

**JcbNext Berhad**

**Annual Report 2018**

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# GROUP PERFORMANCE HIGHLIGHTS

Financial Year Ended 31 December	** 2014	2015	2016	2017	2018
<b>Operating Results (RM million)</b>					
Revenue	186.3	6.6	9.2	9.9	8.5
Results from operating activities	86.4	0.6	3.2	(1.2)	3.1
Profit before tax	96.6 <sup>‡</sup>	26.9	13.3	8.8	11.4
Profit after tax	72.5 <sup>‡</sup>	25.4	11.4	6.9	10.0
Profit attributable to owners of the Company	69.3 <sup>‡</sup>	25.6	11.4	6.8	9.9
Net cash generated from/(used in) operations	68.9	(24.8)	(6.4)	(5.8)	(4.0)
<b>Key Balance Sheet Data (RM million)</b>					
Total assets	300.3	307.3	333.4	337.0	330.1
Issued and paid-up share capital	70.8	70.0	70.0	196.6	196.6
Equity attributable to owners of the Company	275.6	304.7	331.0	335.0	328.6
No. of ordinary shares in issuance (no. of shares, million) <sup>^</sup>	141.6	139.9	139.9	139.7	137.8
<b>Share Information and Valuation</b>					
Basic earnings per share (sen) <sup>^</sup>	1,447.74 <sup>α</sup>	18.27	8.12	4.88	7.13
Diluted earnings per share (sen) <sup>^</sup>	1,447.74 <sup>α</sup>	18.27	8.12	4.88	7.13
Net dividend per share (sen) <sup>^</sup>	1,363.25	3.50	2.00	4.50	4.00 <sup>⊕</sup>
Share price as at 31 December (RM) <sup>^</sup>	2.35	1.98	1.70	1.75	1.48
Net dividend yield (%)	2.45 <sup>∞</sup>	1.77	1.18	2.57	2.70
<b>Financial Ratios</b>					
Return on equity (%)	25.15	8.39	3.43	2.03	3.0
Current ratio	5.7	50.5	57.8	72.1	100.4
Net asset value per share (RM) <sup>^</sup>	1.95	2.18	2.37	2.40	2.39
Operating margin (%)	46.39	9.40	34.76	(12.36)	35.96
Net profit margin (%)	37.22 <sup>‡</sup>	386.31	122.97	68.89	116.00

\*\* The results from the Group's continuing operations and discontinued operations are presented separately in the Statement of Profit or Loss and Other Comprehensive Income.

<sup>^</sup> The comparatives for the financial year ended 31 December 2014 have been restated to account for the effects of the consolidation of every five ordinary shares of RM0.10 each into one ordinary share of RM0.50 each which was completed on 7 May 2015.

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

<sup>‡</sup> Excluded the gain on disposal of the online job portal business to SEEK Asia Investments Pte. Ltd., net of transaction costs, of RM1,881.22 million.

<sup>α</sup> Included the gain on disposal of the online job portal business to SEEK Asia Investments Pte. Ltd., net of transaction costs, of RM1,881.22 million.

<sup>∞</sup> Excluded the special dividend of RM2.65 per ordinary share of RM0.10 each which was paid on 24 December 2014.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Datuk Ali bin Abdul Kadir**

Independent Non-Executive Chairman

**Teo Koon Hong**

Independent Non-Executive Director

**Chang Mun Kee**

Executive Director, Founder & CEO

**Lim Chao Li**

Non-Independent Non-Executive Director

## AUDIT AND RISK COMMITTEE

**Teo Koon Hong**

Chairman, Independent Non-Executive Director

**Datuk Ali bin Abdul Kadir**

Member, Independent Non-Executive Chairman

**Lim Chao Li**

Member, Non-Independent Non-Executive Director

## NOMINATION COMMITTEE

**Datuk Ali bin Abdul Kadir**

Chairman, Independent Non-Executive Chairman

**Teo Koon Hong**

Member, Independent Non-Executive Director

**Lim Chao Li**

Member, Non-Independent Non-Executive Director

## REMUNERATION COMMITTEE

**Teo Koon Hong**

Chairman, Independent Non-Executive Director

**Lim Chao Li**

Member, Non-Independent Non-Executive Director

**Chang Mun Kee**

Executive Director, Founder & CEO

## INVESTMENT COMMITTEE

**Teo Koon Hong**

Independent Non-Executive Director

**Lim Chao Li**

Member, Non-Independent Non-Executive Director

**Chang Mun Kee**

Executive Director, Founder & CEO

**Gregory Charles Poarch**

Chief Financial Officer

## AUDITORS

KPMG PLT (LLP0010081-LCA & AF 0758)

