure for a purchased investment property. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold shoplot is depreciated on the straight-line method to write off the cost to its residual value over its estimated useful life at 2% per annum.

Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year in which it arises.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Intangible Assets

Trademarks

Trademarks are measured initially at cost. Subsequent to initial recognition, trademarks with definite life are stated at cost less accumulated amortisation and impairment losses while trademarks with indefinite life are stated at cost less impairment losses. Trade marks with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of a trade mark with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Research and development costs

All research costs are immediately recognised in profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised as development costs and deferred only when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are recognised in profit or loss as incurred.

Capitalised development costs comprise direct attributable costs incurred for development. Capitalised development costs, considered to have finite useful lives, are stated at cost less accumulated amortisation and any accumulated impairment losses. Development costs are amortised using the straight-line basis over the commercial lives of the underlying products from the date the products are commercialised. Development costs is amortised over the estimated average life of 5 years.

The amortisation period and method are reviewed at the end of each reporting period to ensure that the expected useful lives of the assets are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of intangible assets.

3.6 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (except for inventories and non-current assets (or disposal groups) classified as held for sale) 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. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, their recoverable amounts are estimated at the same time.

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 ("CGU"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Impairment of Non-Financial Assets (cont'd)

The recoverable amount of an asset of CGU is the greater of its value in use and its fair value less costs of disposal. To compute 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 CGU.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment loss recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (groups of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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 assets 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.

3.7 Financial Instruments

3.7.1 Initial recognition and measurement

Financial assets or financial liabilities are recognised when the Group or the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when substantially all the risks and rewards of the financial assets are transferred. A financial liability is derecognised when it is extinguish, discharged, cancelled or expires.

3.7.2 Classification and measurement of financial assets

Current financial year

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

Financial assets, other than those designated as hedging instruments, are classified into the following categories:

- amortised cost ("AC");
- fair value through profit or loss ("FVTPL"); and
- fair value through other comprehensive income ("FVOCI").

However, in the current financial year, the Group does not have any financial assets which are categorised as FVTPL and FVOCI.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Financial Instruments (cont'd)

3.7.2 Classification and measurement of financial assets (cont'd)

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's and the Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Previous financial year

Financial assets were classified and measured under *MFRS 139, Financial Instruments: Recognition and Measurement*. However, the Group did not have any financial assets that were categorised
(i) at fair value through profit or loss,
(ii) at fair value through other comprehensive income,
(iii) available for sale financial assets, and
(iv) held-to-maturity except for loans and receivables category.

Loans and receivables

Loans and receivables category comprises debt instruments that were not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

3.7.3 Financial assets - Impairment

All financial assets are subject to review for impairment.

Current financial year

MFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss ("ECL") model'. Instruments within the scope of the new requirements included loans, trade and other receivables and other debt-type financial assets measured at amortised cost and at FVOCI.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Financial Instruments (cont'd)

3.7.3 Financial assets - Impairment (cont'd)

Current financial year (cont'd)

In applying this forward-looking approach, a distinction is made between:

Stage 1
- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk;

Stage 2
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low; and

Stage 3
- financial assets that have objective evidence of impairment at the reporting date.

'12-month ECL' are recognised for the first category while 'lifetime ECL' are recognised for the second category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they are grouped based on the days past due.

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) is assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Financial Instruments (cont'd)

3.7.4 Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under MFRS 9 compared to MFRS 139, the Group's financial liabilities were not impacted by the adoption of MFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group has designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

3.7.5 Offsetting of financial instruments

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

3.7.6 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 the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the 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 or cancelled or expired. 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.

3.8 Cash and Cash Equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

3.9 Inventories

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

Cost of trading goods is determined on the weighted average basis.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Non-current Assets Held for Sale

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not amortised or depreciated.

3.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

3.12 Income Recognition

According to MFRS 15, revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The adoption of MFRS 15 is a change in accounting policy for revenue recognition but did result in any financial impact on the profit or loss of the Group and of the Company due to the revenue recognition principles and delivery terms applied by the Group and by the Company remain generally unchanged as compared to previous year.

Revenue of the Group and of the Company are measured on the following basis:

3.12.1 Revenue from sale of goods and services

Revenue is recognised at a point in time when control of the goods is transferred to the customer, generally on the delivery of the goods, and/or services are rendered to the customers.

3.12.2 Royalty income

Royalty income is recognised on an accruals basis in accordance with the relevant agreement.

3.12.3 Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Income Recognition (cont'd)

3.12.4 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

3.12.5 Grant

Grants from Malaysia Digital Economy Corporation relating to expenditure on development cost of the Group are recognised in the profit or loss on a cash receipt basis.

3.12.6 Contract balances

Trade receivables

A receivable represents the Group's right to receive an amount of consideration that is unconditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

3.13 Employee Benefits

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred.

3.14 Borrowings Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.15 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 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 following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and 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.

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.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

3.16 Goods and Services Tax ("GST") and Sales and Services Tax ("SST")

Revenue, expenses and assets are recognised net of GST or SST except:

- where the GST or SST incurred in a purchase of asset or service is not recoverable from the authority, in which case the GST or SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with GST or SST inclusive.

The net GST or SST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

The Malaysian Government has zero rated the GST effective from 1 June 2018. This means the GST rate on the supplying of goods or services or on the importation of goods has been revised from 6% to 0%.

The GST has been replaced with the SST effective from 1 September 2018. The rate for Sales Tax is fixed at 5% or 10% while the rate for Service Tax is fixed at 6%.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.17 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 translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

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

3.18 Share Capital, Share Issuance Costs and Dividends

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Share issuance costs

Prior to Companies Act 2016 which came into operation on 31 January 2017, incremental external costs directly attributable to the issuance of new shares are deducted against the share premium account. Effective 31 January 2017 and subsequent period, incremental external costs directly attributable to the issuance of new shares are deducted against equity.

Dividends

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared.

3.19 Warrants

Warrants are classified as equity instruments and its fair value is allocated based on the Black-Scholes Option Pricing model upon issuance. The issuance of the ordinary shares upon exercise of warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Upon exercise of warrants, the proceeds are credited to share capital. The warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be reversed.

3.20 Segment Reporting

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.21 Contingencies

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

3.22 Related Parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) Has control or joint control over the Group.
- (ii) Has significant influence over the Group.
- (iii) Is a member of the key management personnel of the Group including its ultimate holding company.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group.
- (ii) The entity is an associate or joint venture of the other entity.
- (iii) Both entities are joint ventures of the same third party.
- (iv) The Group is a joint venture of a third entity and the other entity is an associate of the same third entity.
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the entity.
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land RM	Buildings RM	Machinery and factory equipment RM	Renovation RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
GROUP							
2018							
At cost							
Balance at beginning	–	–	1,043,521	1,489,433	8,139,179	590,171	11,262,304
Additions	–	–	70,656	113,469	341,421	407,536	933,082
Disposals	–	–	–	–	–	(447,059)	(447,059)
Written off	–	–	(83,589)	(118,722)	(3,765,079)	–	(3,967,390)
Reclassification	–	–	–	9,626	(9,626)	–	–
Balance at end	–	–	1,030,588	1,493,806	4,705,895	550,648	7,780,937
Accumulated depreciation							
Balance at beginning	–	–	214,969	1,046,418	7,684,768	416,066	9,362,221
Current charge	–	–	203,875	126,749	260,214	83,539	674,377
Disposals	–	–	–	–	–	(447,059)	(447,059)
Written off	–	–	(38,718)	(98,622)	(3,720,298)	–	(3,857,638)
Reclassification	–	–	–	1,043	(1,043)	–	–
Balance at end	–	–	380,126	1075,588	4,223,641	52,546	5,731,901
Carrying amount	–	–	650,462	418,218	482,254	498,102	2,049,036

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold land RM	Buildings RM	Machinery and factory equipment RM	Renovation RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
2017							
At cost							
Balance at beginning	5,441,084	13,311,000	2,925,899	1,493,569	8,501,491	747,484	32,420,527
Additions	–	–	891,497	323,130	415,581	–	1,630,208
Written off	–	–	–	(327,266)	(368,383)	–	(695,649)
Reclassification from intangible assets	–	–	114,890	–	–	–	114,890
Transfer to assets held for sale	(5,441,084)	(13,311,000)	(2,888,765)	–	(409,510)	(157,313)	(22,207,672)
Balance at end	–	–	1,043,521	1,489,433	8,139,179	590,171	11,262,304
Accumulated depreciation							
Balance at beginning	729,360	1,337,538	2,913,513	983,000	8,025,272	491,178	14,479,861
Current charge	206,652	377,145	183,427	245,811	415,788	82,201	1,511,024
Written off	–	–	–	(182,393)	(352,109)	–	(534,502)
Transfer to assets held for sale	(936,012)	(1,714,683)	(2,881,971)	–	(404,183)	(157,313)	(6,094,162)
Balance at end	–	–	214,969	1,046,418	7,684,768	416,066	9,362,221
Carrying amount	–	–	828,552	443,015	454,411	174,105	1,900,083

Motor vehicles with carrying amount of **RM497,519** (2017: RM173,522) were acquired under finance lease and are pledged as security for the related finance lease liabilities (Note 17).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

5. INVESTMENT PROPERTY

	GROUP	
	Freehold shoplot	
	2018	2017
	RM	RM
At cost	**180,000**	180,000
Accumulated depreciation		
Balance at beginning	**69,900**	64,800
Current charge	**3,600**	5,100
Balance at end	**(73,500)**	(69,900)
Carrying amount	**106,500**	110,100

(i) The investment property is held to earn rental income.

(ii) The amounts recognised in profit or loss are as follows:

	1.1.18 To 31.12.18 (12 months) RM	1.8.16 To 31.12.17 (17 months) RM
Rental income from investment property	**10,800**	15,300
Direct operating expenses arising from income generating investment property	**3,911**	5,430

(iii) For fair value measurement of the freehold shoplot, refer Note 34.2 to the financial statements.

6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2018	2017
	RM	RM
Unquoted shares, at cost	**49,963,940**	56,438,078
Less: Accumulated impairment loss		
Balance at beginning	**(38,880,339)**	(45,009,593)
Current year	**(871,819)**	(794,037)
Reversal due to disposal of subsidiaries	**306,476**	6,923,291
Balance at end	**(39,445,682)**	(38,880,339)
	10,518,258	17,557,739

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (cont'd)

6. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries, all of which were incorporated in Malaysia, are as follows:

Name of Company	Effective Equity Interest 2018	2017	Principal Activities
Direct:			
Edwin Jeans (M) Sdn. Bhd.	**100%**	100%	Marketing, distributing and retailing of jeanswear and other fashion apparels.
G.A. Blue Corporation Sdn. Bhd.	**100%**	100%	Manufacturing and marketing of jeanswear and its related products.
Yen Retailing (M) Sdn. Bhd.	**100%**	100%	Distributing and retailing of other jeanswear, footwear and accessories.
# Evatech Sdn. Bhd.	**–**	100%	Manufacturing and selling of garments and apparels.
# Uni Jeans Care Sdn. Bhd.	**–**	100%	Provision of services relating to specialised treatment and finishing process of jeanswear.
G.A. Blue Apparel Sdn. Bhd. (formerly known as Mustang Jeans (M) Sdn. Bhd.)	**100%**	100%	Marketing of jeanswear and its related products.
Delison Sdn. Bhd.	**100%**	100%	Inactive.
Lensan Sdn. Bhd.	**100%**	100%	Inactive.
Sebico Jaya Trading Co. Sdn. Bhd.	**100%**	100%	Retailing of ready–made clothing, handbags and personal effects.
Atilze Digital Sdn. Bhd.	**100%**	100%	Supplier of telecommunication solutions, services and products.
Atilze Solutions Sdn. Bhd. (formerly known as Above Drive Sdn. Bhd.)	**100%**	–	Sales of information, communications and technology ("ICT") equipment, devices, wholesale voice and IT products and services. However, the subsidiary is dormant during the financial year.
Atilze AI Sdn. Bhd.	**100%**	–	Dormant.
AG3 Sdn. Bhd.	**80%**	–	Dormant.
Indirect – held through Atilze Digital Sdn. Bhd.			
Atilze Solutions Sdn. Bhd.	**–**	85.7%	Sales of information, communications and technology ("ICT") equipment, devices, wholesale voice and IT products and services. However, the subsidiary is dormant during the financial year.
Connected Mobility Technologies Sdn. Bhd.	**55%**	–	Sales of information, communications and technology ("ICT") equipment, devices, wholesale voice and IT products and services. However, the subsidiary is dormant during the financial year.
Indirect – held through Evatech Sdn. Bhd.			
# Yen Denim (M) Sdn. Bhd.	**–**	100%	Inactive.

The assets and liabilities of these subsidiaries had been classified as assets held for sale in the previous financial period, details of which are disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (cont'd)

6. INVESTMENT IN SUBSIDIARIES (cont'd)

During the financial year, the management has carried out a review of the recoverable amounts of its investment in subsidiaries and made the necessary impairment to **RM871,819** (2017: RM794,037) as the recoverable amounts estimated were less than their carrying value.

2018

(i) On 16 April 2018, the Company's subsidiary, Atilze Digital Sdn. Bhd. ("AD"), had acquired the remaining 400 ordinary shares in Atilze Solutions Sdn. Bhd. ("AS") (formerly known as Above Drive Sdn. Bhd.) from a former director of AD for a total cash consideration of RM400. Consequent to the acquisition, AS became a wholly-owned subsidiary of AD.

(ii) On 13 July 2018, AD incorporated a wholly-owned subsidiary, Connected Mobility Technologies Sdn. Bhd. ("CMT"), with a paid-up capital of RM100. Thereafter, CMT had allotted 99,900 new ordinary shares to AD, Gosuncn Welink (USA) Technology Co. Ltd and Prospect Industry LLC for a total cash consideration of RM99,900. Consequent to the allotment, the equity interest of AD was diluted from 100% to 55%.

(iii) On 6 August 2018, the Company had acquired 2,800 ordinary shares representing 100% equity interest in AS from AD for a total cash consideration of RM2,800. Consequently, AS became a direct wholly-owned subsidiary of the Company. The reorganisation does not have any effect on the Group's financial statements.

(iv) On 21 September 2018, the Company incorporated a wholly-owned subsidiary, Atilze AI Sdn. Bhd., with a paid-up capital of RM1.

(v) On 24 December 2018, the Company together with a minority shareholder incorporated a subsidiary, AG3 Sdn. Bhd., with an issued and paid-up capital of RM100 comprising 100 ordinary shares of which the Company owns 80% equivalent to 80 ordinary shares valued at RM80.

2017

(i) On 27 October 2016, the Company's subsidiary, AD, acquired 600 ordinary shares in AS, representing 60% equity shares for a cash consideration of RM600. Subsequently, AD subscribed for an additional 1,800 new ordinary shares for a total cash consideration of RM1,800 which resulted in the increase of its equity interest from 60% to 85.7%.

(ii) On 27 October 2016, the Company subscribed for an additional 999,900 new ordinary shares in AD for a total cash consideration of RM999,900. The share subscriptions did not result in a change in the effective equity interest of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (cont'd)

7. INTANGIBLE ASSETS

	Trademarks RM	Goodwill RM	Development costs RM	Total RM
GROUP				
2018				
At cost				
Balance at beginning	**2,235,149**	**129,776**	**3,493,558**	**5,858,483**
Additions	**–**	**–**	**2,989,053**	**2,989,053**
Balance at end	**2,235,149**	**129,776**	**6,482,611**	**8,847,536**
Accumulated amortisation				
Balance at beginning	**–**	**–**	**290,153**	**290,153**
Current charge	**–**	**–**	**963,424**	**963,424**
Balance at end	**–**	**–**	**1,253,577**	**1,253,577**
Accumulated impairment loss	**2,235,149**	**–**	**–**	**2,235,149**
Carrying amount	**–**	**129,776**	**5,229,034**	**5,358,810**
2017				
At cost				
Balance at beginning	2,235,149	129,776	114,890	2,479,815
Additions	–	–	3,493,558	3,493,558
Reclassification to property, plant and equipment	–	–	(114,890)	(114,890)
Balance at end	2,235,149	129,776	3,493,558	5,858,483
Amortisation				
Current charge	–	–	290,153	290,153
Accumulated impairment loss	2,235,149	–	–	2,235,149
Carrying amount	–	129,776	3,203,405	3,333,181

Impairment test on intangible assets

For the purpose of impairment testing, the trademarks, goodwill and development costs have been allocated to the Group's operating divisions which represent the lowest cash-generating unit ("CGU") level within the Group at which these intangible assets are monitored for internal management purposes.

The trademarks have been allocated to the apparel business segment while the goodwill has been allocated to Atilze Digital Sdn. Bhd., under the information and communications technology ("ICT") business segment.

For annual impairment testing purposes, the recoverable amounts of the CGUs are determined based on their value-in-use, which apply a discounted cash flow model using cash flow projections based on the approved financial budget and projections.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

7. INTANGIBLE ASSETS (cont'd)

Impairment test on intangible assets (cont'd)

The key assumptions on which the management has based on for the computation of value-in-use are as follows:

(i) Cash flow projections and growth rate

The three-year cash flow projections are based on the most recent budget approved by the management and extrapolated using a steady growth rate for the subsequent years.

(ii) Pre-tax discount rate

The pre-tax discount rate of **7.00%** (2017: 7.00%) is applied to the cash flow projections, which is based on the weighted average cost of capital of the Group adjusted to reflect the specific risks relating to the relevant business segments.

The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount of each unit. Based on the above review, there is no evidence of impairment on the Group's goodwill.

8. INVENTORIES

GROUP

Inventories represent trading goods and are stated at cost.

	2018	2017
	RM	RM
Recognised in profit or loss:		
Inventories recognised as cost of sales	**28,324,162**	14,656,673
Inventories written off	**3,130,495**	–

9. TRADE RECEIVABLES

	GROUP	
	2018	2017
	RM	RM
Trade receivables, gross	**12,678,022**	4,642,671
Less: Allowance for expected credit loss (Note 9.1)	**(958,633)**	(484,873)
	11,719,389	4,157,798

The currency profile of trade receivables is as follows:

	GROUP	
	2018	2017
	RM	RM
Ringgit Malaysia	**8,799,024**	4,118,311
US Dollar	**2,920,365**	39,487
	11,719,389	4,157,798

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (cont'd)

9. TRADE RECEIVABLES (cont'd)

The trade receivables are non-interest bearing and are generally on **30 to 180 days** (2017: 60 to 180 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

9.1 Allowance for expected credit loss

The movements are as follows:

	GROUP	
	2018	2017
	RM	RM
At 1 January	**484,873**	454,769
Adjustment on initial application of MFRS 9	**82,611**	–
Current year	**458,053**	36,981
Reversal of impairment	**(52,326)**	(6,877)
Written off	**(14,578)**	–
At 31 December	**958,633**	484,873

9.2 Related parties

Included in trade receivables are the following:

	GROUP	
	2018	2017
	RM	RM
A major shareholder of the Company	**5,247,908**	–
A wholly-owned subsidiary of a major shareholder of the Company	**2,920,365**	–
	8,168,273	–

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	RM	RM	**RM**	RM
Other receivables (Note 10.1)	**613,896**	3,887,792	**354,469**	–
Refundable deposits	**506,588**	698,388	**6,000**	6,000
Non-refundable deposits	**124,857**	–	**–**	–
Prepayments	**43,431**	420,962	**–**	–
GST receivable	**122,392**	88,796	**–**	–
	1,411,164	5,095,938	**360,469**	6,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (cont'd)

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

The currency profile of other receivables, deposits and prepayments is as follows:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	RM	RM	**RM**	RM
Ringgit Malaysia	**1,410,105**	5,032,805	**360,469**	6,000
US Dollar	**1,059**	63,133	**–**	–
	1,411,164	5,095,938	**360,469**	6,000

10.1 Other receivables

(i) Included in the Group's other receivables of the previous year was an amount of RM3,827,055 due from the purchaser of two of the Company's subsidiaries, details of which are disclosed in Note 13.