Chartered Accountants

Level 10, KPMG Tower

8 First Avenue

Bandar Utama

47800 Petaling Jaya

Selangor Darul Ehsan

## LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name : JCBNEXT

Stock Code : 0058

## COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)

Choong Lee Wah (MAICSA 7019418)

## REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower

8 First Avenue, Bandar Utama

47800 Petaling Jaya

Selangor Darul Ehsan

Tel: 03-77201188

Fax: 03-77201111

## HEAD OFFICE

Wisma JcbNext

No. 27, Lorong Medan Tuanku 1

(Off Jalan Sultan Ismail)

50300 Kuala Lumpur

Tel: 03-26922333

Fax: 03-26981333

## REGISTRAR

Boardroom Share Registrars Sdn Bhd (378993-D) (formerly known as Symphony Share Registrars Sdn Bhd)

Level 6, Symphony House

Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya

Selangor Darul Ehsan

Tel: 03-78418088

Fax: 03-78418100

## WEBSITE

[www.jcbnext.com](http://www.jcbnext.com)

# CORPORATE STRUCTURE

as at 22 April 2019

## JcbNext Berhad



## PROFILE OF DIRECTORS

### **Datuk Ali bin Abdul Kadir**

Independent Non-Executive Chairman  
Malaysian, 70 years of age, Male

Datuk Ali bin Abdul Kadir was appointed to the Board on 1 October 2004. Datuk Ali is Chairman of the Nomination Committee and a member of the Audit and Risk Committee. He is a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW"), member of the Malaysian Institute of Certified Public Accountants ("MICPA") and the Malaysian Institute of Accountants. He is also Honorary Advisor to ICAEW-KL City Chapter and Honorary Fellow of the Institute of Chartered Secretaries and Administrators (UK).

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

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

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

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

Datuk Ali has attended all four (4) Board Meetings of the Company held during the financial year ended 31 December 2018.

### **Teo Koon Hong**

Independent Non-Executive Director  
Singaporean, 69 years of age, Male

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

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

## PROFILE OF DIRECTORS (CONT'D)

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

Mr. Teo Koon Hong has attended all four (4) Board Meetings of the Company held during the financial year ended 31 December 2018.

### **Chang Mun Kee**

Executive Director, Founder and CEO  
Malaysian, 54 years of age, Male

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

Mr. Chang Mun Kee has attended all four (4) Board Meetings of the Company held during the financial year ended 31 December 2018.

### **Lim Chao Li**

Non-Independent Non-Executive Director  
Malaysian, 53 years of age, Male

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

Mr. Lim Chao Li has attended all four (4) Board Meetings of the Company held during the financial year ended 31 December 2018.

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

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

## PROFILE OF SENIOR MANAGEMENT TEAM

### **Gregory Charles Poarch**

Chief Financial Officer

American, 54 years of age, Male

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

### **Dr. Wong Siew Hui**

Chief Technology Officer

Malaysian, 55 years of age, Male

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

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

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

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



# LETTER FROM THE CHAIRMAN

Dear Shareholders,

It is our pleasure, on behalf of the Board of Directors to present the Annual Report and Audited Financial Statements of JcbNext Berhad (“JcbNext” or “the Group”) for the financial year ended 31 December 2018.

## FINANCIAL PERFORMANCE

For the financial year ended 31 December 2018, the Group recorded profit before tax of RM11.44 million and a profit attributable to shareholders of RM9.90 million, representing year-on-year growth of 29.4% and 45.2% respectively. While our revenue fell 13.8% during the financial year to RM8.53 million from RM9.90 million in 2017, our profit this year was not negatively impacted by foreign exchange losses, unlike 2017 where we recorded foreign exchange losses of RM3.74 million predominantly related to the impact of the strengthening Ringgit against our USD and SGD bank deposits in that year. On the contrary, we recorded foreign exchange gains of RM0.40 million in 2018. Even though these USD and SGD bank deposits have resulted in volatility in our results in both 2017 and 2018, we continue to maintain these deposits to ensure that we have purchasing power should there be an investment opportunity outside Malaysia during a time of crisis.

During the year, we continued making progress in controlling our costs with our operating expenses, excluding foreign exchange gains/losses, decreasing 20.6% to RM5.87 million in 2018 from RM7.40 million in 2017. The lower operating expenses was also partly attributable to Wisma JcbNext being largely vacant throughout 2018.

As at 31 December 2018, our total assets stood at RM330.12 million with shareholders’ funds recorded at RM328.59 million (RM2.39 per share), compared with RM337.04 million and RM335.04 million (RM2.40 per share) as at the end of 2017. With liquid cash and short-term investments totalling RM135.22 million, and no debt, we continue to actively search for acquisition opportunities and believe we are positioned well to enter into long-term partnerships when such opportunities eventually arise.

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

## DIVIDEND

The Board of Directors is pleased to propose a final single-tier dividend of 4.0 sen per share for the financial year 2018 (2017: 4.5 sen). The proposed dividend is subject to shareholders’ approval at the forthcoming Annual General Meeting.

## CORPORATE AND SHAREHOLDER DEVELOPMENTS

2018 remained a relatively quiet year for us. The Board has continued to try to increase long-term shareholder value by maintaining a regular share buy-back program. During the year, we bought back 1,895,100 shares of which 1,865,100 treasury shares held as at 19 December 2018 have been cancelled as we believe this is the appropriate action from a corporate governance perspective. The remaining 30,000 treasury shares were bought subsequent to the cancellation.

## GOING FORWARD

The Board and management are committed to try to be patient and disciplined so we can invest only when the right opportunity presents itself at the right price. Our experience along these lines in the past, especially with 104 Corporation and Lion Rock Group Limited (“Lion Rock”), has been very fruitful and gives us confidence that this is the right path for us. However, as we believe valuations

## LETTER FROM THE CHAIRMAN (CONT'D)

for good companies are still very high generally, we want to caution you that this process will take time. In the meantime, the Group will depend on the financial performance and dividends from its associates, 104 Corporation in Taiwan and Innity Corporation Berhad, and the performance of Lion Rock in Hong Kong.

As noted in last year's letter, the tenancy for most of the office space in Wisma JcbNext had expired in January 2018 with SEEK Asia relocating to another building. I am pleased to report to you that we have recently secured a new tenant who will take up a majority of the space in Wisma JcbNext beginning 1 September 2019. Given the glut of office space in Kuala Lumpur and with more incoming supply in the next 1 to 2 years, this achievement is not only remarkable but one that we are thankful for.

### **SUSTAINABILITY**

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

### **APPRECIATION**

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

### **DATUK ALI BIN ABDUL KADIR**

Chairman

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

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

## 2018 IN REVIEW

During the year, the Group generated revenue from services, rental of office space, dividends, interest and other investment income. Dividends of RM3.20 million from the Group's quoted investments contributed 37.5% of the Group's revenue. This was followed by interest income from bank deposits amounting to RM2.13 million which contributed 25.0% of the Group's revenue. Investment distribution income of RM1.98 million from the placement of funds into money market unit trust funds and revenue from services of RM1.05 million contributed another 23.2% and 12.3% of the Group's revenue respectively.

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

<b>Group</b>	<b>2018 RM</b>	<b>2017 RM</b>
Services	1,053,116	960,137
Rental income from investment properties	166,267	1,757,453
Dividends from other investments	3,202,188	3,308,018
Investment distribution income	1,976,949	2,701,947
Interest income	2,131,747	1,167,837
	<u>8,530,267</u>	<u>9,895,392</u>

Total revenue had fallen by 13.8% in 2018. This was mainly due to lower rental income following the expiry of the tenancy agreements for the office space in Wisma JcbNext in January 2018. Due to the current conditions in the office space rental market, we were not able to find new tenants immediately which left Wisma JcbNext vacant for the rest of 2018 save for the space used by the Group. Nevertheless, at the beginning of 2019, the Group was able to secure a new tenant who will take up a majority of the office space in Wisma JcbNext beginning 1 September 2019.

The Group was able to maintain its dividend income levels at RM3.20 million albeit a slight decrease of 3.2% compared with 2017. Total dividend income from Lion Rock Group Limited ("Lion Rock") amounted to RM2.61 million in 2018 compared with RM2.69 million in 2017. The remainder of dividend income of RM0.60 million were from the underlying investments in quoted shares made through the Group's Equity Portfolio Fund. During the year, the Group continued to receive dividends amounting to RM9.76 million from its associate, 104 Corporation, although such dividends are not accounted for as revenue.

Investment distribution income from investments in unit trust money market funds together with interest income totalled RM4.11 million which represented a modest increase of 6.2% compared with RM3.87 million in 2017. The increase was in line with the overall increase in cash and bank balances and short-term investments in money market funds totalling RM135.22 million as at 31 December 2018 compared with RM134.47 million as at the end of 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

In terms of services, the Group derives revenue predominantly through its subsidiary in Japan which provides contract staffing consulting services on a small scale. The Group did not invest to expand the automotive classifieds and advertising services business via the Autoworld website in 2018 but nevertheless, the Group continued to update the website with automotive related content.