(ii) Included in the Group's other receivables is an amount of **RM15,000** (2017: RM Nil) due from a shareholder of the subsidiary of the Company.

11. AMOUNT DUE FROM/TO SUBSIDIARIES

	COMPANY	
	2018	2017
	RM	RM
Due from:		
Gross amount	**68,675,790**	68,368,082
Less: Allowance for expected credit loss/Impairment losses		
Balance at beginning	**(244,594)**	(244,594)
Written off	**244,594**	–
Balance at end	**–**	(244,594)
	68,675,790	68,123,488
Due to:	**8,426,641**	8,426,919

The amount due from/to subsidiaries is non-trade related, unsecured, non-interest bearing and is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (cont'd)

12. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	RM	RM	**RM**	RM
Short term investments	**21,353,613**	23,969,043	**–**	–
Cash and bank balances	**10,007,696**	15,835,968	**7,986,208**	1,459,550
	31,361,309	39,805,011	**7,986,208**	1,459,550

The currency profile of cash and cash equivalents is as follows:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	RM	RM	**RM**	RM
Ringgit Malaysia	**31,316,964**	39,734,496	**7,986,208**	1,459,550
US Dollar	**44,345**	70,515	**–**	–
	31,361,309	39,805,011	**7,986,208**	1,459,550

The effective interest rates of the short term investments as at the end of the reporting period range from **3.55%** to **3.70%** (2017: 2.80% to 3.52%) per annum.

13. ASSETS AND LIABILITIES HELD FOR SALE

In the previous financial period ended 31 December 2017, the Company entered into two conditional shares sale agreements with a third party to dispose of its entire equity interest in two of its wholly-owned subsidiaries, Evatech Sdn. Bhd. ("Evatech") and Uni Jeans Care Sdn. Bhd. ("Uni Jeans"), for a total cash consideration of RM12,986,000 and the disposal was completed on 15 December 2018.

As such, the assets and liabilities of these subsidiaries have been classified as assets and liabilities held for sale as at the end of the previous reporting period as summarised below:

	GROUP
	RM
Assets classified as held for sale:	
Property, plant and equipment (Note 4)	16,113,510
Inventories	2,294,716
Trade receivables	925,219
Other receivables, deposits and prepayments	82,766
Cash and bank balances	69,326
	19,485,537

13. ASSETS AND LIABILITIES HELD FOR SALE (cont'd)

	GROUP RM
Liabilities classified as held for sale:	
Borrowings	232,000
Trade payables	871,944
Other payables and accruals	3,911,085
Deferred tax liabilities (Note 29)	2,319,430
	7,334,459

The property, plant and equipment held for sale comprise the following:

	Leasehold land RM	Buildings RM	Machinery and factory equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
At cost	5,441,084	13,311,000	2,888,765	409,510	157,313	22,207,672
Accumulated depreciation	936,012	1,714,683	2,881,971	404,183	157,313	6,094,162
Carrying amount	4,505,072	11,596,317	6,794	5,327	–	16,113,510

The leasehold land and buildings were charged to a licensed bank as security for banking facilities granted to the Group and to the Company.

14. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2018	2017	**2018 RM**	2017 RM
Issued and fully paid:				
Balance at beginning	**412,500,000**	137,500,000	**68,750,000**	68,750,000
Transition to no-par value regime on 31 January 2017	**–**	–	**–**	238,528
Par value reduction	**–**	–	**–**	(55,000,000)
Allotment pursuant to:				
- Rights issue	**–**	275,000,000	**–**	55,000,000
Rights issue expenses	**–**	–	**–**	(238,528)
Balance at end	**412,500,000**	412,500,000	**68,750,000**	68,750,000

In the previous financial period ended 31 December 2017, the Company has undertaken the following exercise:

(i) Capital reduction involving the cancellation of RM0.40 of the par value of each existing ordinary share of RM0.50 in the Company, which resulted in the reduction of the issued and paid-up capital from RM68,750,000 comprising 137,500,000 ordinary shares of RM0.50 each to RM13,750,000 comprising 137,500,000 ordinary shares of RM0.10 each pursuant to Section 64(1) of the Companies Act 1965 in Malaysia. The capital reduction was affected on 8 August 2017 and the credit of RM55,000,0000 arising therefrom was utilised to set-off against the accumulated losses of the Company;

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (cont'd)

14. SHARE CAPITAL (cont'd)

(ii) Renounceable Rights Issue of 275,000,000 new ordinary shares at an issue price of RM0.20 each on the basis of two (2) Rights Shares for every one (1) existing share, together with free detachable warrants on the basis of three (3) warrants for every four (4) Right Shares subscribed; and

(iii) Transfer of share premium of RM238,528 to become part of the Company's share capital pursuant to Section 618(2) of the Companies Act 2016.

15. WARRANT RESERVE/OTHER RESERVE

On 9 October 2017, the Company issued 206,249,978 5-years free detachable warrants ("Warrants") pursuant to the Company's Rights Issue. The Warrants are listed on Bursa Malaysia on 9 October 2017. During the financial year, no Warrants were exercised.

The main features of the Warrants are as follows:

(i) Each Warrant entitles the registered holder at any time during the exercise period to subscribe for one new ordinary share in the Company at an exercise price of RM0.10 per ordinary share.

(ii) The exercise price and/or the number of Warrants in issue shall be subject to adjustments in accordance with the provisions of the deed poll during the exercise period.

(iii) The Warrants may be exercised at any time within five (5) years commencing on and including the date of issuance of the Warrants until the last market day prior to the fifth anniversary of the date of issuance of the Warrants.

(iv) The Warrant holders are not entitled to any dividends, rights, allotments and/or other distribution, the entitlement date of which is prior to the date of issuance and alloment of ordinary shares upon the exercise of the warrants. The warrant holders are not entitled to voting rights in any general meeting of the Company or to participate in any distribution and/or offer of further securities in the Company unless such Warrant holders exercise their Warrants for the new ordinary shares.

(v) All new ordinary shares to be issued upon the exercise of the Warrants shall, on allotment and issue, rank pari passu in all respects with the then existing ordinary shares of the Company save and except that they shall not be entitled to any dividends, rights, allotments and other distributions, the entitlement date of which is prior to the date of allotment of such new ordinary shares, and will be subject to all provisions of the Articles of Association of the Company.

(vi) At the expiry of the exercise period, any Warrants which have not been exercised will lapse and cease to be valid for any purpose.

16. RETAINED PROFITS

COMPANY

The franking of dividends of the Company is under the single tier system and therefore there is no restriction on the Company to distribute dividends subject to the availability of retained profits.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

17. BORROWINGS

	GROUP	
	2018	2017
	RM	RM
Non-current liabilities		
Finance lease liabilities		
Minimum payments:		
Within 1 year	**101,352**	38,544
Later than 1 year but not later than 2 years	**123,811**	38,544
Later than 2 years but not later than 5 years	**162,224**	61,003
	387,387	138,091
Future finance charges	**(43,187)**	(11,732)
	344,200	126,359
	(83,272)	(32,963)
Amount due within 1 year under current liabilities	**260,928**	93,396
Current liabilities		
Bankers acceptance	**–**	2,032,000
Finance lease liabilities	**83,272**	32,963
	83,272	2,064,963

The finance lease liabilities are secured over the leased assets (Note 4).

The borrowings (other than finance lease liabilities) were secured by way of:

(i) Debenture incorporating a fixed and floating charge over all the assets of the Company and certain subsidiaries, both present and future;
(ii) Joint corporate guarantee of certain subsidiaries; and
(iii) Pledged of the Group's certain leasehold land and buildings.

The effective interest rates per annum of the borrowings are as follows:

	GROUP	
	2018	2017
	%	%
Bankers acceptance	**–**	4.86 to 4.87
Finance lease liabilities	**2.67 to 3.26**	2.67

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (cont'd)

18. TRADE PAYABLES

The currency profile of the trade payables is as follows:

	GROUP	
	2018	2017
	RM	RM
Ringgit Malaysia	**1,219,658**	1,094,971
Chinese Renminbi	**1,952,800**	2,196,659
US Dollar	**1,486,677**	–
Hong Kong Dollar	**138,954**	–
	4,798,089	3,291,630

The trade payables are non-interest bearing and are normally settled within **30 to 180 days** (2017: 30 to 180 days) credit terms.

19. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	RM	RM	**RM**	RM
Other payables	**1,471,353**	1,923,062	**256,958**	132,237
Deposits *	**1,000**	1,637,740	**–**	1,298,600
Accruals	**2,130,648**	1,201,802	**664,050**	678,200
	3,603,001	4,762,604	**921,008**	2,109,037

The currency profile of other payables and accruals are as follows:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	RM	RM	**RM**	RM
Ringgit Malaysia	**3,600,826**	4,760,353	**921,008**	2,109,037
Indonesia Rupiah	**2,175**	2,251	**–**	–
	3,603,001	4,762,604	**921,008**	2,109,037

GROUP

* Included herein of the previous financial period were deposits of RM296,606 received from customers upon placing of sales orders. Under MFRS 15, this amount was classified as contract liabilities as at 1 January 2018 as disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (cont'd)

19. OTHER PAYABLES AND ACCRUALS (cont'd)

GROUP AND COMPANY

Included in other payables and accruals of the Group and of the Company are the following:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	RM	RM	**RM**	RM
Amount received from purchaser (Note 19.1)	**–**	1,298,600	**–**	1,298,600
Amount due to a related party (Note 19.2)	**12,000**	490,768	**–**	–
Amount due to a subsidiary of a major shareholder of the Company (Note 19.3)	**856**	142,242	**–**	–

19.1 Amount received from purchaser

Deposit received from the purchaser pursuant to the conditional shares sales agreements as disclosed in Note 13.