The Group's operating expenses had decreased substantially by 50.9% from RM11.13 million in 2017 to RM5.47 million in 2018. In the previous year, operating expenses had included unrealised foreign exchange losses on the Group's holding of foreign currencies namely USD and SGD denominated bank deposits. Excluding the foreign exchange losses in 2017 and gains in 2018, operating expenses in general have decreased 20.6% year-on-year in 2018. The decrease was mainly due to lower staff costs, utilities and office expenses. Staff costs had decreased by 36.3% from RM4.20 million in 2017 to RM2.68 million in 2018 mainly due to salary reduction on senior management staff and reversal of bonus provisions made in respect of 2017. The decrease in utilities and office expenses in 2018 by 70.6% and 24.2% respectively (see below) were related to the fact that Wisma JcbNext was largely vacant during the year which resulted in lower expenses on repairs and maintenance. In addition, the central air-conditioning for Wisma JcbNext was turned off and the Group had instead relied on split unit air-conditioners for its own use. This had in turn contributed to a reduction in electricity expense.

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

<b>Group</b>	<b>2018 RM</b>	<b>2017 RM</b>
Foreign exchange (gains)/ losses	(402,680)	3,737,372
Professional fees	1,052,500	917,964
Directors' fees	214,000	213,000
Office expenses	190,177	250,981
Security costs	119,228	126,528
Utilities	94,543	321,853
Staff benefits	82,881	78,014
Quit rent and assessments	66,875	66,399
Travelling	55,751	64,500
Telecommunication	37,969	29,664
Insurance	37,757	39,495
Website content	38,250	16,200
Miscellaneous	277,603	168,306
	<u>1,864,854</u>	<u>6,030,276</u>

As mentioned in the preceding paragraph, operating expenses in 2017 had included foreign exchange losses of RM3.74 million (included as part of Other Operating Expenses) which was predominantly unrealised foreign exchange losses on the Group's USD and SGD denominated cash holdings. The Group maintains USD and SGD currencies to ensure that it has purchasing power should there be an investment opportunity outside Malaysia during a time of crisis. At the beginning of 2018, the Group's holdings of these currencies amounted to USD4.32 million and SGD8.32 million and by the end of 2018, these holdings had increased to USD4.98 million and SGD8.94 million respectively. The Ringgit ended 2017 at USD1:RM4.059 and after strengthening further to approximately USD1:RM3.866 in March 2018, it began to weaken for the rest of the year to end 2018 at USD1:RM4.140. As a result of this, the Group recorded unrealised foreign exchange gains of RM0.38 million on the Group's USD cash holdings. The Ringgit was more stable against SGD. Ending 2017 at SGD1:RM3.037, the Ringgit strengthened further to approximately SGD1:RM2.947 in March 2018 before turning around and ending 2018 at SGD1:RM3.035. The unrealised foreign exchange gains on the Group's SGD cash holdings in 2018 was only approximately RM17,000.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

The Group continued to rely a great deal on our associates, primarily 104 Corporation, to contribute to the Group's earnings in 2018. To recap, 104 Corporation is principally involved in the online job portal business and also provides executive search and HR consultancy services in Taiwan. Our share of profit from 104 Corporation in 2018 amounted to RM8.68 million, down 16.0% from RM10.32 million in the preceding year. On the back of a modest GDP growth of 2.63% in Taiwan, 104 Corporation's revenue grew 2.4% year-on-year to NT\$1.58 billion compared with NT\$1.54 billion in 2017. Despite the growth in revenue, 104 Corporation's net profit attributable to shareholders decreased by 11.3% year on year to NT\$282.21 million compared with NT\$318.12 million a year ago. The decrease in net profit attributable to shareholders was due to an increase in operating expenses, namely in staff costs, to enhance the competitiveness of its products and services, optimize its job matching and recommendation algorithm, upgrade websites and develop AI and big data technologies. In addition, higher tax expense as a result of the increase in headline tax rate in Taiwan to 20% in 2018 had also contributed to the decrease in net profit. The balance sheet of 104 Corporation remains solid with cash holdings of NT\$2.07 billion at the end of 2018. 104 Corporation has recently announced a dividend of NT\$8.51 per ordinary share representing 100% of their net profit attributable to shareholders for the 2018 financial year, which will be paid out after the company's AGM on 29 May 2019.