19.2 Amount due to a related party

The amount due to a company in which person connected to a director of the Company has substantial financial interest. It is unsecured, non-interest bearing and is repayable on demand.

19.3 Amount due to a subsidiary of a major shareholder of the Company

The amount due to a subsidiary of a major shareholder of the Company is non-interest bearing and is repayable on demand.

20. CONTRACT LIABILITIES

	GROUP	
	2018	2017
	RM	RM
Contract liabilities arising from receiving deposits for sales orders	**23,480**	–

The Group has initially applied MFRS 15 using the cumulative effect transition method and adjusted the opening balances as at 1 January 2018.

Upon the adoption of MFRS 15, "Deposits received" for sales orders which were previously included under "Other payables and accruals" were reclassified to contract liabilities as at 1 January 2018.

When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract. The deposit will be reversed and recognised as revenue upon satisfying the performance obligation within the contract.

All deposits received are expected to be settled within one year from date of receipt.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (cont'd)

20. CONTRACT LIABILITIES (cont'd)

Movements in contract liabilities:

	GROUP 2018 RM
Balance at the beginning - reclassified from other payables and accruals	**296,606**
Decrease in contract liabilities as a result of recognising the corresponding revenue during the financial year	**(296,606)**
Increase in contract liabilities as a result of receiving deposits from customers upon placing of sales orders	**23,480**
Balance at the end	**23,480**

21. AMOUNT DUE TO A DIRECTOR

GROUP

The amount due to a director is unsecured, non-interest bearing and is repayable on demand.

22. REVENUE

22.1 Disaggregated Revenue Information

	GROUP	
	1.1.18 To 31.12.18 (12 months) RM	1.8.16 To 31.12.17 (17 months) RM
Apparels		
- Sales of jeans wear	**17,386,080**	29,243,276
ICT		
- Sales of telecommunication solutions	**12,232,152**	1,488,318
- Services rendered	**216,628**	240,814
- Others	**2,898**	65,800
Total revenue from contracts with customers	**29,837,758**	31,038,208
Geographical markets		
Malaysia	**26,892,260**	29,541,604
Singapore	**2,889,269**	404,819
Thailand	**21,138**	197,314
Bahrain	**–**	894,471
China	**32,627**	–
Sweden	**2,464**	–
Total revenue	**29,837,758**	31,038,208

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

22. REVENUE (cont'd)

22.1 Disaggregated Revenue Information (cont'd)

Timing of revenue recognition

Sales of goods and services are recognised at a point in time upon the satisfaction of performance obligations which is upon the delivery of goods and services to customers.

22.2 Contract balances

Contract balances derived from revenue from contracts with customers of the Group and of the Company is the trade receivables amounting RM11,719,389 disclosed in Note 9 to the financial statements.

22.3 Performance obligations

Performance obligations of respective revenue is disclosed in Note 3.12 to the financial statements.

23. COST OF SALES

	GROUP	
	1.1.18 To 31.12.18 (12 months) RM	1.8.16 To 31.12.17 (17 months) RM
Trading costs	**26,273,266**	20,820,682
Direct operating costs for information, communications and technology	**2,295,827**	431,945
	28,569,093	21,252,627

24. OTHER INCOME

	GROUP		COMPANY	
	1.1.18 To 31.12.18 (12 months) RM	1.8.16 To 31.12.17 (17 months) RM	**1.1.18 To 31.12.18 (12 months) RM**	1.8.16 To 31.12.17 (17 months) RM
Gain on deconsolidation of investment in a subsidiary	**–**	948,192	**–**	–
Gain on disposal of investment in subsidiaries	**–**	–	**3,788,995**	356,340
Gain on disposal of property, plant and equipment	**68,000**	–	**–**	–
Grant received	**175,000**	325,000	**–**	–
Interest income	**560,497**	261,362	**2,745**	81,974
Realised gain on foreign exchange	**11,921**	7,982	–	–
Rental income	**774,107**	298,902	**–**	–
Balance carried forward	**1,589,525**	1,841,438	**3,791,740**	438,314

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (cont'd)

24. OTHER INCOME (cont'd)

	GROUP		COMPANY	
	1.1.18 To 31.12.18 (12 months) RM	1.8.16 To 31.12.17 (17 months) RM	**1.1.18 To 31.12.18 (12 months) RM**	1.8.16 To 31.12.17 (17 months) RM
Balance brought forward	**1,589,525**	1,841,438	**3,791,740**	438,314
Royalty	**1,326,926**	1,696,482	**–**	–
Unrealised gain on foreign exchange	**194,428**	30,438	**–**	–
Others	**28,844**	6,747	**–**	–
	3,139,723	3,575,105	**3,791,740**	438,314

25. IMPAIRMENT LOSSES AND WRITE OFF

	GROUP		COMPANY	
	1.1.18 To 31.12.18 (12 months) RM	1.8.16 To 31.12.17 (17 months) RM	**1.1.18 To 31.12.18 (12 months) RM**	1.8.16 To 31.12.17 (17 months) RM
Impairment loss on investment in subsidiaries	**–**	–	**871,819**	794,037
Allowance for expected credit losses on receivables	**458,053**	36,981	**–**	–
Property, plant and equipment written off	**109,752**	161,147	**–**	–
Reversal of allowance for expected credit losses	**(52,326)**	(6,877)	**–**	–
	515,479	191,251	**871,819**	794,037

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (cont'd)

26. (LOSS)/PROFIT BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	1.1.18 To 31.12.18 (12 months)	1.8.16 To 31.12.17 (17 months)	**1.1.18 To 31.12.18 (12 months)**	1.8.16 To 31.12.17 (17 months)
	RM	RM	**RM**	RM
After charging:				
Amortisation of development costs	**963,424**	290,153	**–**	–
Auditors' remuneration				
- Company's auditors				
- Statutory audit				
- current year	**102,000**	100,500	**30,000**	25,000
- under provision in prior year	**–**	5,000	**–**	5,000
- Other services	**10,000**	25,000	**10,000**	25,000
Depreciation	**677,977**	1,516,124	**–**	–
Directors' fee for non-executive directors	**162,150**	191,700	**162,150**	191,700
Interest expense on:				
- bank overdraft	**1,687**	487,578	**–**	8,656
- bankers acceptance	**–**	245,326	**–**	–
- finance lease	**12,556**	10,963	**–**	–
Loss on deconsolidation of investment in subsidiaries	**1,025,434**	–	**–**	–
Realised loss on foreign exchange, net	**94,657**	55,238	**–**	–
Rental of equipment	**29,999**	6,750	**–**	–
Rental of premises	**1,705,926**	2,667,301	**–**	–
* Staff costs	**10,868,920**	15,324,951	**79,200**	106,500
*** Staff costs**				
- Salaries, allowance, commission and bonus	**9,698,124**	13,652,598	**–**	–
- EPF	**985,385**	1,417,978	**–**	–
- SOCSO	**78,371**	147,875	**–**	–
- EIS	**27,840**	–	**–**	–
- Directors' fee	**79,200**	106,500	**79,200**	106,500
	10,868,920	15,324,951	**79,200**	106,500

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (cont'd)

26. (LOSS)/PROFIT BEFORE TAXATION (cont'd)

Directors' remuneration

Included in the staff costs of the Group and of the Company are directors' remuneration as shown below:

	GROUP		COMPANY	
	1.1.18 To 31.12.18 (12 months) RM	1.8.16 To 31.12.17 (17 months) RM	**1.1.18 To 31.12.18 (12 months) RM**	1.8.16 To 31.12.17 (17 months) RM
Executive directors of the Company:				
Directors' emoluments				
- Salaries, allowance and bonus	**869,061**	1,092,300	–	–
- EPF	**91,999**	117,876	**–**	–
Directors' fee	**79,200**	106,500	**79,200**	106,500
Benefits-in-kind	**11,100**	13,200	**–**	–
	1,051,360	1,329,876	**79,200**	106,500
Executive directors of the subsidiaries:				
- Salaries, allowance and bonus	**1,155,646**	1,495,000	**–**	–
- EPF	**128,256**	179,400	**–**	–
	1,283,902	1,674,400	**–**	–
Total executive directors' remuneration	**2,335,262**	3,004,276	**79,200**	106,500

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

27. TAXATION

	GROUP		COMPANY	
	1.1.18 To 31.12.18 (12 months) RM	1.8.16 To 31.12.17 (17 months) RM	**1.1.18 To 31.12.18 (12 months) RM**	1.8.16 To 31.12.17 (17 months) RM
Based on results for the financial year/period:				
- Deferred tax relating to origination and reversal of temporary differences	**–**	165,489	**–**	–
(Under)/Over provision in prior period/year				
- Current tax	**(23,046)**	–	**–**	–
- Deferred tax	**–**	434,192	**–**	–
	(23,046)	434,192	**–**	–
	(23,046)	599,681	**–**	–

The reconciliation of taxation of the Group and of the Company are as follows:

	GROUP		COMPANY	
	1.1.18 To 31.12.18 (12 months) RM	1.8.16 To 31.12.17 (17 months) RM	**1.1.18 To 31.12.18 (12 months) RM**	1.8.16 To 31.12.17 (17 months) RM
(Loss)/Profit before taxation	**(17,091,388)**	(13,398,679)	**1,582,255**	(2,226,516)
Income tax at Malaysian statutory tax rate of 24%	**4,101,933**	3,215,683	**(379,741)**	534,364
Income not subject to tax	**914,550**	112,802	**910,018**	105,195
Expenses not deductible for tax purposes	**(2,424,985)**	(758,408)	**(530,277)**	(639,559)
Utilisation of previously unabsorbed tax losses and capital allowances	**–**	33,071	**–**	–
Movement on deferred tax assets not recognised	**(2,591,498)**	(2,437,659)	**–**	–
	–	165,489	**–**	–
(Under)/Over provision in prior period/ year	**(23,046)**	434,192	**–**	–
	(23,046)	599,681	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (cont'd)

27. TAXATION (cont'd)

The Group has not recognised the following deferred tax (assets)/liabilities arising from:

	GROUP	
	2018	2017
	RM	RM
Property, plant and equipment	**49,000**	54,000
Unabsorbed tax losses	**(11,549,000)**	(9,088,000)
Unabsorbed capital allowances	**(490,000)**	(364,000)
	(11,990,000)	(9,398,000)

The amount and future availability of unabsorbed tax losses and unabsorbed capital allowances for which the related tax effects have not been accounted for at the end of the reporting period is follows:

	GROUP	
	2018	2017
	RM	RM
Unabsorbed tax losses	**48,115,000**	37,864,000
Unabsorbed capital allowances	**2,043,000**	1,518,000

These unabsorbed tax losses and capital allowances are available to be carried forward for set off against future assessable income of the respective subsidiaries. However, deferred tax assets have not been recognised on these temporary differences as the management is unable to determine whether the Group will have chargeable income in the foreseeable future to the extent that the above deductible temporary differences can be utilised in view of the uncertain business environment.

28. LOSS PER SHARE

GROUP

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year/period calculated as follows:

	2018	2017
Loss attributable to owners of the Company ("RM")	**(17,108,950)**	(12,798,175)
Weighted average number of ordinary shares in issue	**412,500,000**	361,771,411
Basic loss per share (sen)	**(4.15)**	(3.54)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

28. LOSS PER SHARE (cont'd)

GROUP (cont'd)

(b) Diluted loss per share

Diluted loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year/period:

	2018	2017
Loss attributable to owners of the Company ("RM")	**(17,108,950)**	(12,798,175)
Weighted average number of ordinary shares in issue	**412,500,000**	361,771,411
Adjustment for dilutive effect of warrants	**–**	159,353,231
	412,500,000	521,124,642
Diluted loss per share (sen)	**(4.15)**	(2.46)

29. DEFERRED TAX LIABILITIES

	GROUP	
	2018 RM	2017 RM
Balance at beginning	**2,319,430**	3,220,964
Arising from the disposal of subsidiaries	**(2,319,430)**	(301,853)
Transfer to profit or loss	**–**	(165,489)
	–	2,753,622
Over provision in prior period	**–**	(434,192)
Balance at end	**–**	2,319,430
Reflected in the Group's statement of financial position as:		
- Liabilities classified as held for sale (Note 13)	**–**	2,319,430

The Group's deferred tax liabilities/(assets) are represented by temporary differences arising from:

	2018 RM	2017 RM
Property, plant and equipment	**–**	2,835,430
Unabsorbed tax losses	**–**	(347,000)
Unabsorbed capital allowances	**–**	(169,000)
	–	2,319,430

30. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments.

The business segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

For management purpose, the Group is organised into two business segments as follows:

(i)	Apparels	Manufacturing, marketing, distribution and retailing of jeanswear, other fashion apparels and accessories.
(ii)	Information, communications and technology ("ICT")	Supply of telecommunication solutions, services and related products.

Except for Atilze Digital Sdn. Bhd., Atilze Solutions Sdn. Bhd. (formerly known as Above Drive Sdn. Bhd.), Atilze AI Sdn. Bhd., AG3 Sdn. Bhd. and Connected Mobility Technologies Sdn. Bhd., which are reported under the ICT segment, all other companies within the Group are aggregated to form the Apparels segment due to their similarity in nature and operational characteristics of the products.

30. SEGMENTAL INFORMATION (cont'd)

By business segments

	Apparels		ICT			Elimination			Total	
	2018	2017	**2018**	2017		**2018**	2017		**2018**	2017
	RM	RM	**RM**	RM	**Note**	**RM**	RM	**Note**	**RM**	RM
Revenue:										
External sales	**17,386,080**	29,243,276	**12,451,678**	1,794,932		**–**	–		**29,837,758**	31,038,208
Results:										
Interest income	**2,745**	82,143	**557,752**	179,219		**–**	–		**560,497**	261,362
Finance costs	**(14,243)**	(743,867)	**–**	–		**–**	–		**(14,243)**	(743,867)
Depreciation and amortisation	**(392,463)**	(1,600,973)	**(1,248,938)**	(205,304)		**–**	–		**(1,641,401)**	(1,806,277)
Taxation	**(23,046)**	597,876	**–**	1,805		**–**	–		**(23,046)**	599,681
Non-cash (expenses)/income other than depreciation and amortisation	**(4,411,591)**	756,941	**2,611**	30,438		**–**	–	**A**	**(4,408,980)**	787,379
Segment loss	**(10,289,327)**	(6,938,669)	**(6,825,107)**	(5,860,329)		**–**	–		**(17,114,434)**	(12,798,998)
Assets:										
Additions to non-current assets	**644,655**	290,965	**3,277,480**	4,832,801		**–**	–	**B**	**3,922,135**	5,123,766
Segment assets	**99,768,548**	120,326,694	**37,003,685**	42,877,671	**C**	**(77,293,480)**	(77,797,260)		**59,478,753**	85,407,105
Liabilities:										
Segment liabilities	**37,461,280**	46,597,947	**48,619,715**	47,765,736	**D**	**(77,290,599)**	(76,797,360)		**8,790,396**	17,566,323

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (cont'd)

30. SEGMENTAL INFORMATION (cont'd)

Notes to segment information:

A Other non-cash (expenses)/income consist of the following items:

	2018 RM	2017 RM
Allowance of expected credit losses on receivables	**(458,053)**	(36,981)
Gain on disposal of property, plant and equipment	**68,000**	–
Inventories written off	**(3,130,495)**	–
(Loss)/Gain on deconsolidation of investment in subsidiaries	**(1,025,434)**	948,192
Property, plant and equipment written off	**(109,752)**	(161,147)
Reversal of allowance for expected credit losses	**52,326**	6,877
Unrealised gain on foreign exchange	**194,428**	30,438
	(4,408,980)	787,379

B Additions to non-current assets consists of:

	2018 RM	2017 RM
Property, plant and equipment	**933,082**	1,630,208
Intangible assets	**2,989,053**	3,493,558
	3,922,135	5,123,766

C The following items are adjusted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2018 RM	2017 RM
Investment in subsidiaries	**2,881**	999,900
Inter-segment balances	**77,290,599**	76,797,360
	77,293,480	77,797,260

D The following items are adjusted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2018 RM	2017 RM
Inter-segment balances	**77,290,599**	76,797,360

30. SEGMENTATION (cont'd)

Geographical segments

The business segment of the Group is managed principally in Malaysia and its products are distributed in Malaysia, Singapore, Thailand, Bahrain, China and Sweden.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas non-current assets are based on the geographical location of assets.

	Revenue		Non-current assets	
	1.1.18 To 31.12.18 (12 months) RM	1.8.16 To 31.12.17 (17 months) RM	**2018 RM**	2017 RM
Malaysia	**26,892,260**	29,541,604	**7,514,346**	5,343,364
Singapore	**2,889,269**	404,819	**–**	–
Thailand	**21,138**	197,314	**–**	–
Bahrain	**–**	894,471	**–**	–
China	**32,627**	–	**–**	–
Sweden	**2,464**	–	**–**	–
	29,837,758	31,038,208	**7,514,346**	5,343,364

Information about major customers

During the financial year/period, total revenue from a major customer which contributed to more than 10% of the Group revenue amounted to **RM9,104,913** (2017: RM9,579,964).

31. COMMITMENTS

	GROUP	
	1.1.18 To 31.12.18 (12 months) RM	1.8.16 To 31.12.17 (17 months) RM
(i) Capital commitment		
Contracted but not provided for :		
- Property, plant and equipment	**62,259**	–
(ii) Cancellable operating lease payable		
Future minimum rentals payable:		
Within 1 year	**941,825**	686,444
Later than 1 year but not later than 2 years	**549,232**	441,210
Later than 2 years but not later than 5 years	**–**	375,342
	1,491,057	1,502,996

Operating lease commitments represent rentals payable for use of buildings. Leases are negotiated for terms ranging from two to three years.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

32 RELATED PARTY DISCLOSURES

(i) Identity of related parties

The Group has related party relationship with key management personnel and the following parties:

Related party		**Relationship**
Body Glove (M) Sdn. Bhd.	:	A company in which persons connected to a director of the Company have substantial financial interests.
Green Packet Berhad	:	A major shareholder of the Company.
Gemtek Technology Co. Ltd.	:	A former shareholder of the Company.
Green Packet (S) Pte Ltd.	:	A wholly-owned subsidiary of major shareholder, Green Packet Berhad.

(ii) Related party transactions

	GROUP	
	1.1.18 To 31.12.18 (12 months) RM	1.8.16 To 31.12.17 (17 months) RM
Rental income from a related party		
- Body Glove (M) Sdn. Bhd.	**90,000**	188,000
Sales to related parties		
- Body Glove (M) Sdn. Bhd.	**102,798**	80,390
- Green Packet Berhad	**9,104,913**	–
- Green Packet (S) Pte Ltd.	**2,889,269**	1,299,290
Purchases from related parties		
- Body Glove (M) Sdn. Bhd.	**81,130**	113,313
- Gemtek Technology Co. Ltd.	**6,714,713**	1,292,241
- Green Packet Berhad	**–**	50,400
Purchase of property, plant and equipment from a related party		
- Green Packet Berhad	**–**	6,763
Purchase of intangible assets from a related party		
- Green Packet (S) Pte Ltd.	**–**	243,600

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

32 RELATED PARTY DISCLOSURES (cont'd)

(iii) Compensation of key management personnel

The Company has no other members of key management personnel apart from the Board of Directors which compensation has been shown in Note 26.

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

33. FINANCIAL INSTRUMENTS

33.1 Categories of financial instruments

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

(i) Financial assets at amortised cost ("AC");
(ii) Financial liabilities at amortised cost ("AC").