Our other associate, Innity Corporation Berhad ("Innity"), is principally involved in the provision of technology-based online advertising solutions, to their customers in the Asia Pacific region, using in-house developed technology platforms. Innity has an established presence in Malaysia, Hong Kong/ China, Indonesia, Philippines, Singapore, Taiwan, Thailand, South Korea, Myanmar, Cambodia and Vietnam. Our share of profit from Innity in 2018 amounted to RM0.30 million, up 19.3% from RM0.26 million in the preceding year. Innity posted revenue growth of 5.2% year-on-year to RM106.93 million in 2018 compared with RM101.62 million in 2017. The increase in revenue was mainly contributed by its operations in Singapore, Vietnam, Indonesia, Hong Kong/ China and Philippines. Despite the marginal increase in revenue, Innity's PBT increased by 91.3% to RM4.12 million compared with RM2.15 million in 2017. Innity's PBT in 2017 was negatively impacted by net allowance for doubtful debts amounting to RM1.35 million whereas PBT in 2018 benefited from a reversal of the allowance for doubtful debts amounting to RM0.72 million. The group's tax expense had also increased 95.3% to RM1.94 million in 2018 from RM0.99 million in the previous year in view of the improvement in profits from its Indonesia, Hong Kong and Philippines operations.

During the year, the Group recorded a lower loss on financial assets classified as fair value through profit or loss of RM0.16 million compared with RM0.41 million in 2017. The loss in 2017 was mainly in respect of the Group's investment in Asiatravel.com Holdings Ltd ("Asiatravel"). During the year, following the implementation of MFRS 9, the investment in Asiatravel has been classified as fair value through other comprehensive income ("FVOCI") with changes in its fair value being recognised in other comprehensive income. In addition, the Group recorded a decrease in the fair value of Wisma JcbNext by RM0.50 million following the annual valuation exercise in part due to the vacant status of the property.

Overall, despite a 15.1% decrease in the share of profits from the Group's associates, net profit attributable to shareholders for 2018 increased 45.2% to RM9.90 million from RM6.82 million in 2017. As highlighted earlier, this was primarily due to effects of foreign exchange movements on the Group's USD and SGD cash holdings. As the Group's 2018 financial performance indicates, the Group is sensitive to external factors and dependent on the performance of its associates. Earnings per share amounted to approximately 7.13 sen per share. The Board has recommended the payment of a final dividend of 4.0 sen per ordinary share to be paid after the AGM.

Despite the volatility in our P&L, our financial position remains strong with net assets of RM328.59 million as at 31 December 2018, down 1.9% from RM335.04 million at the end of the previous year. On a per share basis, this translates to RM2.39 per share with the Company's share quoted at a price of RM1.48 as at 31 December 2018.

**OVERVIEW OF INVESTMENTS AND CASH RESERVES**

The Group's investments and cash reserves comprise of:

<b>Group</b>	<b>2018 RM</b>	<b>2017 RM</b>
Investments in associates		
- 104 Corporation	107,789,120	109,620,767
- Innity	12,181,069	12,202,865
	<u>119,970,189</u>	<u>121,823,632</u>
Financial assets at fair value through other comprehensive income/ Available-for-sale		
- Lion Rock	38,379,607	44,441,344
- Asiatravel	-	812,174
- Nova Pharma Solutions Berhad	3,239,436	2,000,000
- Equity Portfolio Fund	10,093,363	11,037,213
- Unquoted investments	2,448,954	900,406
	<u>54,161,360</u>	<u>59,191,137</u>
Financial assets at fair value through profit or loss		
- Money market unit trust funds	64,191,174	48,580,485
Cash reserves		
- USD	20,616,901	17,482,492
- HKD	1,701,072	47,931
- SGD	27,540,260	25,266,575
- RM	20,879,575	42,971,277
- Others	289,892	116,716
	<u>71,027,700</u>	<u>85,884,991</u>
	<u>309,350,423</u>	<u>315,480,245</u>

The performance of the Group's associates has already been detailed in the previous section of this report. The carrying value of the investments in associates on the Group's balance sheet decreased marginally by 1.5% in 2018 to RM119.97 million, due to the strengthening of the Ringgit on the translation of our investment in 104 Corporation. Against the Taiwan dollar, the Ringgit had strengthened from TWD1:RM0.1368 as at end 2017 to TWD1:RM0.1354 as at end 2018 and this resulted in a decrease of RM1.83 million in the carrying value of 104 Corporation on our balance sheet. In addition, while the share of profit from 104 Corporation for 2018 amounted to RM8.68 million, the dividend received from 104 Corporation during 2018 amounted to RM9.76 million. Although it does not benefit the Group's bottom line, the dividend from 104 Corporation provides liquidity for the Group to fund its annual working capital requirement without having to tap into the Group's reserves set aside for future investments. This is apparent from the Group's statements of cash flows for 2018 which shows that the dividends it receives from 104 Corporation and Lion Rock totalling RM12.97 million being more than sufficient to cover the RM3.98 million working capital utilised in 2018.

The largest investment under the FVOCI category is Lion Rock with a carrying value of RM38.38 million. Lion Rock is principally involved in the provision of printing services to international book publishers, trade, professional and educational conglomerates and print media companies. This is a stock that the Group accumulated from 2011 to 2013, investing a total of RM3.0 million. However, in 2014, Cinderella Media Group Ltd which used to be the parent company of Lion Rock, rewarded its shareholders by declaring a dividend-in-specie of its stake in Lion Rock and spinning it off as a separate listed company on the Hong Kong Stock Exchange. As a result of that, the Group's stake in Lion Rock increased by an additional 36.5 million shares in 2014. Lion Rock's revenue for the year ended 31 December 2018 increased by 5.2% to HK\$1,665.4 million from HK\$1,582.7 million in the previous year. The increase was

contributed by the strong performance of its subsidiary, Asia Pacific Offset Limited, and the inclusion of full year results of Regent Publishing Services Limited which was acquired in late March 2017.

In 2018, Lion Rock was faced with a few yellow flags in the global market scene: the uncertainties around Brexit, the escalating US-China trade war, and the roller coaster price of paper. In China where their biggest production facility is based, continuing rise in labour cost and more stringent environmental measures presented immediate and real challenges. The US-China trade war may negatively impact the printing industry in China. Lion Rock is preparing themselves for the possibility of new barriers of exporting from China to the US by planning to enlarge their printing capacity in Singapore to give the group the flexibility of production locations. Despite these challenges, the group reported a net profit of HK\$169.40 million for 2018, up 14.7% from HK\$147.67 million in 2017. Apart from the increase in revenue, the group had also recorded a gain on deregistration of its subsidiary, Opus Group NZ Holdings Limited, amounting to HK\$28.31 million. In addition, it had increased its stake in The Quarto Group, Inc (“Quarto”) to 20.13% in May 2018, enabling it to equity account for the profits of Quarto which amounted to HK\$11.27 million in 2018. Quarto is one of the world’s top ten English language illustrated book publishers. However, in recent years, Quarto has faced cash flow problems and has been placed under the restructuring team of its lenders. As at end of 2018, the Group held an equity interest of approximately 7.0% in Lion Rock. Lion Rock pays dividends regularly and for the financial year ended 31 December 2018, its dividend yield was 7.5%. The Group received RM2.61 million in dividends from Lion Rock during the year.

Asiatravel is an online travel company that offers various travel products through its multi-channel distribution platforms. On 14 June 2018, one of its creditors has filed a writ of summons and statement of claim for S\$0.43 million plus interest and costs against a subsidiary of the company. In addition, on 13 July 2018, the group received a notice of intent from the Singapore Tourism Board to suspend the company’s travel agent licence for a period of 6 months. Subsequently, on 7 August 2018, the company and its subsidiary had filed applications with the High Court of the Republic of Singapore to seek a moratorium against enforcement actions and legal proceedings by its creditors, with the intention of subsequently proposing a scheme of arrangement. In light of these developments, the Group has reduced the carrying value of its investment in Asiatravel, which has been classified under the Fair Value Through Other Comprehensive Income category following the application of MFRS 9, *Financial Instruments*, to zero.

The Equity Portfolio Fund (“Equity Fund”) is a discretionary mandate fund managed by a licensed firm of professional fund managers. This fund was started in 2012 with an initial injection of RM8 million which was subsequently increased by RM4.8 million in 2013 before the Group decided to redeem RM5 million in 2014. This fund is mandated to invest for the long term in high dividend yield stocks in the region. For the year ended 31 December 2018, the Equity Fund derived dividend income of RM0.60 million and PAT of RM0.53 million.