	Carrying Amount RM	AC RM
2018		
GROUP		
Financial assets		
Trade receivables	11,719,389	11,719,389
Other receivables and refundable deposits	1,120,484	1,120,484
Cash and cash equivalents	31,361,309	31,361,309
	44,201,182	44,201,182
Financial liabilities		
Trade payables	4,798,089	4,798,089
Other payables and accruals	3,603,001	3,603,001
Amount due to a director	2,355	2,355
Borrowings	344,200	344,200
	8,747,645	8,747,645
COMPANY		
Financial assets		
Other receivables and refundable deposits	360,469	360,469
Amount due from subsidiaries	68,675,790	68,675,790
Cash and bank balances	7,986,208	7,986,208
	77,022,467	77,022,467
Financial liabilities		
Other payables and accruals	921,008	921,008
Amount due to subsidiaries	8,426,641	8,426,641
	9,347,649	9,347,649

33. FINANCIAL INSTRUMENTS (cont'd)

33.1 Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments as at 31 December 2017 categorised as loans and receivables ("L&R") and financial liabilities at amortised cost ("FL").

	Carrying Amount RM	L&R RM	FL RM
2017			
GROUP			
Financial assets			
Trade receivables	4,157,798	4,157,798	–
Other receivables and refundable deposits	4,586,180	4,586,180	–
Cash and bank balances	39,805,011	39,805,011	–
	48,548,989	48,548,989	–
Finance liabilities			
Trade payables	3,291,630	–	3,291,630
Other payables and accruals	4,762,604	–	4,762,604
Borrowings	2,158,359	–	2,158,359
	10,212,593	–	10,212,593
COMPANY			
Financial assets			
Refundable deposits	6,000	6,000	–
Amount due from subsidiaries	68,123,488	68,123,488	–
Cash and bank balances	1,459,550	1,459,550	–
	69,589,038	69,589,038	–
Financial liabilities			
Other payables and accruals	2,109,037	–	2,109,037
Amount due to subsidiaries	8,426,919	–	8,426,919
	10,535,956	–	10,535,956

33.2 Financial risk management

The Group's financial risk management policy seeks to ensure that adequate resources are available for the development of the Group's business whilst managing its credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from advances to its subsidiaries.

33.3.1 Trade receivables

The Group extends credit terms to customers that range between 30 to 180 days. Credit period extended to its customers is based on careful evaluation of the customers' financial condition and credit history. Receivables are monitored on an on-going basis via Group's management reporting procedures and action will be taken for long outstanding debts. In order to further minimise its exposure to credit risk, the Group requires deposits from the customers.

In addition, as set out in Note 3.7, the Group assesses ECL under MFRS 9 on trade receivables based on provision matrix, the expected loss rates are based on the payment profile for sales in the past as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

The Group applies simplified approach to recognise lifetime expected credit losses for all trade receivables. The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period is as follows:

	Gross RM	Credit losses RM	Net RM
2018			
Not past due	**6,449,840**	**–**	**6,449,840**
1 to 60 days past due	**2,947,283**	**–**	**2,947,283**
61 to 120 days past due	**1,116,200**	**–**	**1,116,200**
Past due more than 120 days	**2,164,699**	**(958,633)**	**1,206,066**
	6,228,182	**(958,633)**	**5,269,549**
	12,678,022	**(958,633)**	**11,719,389**

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Credit risk (cont'd)

33.3.1 Trade receivables (cont'd)

	Gross RM	Individual impairment RM	Net RM
2017 *			
Not past due	2,328,241	–	2,328,241
1 to 60 days past due	1,320,946	–	1,320,946
61 to 120 days past due	333,810	–	333,810
Past due more than 120 days	659,674	(484,873)	174,801
	2,314,430	(484,873)	1,829,557
	4,642,671	(484,873)	4,157,798

* Impairment disclosed is based on *MFRS 139's* incurred loss model.

The Group analyses credit risk based on months past due and generally customers with outstanding past due less than 12 months are considered low risk while those above 12 months are high risk and individually impaired.

The Group has trade receivables amounting to **RM5,269,549** (2017: RM1,829,557) that are past due at the end of the reporting period but management is of the view that these past due amounts will be collected in due course and no impairment is necessary.

Maximum exposure to credit risk

The following table provides information about the exposure to credit risk and ECLs for trade receivables and amount due from customers as at 31 December 2018 which are grouped together as they are expected to have similar risk nature.

Credit risk rating	**Gross RM**	**Credit losses RM**	**Net RM**
2018			
Low risk	**11,719,389**	**–**	**11,719,389**
Individually impaired	**958,633**	**(958,633)**	**–**
	12,678,022	**(958,633)**	**11,719,389**

As at the end of the reporting period, the Group has no significant concentration of credit risks.

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Credit risk (cont'd)

33.3.2 Intercompany balance

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

The maximum exposure to credit risk is represented by its carrying amount in the Company's statement of financial position.

As at the end of the reporting period, there was no indication that the advances to those subsidiaries are not recoverable. The Company does not specifically monitor the ageing of these advances.

33.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

Most of the financial liabilities of the Company as at the end of the reporting period will mature in less than one year based on the carrying amounts reflected in the financial statements.

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

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM
GROUP					
2018					
Non-derivative financial liabilities					
Interest bearing borrowings	**344,200**	**387,387**	**101,352**	**123,811**	**162,224**
Trade and other payables	**8,401,090**	**8,401,090**	**8,401,090**	**–**	**–**
Amount due to a director	**2,355**	**2,355**	**2,355**	**–**	**–**
	8,747,645	**8,790,832**	**8,504,797**	**123,811**	**162,224**

33. FINANCIAL INSTRUMENTS (cont'd)

33.4 Liquidity risk (cont'd)

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM
2017					
Non-derivative financial liabilities					
Interest bearing borrowings	2,158,359	2,170,091	2,070,544	38,544	61,003
Trade and other payables	8,054,234	8,054,234	8,054,234	–	–
	10,212,593	10,224,325	10,124,778	38,544	61,003
COMPANY					
2018					
Non-derivative financial liabilities					
Other payables	**921,008**	**921,008**	**921,008**	–	–
Amount due to subsidiaries	**8,426,641**	**8,426,641**	**8,426,641**	–	–
	9,347,649	**9,347,649**	**9,347,649**	–	–
2017					
Non-derivative financial liabilities					
Other payables	2,109,037	2,109,037	2,109,037	–	–
Amount due to subsidiaries	8,426,919	8,426,919	8,426,919	–	–
	10,535,956	10,535,956	10,535,956	–	–

33.5 Interest rate risk

The Group's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

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

	GROUP	
	2018	2017
	RM	RM
Fixed rate instruments		
Financial assets	**21,353,613**	23,969,043
Financial liabilities	**344,200**	126,359
Floating rate instruments		
Financial liabilities	**–**	2,032,000

33. FINANCIAL INSTRUMENTS (cont'd)

33.5 Interest rate risk (cont'd)

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have increased loss before taxation of the Group by **RM Nil** (2017: RM997) and a corresponding decrease would have an equal but opposite effect. These changes are considered to be reasonably possible based on observation of current market conditions. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

33.6 Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the respective functional currencies of the Group entities. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily US Dollar ("USD"), Chinese Renminbi ("RMB"), Indonesian Rupiah ("IDR") and Hong Kong Dollar ("HKD").

Sensitivity analysis for foreign currency risk

Below demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's loss before taxation. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have increased/decreased loss before taxation by the amount shown below and a corresponding weakening would have an equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

	2018	2017
	RM	RM
USD	**147,909**	(17,313)
RMB	**(195,280)**	219,666
IDR	**(218)**	225
HKD	**(13,895)**	–
(Increase)/Decrease in loss before taxation	**(61,484)**	202,578

33. FINANCIAL INSTRUMENTS (cont'd)

33.7 Reconciliation of liabilities arising from financing activities

The movement of financial liabilities arising from financing activities during the financial year/period is as follows:

	Balance at beginning RM	Net cash (outlows)/ inflows RM	Balance at end RM
GROUP			
2018			
Finance lease liabilities	**126,359**	**217,841**	**344,200**
Bankers acceptance	**2,032,000**	**(2,032,000)**	**–**
	2,158,359	**(1,814,159)**	**344,200**
2017			
Finance lease liabilities	170,000	(43,641)	126,359
Bankers acceptance	9,833,578	(7,801,578)	2,032,000
	10,003,578	(7,845,219)	2,158,359
COMPANY			
2018			
Amount due from subsidiaries	**(68,123,488)**	**(552,302)**	**(68,675,790)**
Amount due to subsidiaries	**8,426,919**	**(278)**	**8,426,641**
	(59,696,569)	**(552,580)**	**(60,249,149)**
2017			
Amount due from subsidiaries	(21,619,654)	(46,503,834)	(68,123,488)
Amount due to subsidiaries	9,577,933	(1,151,014)	8,426,919
Bank overdraft	3,468,578	(3,468,578)	–
	(8,573,143)	(51,123,426)	(59,696,569)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

34. FAIR VALUE MEASUREMENT

34.1 Fair value measurement of financial instruments

The carrying amounts of the Group's cash and cash equivalents, short term receivables and payables and short term borrowings as at the end of the reporting period approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period. The carrying amounts of the non-current portion of finance lease liabilities were reasonable approximation of fair values due to the insignificant impact of discounting.

34.2 Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets for which fair value is disclosed as at the end of the reporting period:

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
2018					
Investment property					
- Freehold shoplot	**–**	**–**	**357,000**	**357,000**	**106,500**
2017					
Investment property					
- Freehold shoplot	–	–	300,000	300,000	110,100

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between level 1 and level 2 during the financial year.

Level 3 fair value

Level 3 fair value of freehold shoplot has been derived by directors' estimation using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial period under review as compared to the previous financial year.

As at the end of the reporting period, the Group has not breached any of the debt covenants imposed by its lenders.

Analysis of Shareholdings

As at 12 April 2019

A. Issued and fully paid-up Share Capital : RM68,750,000.00
Class of Shares : Ordinary Shares
Voting Rights : On a poll - One vote for one ordinary share

B. ANALYSIS OF HOLDINGS AS AT 12/04/2019 (MALAYSIA & FOREIGN - COMBINE)

Size of shareholdings	No. of	%	No. of shares	%
1 - 99	190	19.90	8,418	0.00
100 - 1,000	87	9.11	32,557	0.01
1,001 - 10,000	377	39.48	1,427,225	0.35
10,001 - 100,000	227	23.77	8,367,400	2.03
100,001 - 20,624,999 (*)	71	7.43	159,075,400	38.56
20,625,000- AND ABOVE (**)	3	0.31	243,589,000	59.05
TOTAL	**955**	**100**	**412,500,000**	**100**

REMARK : * - LESS THAN 5% OF ISSUED SHARES
**** - 5% AND ABOVE OF ISSUED SHARES**

C. SUBSTANTIAL SHAREHOLDERS

Name	Number of Shares Held						
	Direct	%	Deemed		%	Total	%
Green Packet Berhad	132,000,000	32.00	–		–	132,000,000	32.00
Green Packet Holdings Ltd	–	–	132,000,000	(a)	32.00	132,000,000	32.00
Puan Chan Cheong	–	–	132,000,000	(b)	32.00	132,000,000	32.00
Global Man Capital Sdn. Bhd.	132,168,700	32.04	–	(c)	–	132,168,700	32.04

D. DIRECTORS' SHAREHOLDINGS

Name	Number of Shares Held						
	Direct	%	Deemed		%	Total	%
Wan Khalik Bin Wan Muhammad	–	–	132,168,700	(c)	32.04	132,168,700	32.04
Datuk Haji Khan Bin Mohd Akram Khan	–	–	132,168,700	(c)	32.04	132,168,700	32.04
Goh Kok Beng	–	–	–		–	–	–
Yeoh Yeow Cheang	100,000	0.02	–		–	100,000	0.02
Md Radzi Bin Din	–	–	–		–	–	–
Puan Chan Cheong	–	–	132,000,000	(b)	32.00	132,000,000	32.00
Tan Kay Yen	–	–	–		–	–	–
Lai Chin Tak	–	–	–		–	–	–
SaffieBin Bakar	135,400	0.03	–		–	135,400	0.03
Yong Kim Fui	–	–	–		–	–	–
Liew Kok Seong	–	–	–		–	–	–

Note:-
(a) Deemed interested by virtue of their shareholdings in Green Packet Berhad pursuant to Section 8 of the Companies Act 2016.
(b) Deemed interested by virtue of their shareholdings in Green Packet Berhad pursuant to Section 8 of the Companies Act 2016.
(c) Deemed interested by virtue of their shareholdings in Global Man Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

Analysis of Shareholdings (cont'd)
As at 12 April 2019

LIST OF TOP 30 HOLDERS AS AT 12 April 2019

	Name of Shareholders	No. of Shares	%
1	GREEN PACKET BERHAD	132,000,000	32.00
2	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GLOBAL MAN CAPITAL SDN BHD	71,589,000	17.35
3	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GLOBAL MAN CAPITAL SDN BHD (THIRD PARTY)	40,000,000	9.70
4	CHAN SWEE YING	20,500,000	4.97
5	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHONG SWEE	20,267,100	4.91
6	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GLOBAL MAN CAPITAL SDN BHD (THIRD PARTY)	20,000,000	4.85
7	LANDASAN SIMFONI SDN BHD	19,450,000	4.72
8	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SMART WISDOM SDN BHD	18,016,400	4.37
9	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	16,773,000	4.07
10	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KON TEK YOONG	14,500,000	3.52
11	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SMART WISDOM SDN BHD (THIRD PARTY)	2,500,000	0.61
12	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VALHALLA CAPITAL SDN BHD	2,300,000	0.56
13	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA BEAN HONG	2,300,000	0.56
14	FOUNTAINBERRY SDN.BHD.	1,708,000	0.41
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KON TEK YOONG	1,159,100	0.28
16	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG SENG WUI	1,132,500	0.27
17	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH YONG HUAT	1,043,100	0.25
18	PENTAGON PARADE SDN BHD	903,100	0.22
19	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN LOY SHIN	900,000	0.22
20	GAN LAM SEONG	764,300	0.19
21	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR YEO SAN SAN (MY0697)	635,600	0.15
22	GLOBAL MAN CAPITAL SDN BHD	579,700	0.14
23	ANG JOK SIOW	530,000	0.13
24	GOH LEONG YEONG	527,800	0.13
25	OH AI LEE	521,000	0.13
26	SUBRAMANIAN A/L SUNDARAM	500,000	0.12
27	PHANG WAI HENG	479,900	0.12
28	WONG WEN SHENG	476,900	0.12
29	TAN WEE YEE	459,000	0.11
30	ONG PIAK CHENG	430,000	0.10
	TOTAL	**392,945,500**	**95.26**

Analysis of Warrants Holdings

As at 12 April 2019

A. WARRANTS 2017/2022

Issued	:	206,249,978
Exercised to date	:	0
Outstanding	:	206,249,978
Class of Security	:	Warrants 2017/2022
Voting Rights	:	The holders of the Warrants will not be entitled to any voting right or participation in any form of distribution and/ or offer of further securities in our Company until and unless such holders of the Warrants exercise their Warrants into new G3 Global Shares.

B. ANALYSIS OF HOLDINGS (MALAYSIA & FOREIGN - COMBINE)

Size of shareholdings	No. of	%	No. of warrants	%
1 - 99	19	6.40	833	0.00
100 - 1,000	15	5.05	5,091	0.00
1,001 - 10,000	105	35.35	486,373	0.24
10,001 - 100,000	129	43.43	4,176,131	2.02
100,001 - 10,312,497	25	8.42	19,125,825	9.27
10,312,498 - AND ABOVE (**)	4	1.35	182,455,725	88.46
TOTAL	**297**	**100**	**206,249,978**	**100**

REMARK : * - LESS THAN 5% OF ISSUED WARRANTS
**** - 5% AND ABOVE OF ISSUED WARRANTS**

C. SUBSTANTIAL WARRANTS HOLDINGS

Name	|---------Number of Shares Held---------|					
	Direct	**%**	**Deemed**	**%**	**Total**	**%**
Green Packet Berhad	76,312,500	37.00	–	–	76,312,500	37.00
Green Packet Holdings Ltd	–	–	76,312,500	37.00	76,312,500	37.00
Puan Chan Cheong	–	–	76,312,500	37.00	76,312,500	37.00

D. DIRECTORS' WARRANTS HOLDINGS

Name	|---------Number of Shares Held---------|					
	Direct	**%**	**Deemed**	**%**	**Total**	**%**
Wan Khalik Bin Wan Muhammad	–	–	–	–	–	–
Datuk Haji Khan Bin Mohd Akram Khan	–	–	–	–	–	–
Goh Kok Beng	–	–	–	–	–	–
Yeoh Yeow Cheang	111,000	0.05	–	–	111,000	0.05
Md Radzi Bin Din	–	–	–	–	–	–
Puan Chan Cheong	–	–	76,312,500	37.00	76,312,500	37.00
Tan Kay Yen	–	–	–	–	–	–
Lai Chin Tak	–	–	–	–	–	–
SaffieBin Bakar	68,400	0.03	–	–	68,400	0.03
Yong Kim Fui	–	–	–	–	–	–
Liew Kok Seong	–	–	–	–	–	–

Analysis of Warrants Holdings (cont'd)

As at 12 April 2019

LIST OF TOP 30 WARRANTS HOLDERS AS AT 12 APRIL 2019

	Name	Holdings	%
1	GREEN PACKET BERHAD	76,312,500	37.00
2	CHAN SWEE YING	61,875,000	30.00
3	LANDASAN SIMFONI SDN BHD	32,266,050	15.64
4	GRANDSTEAD SDN BHD	12,002,175	5.82
5	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	4,585,000	2.22
6	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KON TEK YOONG	3,776,100	1.83
7	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG SENG WUI	2,064,450	1.00
8	PENTAGON PARADE SDN BHD	2,029,200	0.98
9	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN SWEE YING	2,020,425	0.98
10	GAN LAM SEONG	523,500	0.25
11	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH LEE YIN	510,800	0.25
12	FOO LOONG FUNG	450,000	0.22
13	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW YEE CHIN (KEBUN TEH-CL)	359,400	0.17
14	FOUNTAINBERRY SDN.BHD.	340,700	0.17
15	SUBRAMANIAN A/L SUNDARAM	284,250	0.14
16	OH AI LEE	261,000	0.13
17	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THAM WAI CHEE	228,000	0.11
18	CHOW KOK YIN	201,300	0.10
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KON TEK YOONG	194,100	0.09
20	TAN BENG LAY	172,800	0.08
21	KHOO KHAY TEIK @ KHOO KAY TEIK	165,000	0.08
22	NGAN CHAI NENG	142,500	0.07
23	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEOK KUANG YI	131,000	0.06
24	NG THEM SEANG	128,600	0.06
25	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LIM SIEW PING	123,500	0.06
26	YEOH YEOW CHEANG	111,000	0.05
27	NGAN NAM CHANG	108,000	0.05
28	PHANG WAI HENG	105,200	0.05
29	WONG SWEE YIN	105,000	0.05
30	KHOR LEONG KEE	86,050	0.04
		201,662,600	**97.78**

List of Property

31 December 2018

ACQUISITION DATE/ REVALUATION DATE	BENEFICIAL OWNER/ LOCATION	DESCRIPTION/ EXISTING USAGE	TENURE/AGE OF BUILDING (YEARS)	AREA (SQ FT)	NBV AT 31.12.2018 (RM)
	G.A. BLUE CORPORATION SDN. BHD.				
11.06.1996	Unit No. 1236-1-5 Taman Indah Paya Terubong 11060 Pulau Pinang	Residential Flat	Freehold/24 years	1,400	106,500

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held at Fullerton Suite, Level 5 - Victory Annexe Wing, Eastern & Oriental Hotel, 10 Lebuh Farquhar, 10200 Penang, Malaysia on Monday, 24 June 2019 at 2.30 p.m. for the following purposes :-

AGENDA
AS ORDINARY BUSINESS:

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.	
2.	To approve the payment of Directors' fees and Directors' benefits of RM252,450 for the financial year ended 31 December 2018.	**Ordinary Resolution 1**
3.	To re-elect Mr Yong Kim Fui who is retiring pursuant to the Company's Constitution (Article 129 of the Company's Articles of Association as adopted before the commencement of the Companies Act 2016).	**Ordinary Resolution 2**
4.	To re-elect Mr Tan Kay Yen who is retiring pursuant to the Company's Constitution (Article 129 of the Company's Articles of Association as adopted before the commencement of the Companies Act 2016).	**Ordinary Resolution 3**
5.	To re-elect Mr Lai Chin Tak who is retiring pursuant to the Company's Constitution (Article 134 of the Company's Articles of Association as adopted before the commencement of the Companies Act 2016).	**Ordinary Resolution 4**
6.	To re-elect Mr Puan Chan Cheong who is retiring pursuant to the Company's Constitution (Article 134 of the Company's Articles of Association as adopted before the commencement of the Companies Act 2016).	**Ordinary Resolution 5**
7.	To re-elect Encik Md Radzi Bin Din who is retiring pursuant to the Company's Constitution (Article 134 of the Company's Articles of Association as adopted before the commencement of the Companies Act 2016).	**Ordinary Resolution 6**
8.	To re-elect Datuk Haji Khan Bin Mohd Akram Khan who is retiring pursuant to the Company's Constitution (Article 134 of the Company's Articles of Association as adopted before the commencement of the Companies Act 2016).	**Ordinary Resolution 7**
9.	To re-elect Encik Wan Khalik Bin Wan Muhammad who is retiring pursuant to the Company's Constitution (Article 134 of the Company's Articles of Association as adopted before the commencement of the Companies Act 2016).	**Ordinary Resolution 8**
10.	To re-appoint Messrs Grant Thornton as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 9**

AS SPECIAL BUSINESS:
To consider and if thought fit, to pass with or without modifications the following resolutions:-

11.	**ORDINARY RESOLUTION** **MANDATE FOR ENCIK SAFFIE BIN BAKAR TO CONTINUE TO ACT AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY** "THAT approval be and is hereby given to Encik Saffie Bin Bakar who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as an Independent Non-Executive Director of the Company."	**Ordinary Resolution 10**

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

AS SPECIAL BUSINESS (CONT'D):

12. **ORDINARY RESOLUTION**
AUTHORITY TO ISSUE SHARES

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 11**

13. **ORDINARY RESOLUTION**
PROPOSED RENEWAL OF AND NEW RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF AND NEW SHAREHOLDERS' MANDATE")

"THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies ("**Group**") be and are hereby authorised to enter into and give effect to the recurrent related parties transactions of a revenue or trading nature with the related parties as set out in Section 2.3, Part A of the Circular to Shareholders dated 24 April 2019 ("**Related Parties**") provided that such transactions are: **Ordinary Resolution 12**

(a) necessary for the day-to-day operations;

(b) undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(c) are not prejudicial to the minority shareholders of the Company.

THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the general meeting at which the Proposed Renewal of and New Shareholders' Mandate is passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the AGM;

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by shareholders in a general meeting,

whichever is the earliest.

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of and New Shareholders' Mandate."

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

14. **SPECIAL RESOLUTION**
PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY
"THAT approval be and is hereby given for the Company to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 24 April 2019 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing." **Special Resolution 1**

15. To transact any other business of which due notices shall have been given.

By Order of the Board,

CHEE WAI HONG (BC/C/1470)
FOO LI LING (MAICSA 7019557)
Company Secretaries
Penang

Date: 24 April 2019

Notes:
1. A member of a company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend participate, speak and vote at the meeting. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

2. Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in 1 securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account its holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.

3. The Form of Proxy must be duly completed and deposited at the Registered Office of the Company, 51-13 -A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time for holding the meeting.

4. A member shall be entitled to appoint up to 2 proxies to attend and vote at the same meeting.

5. Where a member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

6. If the appointor is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its attorney.

7. All resolutions as set out in the notice of Annual General Meeting are to be voted by poll.

8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company's Constitution (Article 79 of the Articles of Association of the Company as adopted before the commencement of the Companies Act 2016) and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD ") as at 17 June 2019 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

Explanatory Note on Ordinary Business

Agenda 1

To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.
The item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.

Ordinary Resolution 1 - Payment of Directors' fees and Directors' Benefits
The proposed Ordinary Resolution 1 is to facilitate payment of Directors' fees and Directors' benefits for financial year ended 31 December 2018, calculated based on the number of scheduled Board and Committee meetings for the year ended 31 December 2018.

Explanatory Notes on Special Business:

Ordinary Resolution 10 – Mandate for Encik Saffie Bin Bakar to continue to act as an Independent Non-Executive Director of the Company

The proposed Ordinary Resolution 10, if passed, will enable Encik Saffie Bin Bakar to continue to act as Independent Non-Executive Directors of the Company in line with the recommendation of the Malaysian Code of Corporate Governance.

The Board has via the Nominating Committee, assessed the independence of Encik Saffie Bin Bakar who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to serve as Independent Non-Executive Director based on the following justifications:

a) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to provide check and balance and bring an element of objectivity to the Board;

b) He was not appointed by the current controlling shareholder and hence the issue on special relationship with or loyalty to the controlling shareholder does not arise;

c) He had devoted sufficient time and attention to his professional obligations for informed and balanced decision making by actively participated in board discussion and provided an independent voice to the Board; and

d) He had exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and the shareholders.

Ordinary Resolution 11 – Authority to issue shares

The proposed Ordinary Resolution 11, if passed, primarily to renew the mandate to give authority to the Board of Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company without convening a general meeting. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

As at the date of this Notice, the Company has not issued any new shares pursuant to Sections 75 and 76 of the Companies Act 2016 under the general authority which was approved at the 16th Annual General Meeting held on 6 June 2018 and which will lapse at the conclusion of the 17th Annual General Meeting to be held on 24 June 2019. A renewal of this authority is being sought at the 17th Annual General Meeting under proposed Ordinary Resolution 11.

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

Ordinary Resolution 11 – Authority to issue shares (cont'd)

This authority if granted 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 future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

Ordinary Resolution 12 - Proposed Renewal of and New Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Resolution 12, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties which are necessary for the Group's day-to-day operations and are in the ordinary course of business which carried out on an arm's length basis based on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company. The details of the proposal are set out in the Circular to Shareholders dated 24 April 2019.

Special Resolution 1 – Proposed adoption of the new Constitution of the Company

The Special Resolution 1 proposed under Agenda 14, if passed, will bring the Company's Constitution in line with the enforcement of the Companies Act 2016 and Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad and to enhance administrative efficiency. The proposed new Constitution is set out in the Circular to Shareholders dated 24 April 2019.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or it 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.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed ordinary resolution 11 as stated in the Notice of Annual General Meeting of the Company for the details.

G3 GLOBAL BERHAD
(Company No.: 570396-D)
(Incorporated in Malaysia)

CDS Account No.																	
			-				-										

FORM OF PROXY

* I / We……………………………………………………………………………………………………
(FULL NAME OF SHAREHOLDERS AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

(NRIC/Passport /Company No.)……………………………………………) of ……………………………………………

………
(ADDRESS)

being a * member / members of the abovenamed Company, hereby appoint ……………………………………

………
(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

(NRIC/Passport No.)………………………………………………………) of ……………………………………………

………
(Address)

or failing him, ……………………………………………………………………………………………
(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

(NRIC/Passport No.)………………………………………………………) of ……………………………………………

………
(Address)

as * my/our proxy to vote for * me/us on * my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Fullerton Suite, Level 5 – Victory Annexe Wing, Eastern & Oriental Hotel, 10 Lebuh Farquhar, 10200 Penang, Malaysia on Monday, 24 June 2019 at 2.30 p.m. and any adjournment thereof.

Ordinary Resolutions		**For**	**Against**
1.	To approve the payment of Directors' fees and Directors' benefits for the financial year ended 31 December 2018		
2.	To re-elect Mr Yong Kim Fui as Director		
3.	To re-elect Mr Tan Kay Yen as Director		
4.	To re-elect Mr Lai Chin Tak as Director		
5.	To re-elect Mr Puan Chan Cheong as Director		
6.	To re-elect Encik Md Radzi Bin Din as Director		
7.	To re-elect Datuk Haji Khan Bin Mohd Akram Khan as Director		
8.	To re-elect Encik Wan Khalik Bin Wan Muhammad as Director		
9.	To re-appoint Messrs Grant Thornton as Auditors of the Company		
10.	Mandate for Encik Saffie Bin Bakar to continue to act as an Independent Non-Executive director of the Company		
11.	Authority to issue shares		
12.	Proposed Renewal of and New Recurrent Related Party Transactions of a Revenue or Trading Nature		
Special Resolution:			
1.	Proposed adoption of the new Constitution of the Company		

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction for voting is given, the proxy may vote as he thinks fit.

No. of shares held

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
		100

Signed this ………………… day of ……………………… , 2019.

……………………………………………
Signature of Member (s)

Notes:
1. A member of a company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend participate, speak and vote at the meeting. There shall be no restriction as to the qualification of the proxy.
2. Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in 1 securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account its holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.
3. The Form of Proxy must be duly completed and deposited at the Registered Office of the Company, 51-13 -A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time for holding the meeting.
4. A member shall be entitled to appoint up to 2 proxies to attend and vote at the same meeting.
5. Where a member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
6. If the appointor is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its attorney.
7. All resolutions as set out in the notice of Annual General Meeting are to be voted by poll.
8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company's Constitution (Article 79 of the Articles of Association of the Company as adopted before the commencement of the Companies Act 2016) and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD ") as at 17 June 2019 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.

fold here

STAMP

The Company Secretary

G3 GLOBAL BERHAD

(Company No. 570396-D)

51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

fold here

a·til·ze

GA BLUE

UGP
undergroundproducts

EDWIN

G3 GLOBAL BERHAD

115 Lebuh Victoria
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Penang, Malaysia
T: 604-2500 888

B-23A-3A, The Ascent Paradigm
No. 1, Jalan SS7/26A, Kelana Jaya
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