The Group invested RM2 million in Nova Pharma Solutions Berhad (“Nova Pharma”) on 29 December 2017. Nova Pharma was listed on the LEAP Market of Bursa Malaysia on 9 March 2018. The LEAP Market is a market offered by Bursa Malaysia which aims to provide SMEs and other companies with greater fund raising access and visibility via the capital market but this market is only accessible to sophisticated investors. Nova Pharma is principally involved in the provision of engineering solutions for the pharmaceutical and biotechnology industries focusing on the initial design and building phase of pharmaceutical and/or biotechnology plants. The engineering solutions provided by the company range from pre-design (feasibility study and site selection) to design (conceptual design, basic design and detailed design) to post-design (tendering, procurement and site supervision) to other supporting activities (GMP documents review and gap analysis and assessment). Some of the pharmaceutical and biotechnology plants that Nova Pharma has been involved in include oral solid dosage, biopharmaceutical manufacturing, vaccine filling and finishing as well as ophthalmic manufacturing. The company’s principal markets are in Malaysia and Taiwan. For the year ended 31 December 2018, Nova Pharma reported unaudited revenue of RM7.90 million, representing an increase of 10.7% from the

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

previous year's revenue of RM7.13 million. The increase in revenue was mainly in respect of Malaysian operations due to higher pace of local pharmaceutical activities in the second half of 2018. Despite the increase in revenue, PAT declined by 18.3% to RM2.16 million in 2018 compared with RM2.65 million in 2017 due to lower gross profit margin contribution from Malaysia market, provision for doubtful debts of RM0.44 million and recognition of a foreseeable loss on contract works of RM0.14 million pertaining to a local pharmaceutical project. As at end of 2018, the Group held an equity interest of 9.45% in Nova Pharma. Nova Pharma has declared an interim dividend of RM0.004 per share in December 2018 of which the Group received approximately RM56,000 in January 2019. Subsequently, in February 2019, it has proposed a final dividend of RM0.002 per share which is subject to the approval of its shareholders at their forthcoming AGM.

Looking at the table below, with the exception of Asiatravel, the fair value of the Group's investments in quoted securities including its listed associates as at 31 December 2018 are significantly above the Group's cost of investment. The unrealised gains, with the exception of 104 Corporation and Innity, have been recognised in Other Comprehensive Income ("OCI") at this stage. Pursuant to the new MFRS 9 "Financial Instruments" which came into effect on 1 January 2018, the Group has elected to classify its equity investments as fair value through other comprehensive income ("FVOCI") where fair value changes on the Group's equity investments will continue to be presented in OCI but any cumulative gain or loss in OCI will be directly transferred to retained earnings upon the sale of the equity investments. The unrealised gains on 104 Corporation and Innity, as associates, have not been recognised at all.

	<b>Cost of Investment RM</b>	<b>Carrying Value RM</b>	<b>Fair Value RM</b>
104 Corporation <sup>^</sup>	75,256,303	107,789,120	157,031,504
Innity <sup>^</sup>	8,487,984	12,181,069	20,328,778
Lion Rock	17,799,453	38,379,607	38,379,607
Asiatravel	3,381,639	-	-
Nova Pharma	2,000,000	3,239,436	3,239,436
Equity Portfolio Fund	9,255,038	10,093,363	10,093,363
	<u>116,180,417</u>	<u>171,682,595</u>	<u>229,072,688</u>

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

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



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

While these moves are necessary to safeguard the Group's interests, the focus of the Board and management is still on identifying new strategic investments which can contribute to the future growth of the Group. To be able to capitalise on any opportunities as and when they arise without sacrificing unduly on the Group's returns on its reserves, the Group will need to maintain an appropriate mix of long and short-term investments and cash.

### **FUTURE PLANS AND PROSPECTS**

The Board and management will continue to identify and evaluate new investments into businesses or companies which can contribute to the financial performance of the Group. Pending such investments to materialise, the Group's future prospects will depend primarily on the performance of its associates, 104 Corporation and Innity Corporation Berhad. Future prospects will also depend upon investment income from dividends, interest and distributions from the money market unit trust funds and its operating activities namely the provision of consultancy services in our Japan subsidiary and rental income from its properties in Kuala Lumpur and Johor.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The Board is pleased to report to shareholders, the Company’s application of the following three key principles of the MCCG during the financial year ended 31 December 2018:

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

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

## A. BOARD LEADERSHIP AND EFFECTIVENESS

### Roles and Responsibilities of the Board

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

The roles and responsibilities of the Board are clearly defined in the Board Charter, which is available on the Group’s website at [www.jcbnext.com](http://www.jcbnext.com). The Board Charter further defines the roles and responsibilities of the Chairman, Chief Executive Officer (“CEO”) and various Board Committees.

The Board assumes the following specific duties and responsibilities:

- a) Ensure that the strategic plan of the Group support long-term value creation and includes strategies on economic, environmental and social consideration underpinning sustainability;
- b) Review, challenge and decide on management’s proposals for the Group and monitor its implementation by management;
- c) Overseeing and evaluating the conduct of the Group’s businesses;
- d) Supervise and assess the Management’s performance to determine whether the business is being properly managed;
- e) Understand the principal risks of the Group and recognise that business decision involve the taking of appropriate risk;
- f) Establishing a succession plan including appointing, training, fixing the compensation of and where appropriate, replacing Executive Directors and Senior Management;
- g) Ensure senior management has the necessary skills and experience and there are measures in place to provide for the orderly succession of board and senior management;
- h) Developing and implementing an investors relations programme or shareholder communication policy;
- i) Ensure there is a sound framework for internal controls and risk management;
- j) Reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;

- k) Set the risk appetite within which the Board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- l) Together with senior management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- m) Strategic planning, overseeing financial and operational performance, monitoring risk management processes, merger and acquisition activities and reviewing the adequacy of internal control systems;
- n) Ensure the Group has in place procedures to enable effective communication with stakeholders; and
- o) Ensure the integrity of the Group's financial and non-financial reporting.

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

- a) Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions;
- b) Material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures;
- c) Strategic investments, mergers and acquisitions and corporate exercises;
- d) Authority levels;
- e) Treasury policies;
- f) Risk management policies; and
- g) Key human resource issues.

#### **Board Charter**

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

#### **Clear Functions of the Board and Senior Management**

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

The Board delegates certain responsibilities to the Board Committees to assist in the discharge of its responsibilities. The role of Board Committees is to advise and make recommendations to the Board. Standing committees of the Board include the Nomination Committee, the Audit and Risk Committee (please refer to the Audit and Risk Committee Report set out on pages 31 to 33 of this Annual Report), the Remuneration Committee and the Investment Committee.

### **Chairman and CEO**

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

### **Code of Ethics**

The Board has adopted and implemented a Code of Ethics for Directors of the Company and its subsidiaries ("Code of Ethics") which can be found on the Group's website at [www.jcbnext.com](http://www.jcbnext.com). The Code of Ethics is intended to focus the Board and each Director on areas of ethical risk, provide guidance to Directors to help them recognise and deal with ethical issues, provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability. The Code of Ethics establishes a standard of ethical behaviour for Directors based on acceptable belief and values. It also includes guidance on relationship with shareholders, employees, creditors and customers and the standard of conduct with regards to social responsibilities and the environment.

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

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

Any person who wishes to report a suspected impropriety may submit his/her report to the Audit and Risk Committee via [jcbwhistle@gmail.com](mailto:jcbwhistle@gmail.com). This is a secure email address accessible only by the Audit and Risk Committee members.

### **Promote Sustainability**

The Board is aware of the importance of business sustainability and ensures that there is a plan for promoting sustainability in the development of the Group's strategies, by balancing the environmental, social and governance aspects of business with the expectations of its various stakeholders. The need to promote sustainability is enshrined in the Board Charter. More details of the Group's efforts in incorporating sustainability in its business operations can be found in the Sustainability Statement on pages 28 to 30 of the Annual Report.

### **Access to Information and Advice**

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

As provided in the Board Charter, Directors are entitled to obtain independent professional advice, whether as full Board or in their individual capacity, where necessary, in the furtherance of their

duties and at the Group's expense. The procedure to seek the Board's approval for such independent professional advice is specified in the Board Charter.

### **Qualified and Competent Company Secretaries**

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

### **Board Composition**

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

### **Nomination Committee**

The Nomination Committee comprised of the following members:

Chairman	:	Datuk Ali bin Abdul Kadir ( <i>Independent Non-Executive Chairman</i> )
Members	:	Teo Koon Hong ( <i>Independent Non Executive Director</i> ) Lim Chao Li ( <i>Non-Independent Non-Executive Director</i> )

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

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

The Nomination Committee recommended to the Board on the endorsement of the retiring Directors, Mr. Teo Koon Hong and Mr. Lim Chao Li, for re-election at the forthcoming Fifteenth Annual General Meeting ("AGM") pursuant to Article 85 of the Articles of Association of the Company.

During the financial year under review, one (1) meeting was held which was attended by all its members.

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

- (i) Reviewed and assessed the performance, effectiveness, mix of skills and experiences of the Board and the respective Board Committees as a whole and the respective contributions of each individual Director for the year 2017;
- (ii) Proposed to recommend to the Board the re-election of Directors who would be due to retire at the next AGM;

- (iii) Reviewed the training undertaken by individual Directors;
- (iv) Reviewed and assessed the independence of Independent Directors and their tenure of service; and
- (v) Reviewed and assessed the term of office and performance of the Audit and Risk Committee and its members.

#### **Criteria for recruitment and assessment**

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

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

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

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

All assessments and evaluations carried out by Nomination Committee in the discharge of all its functions are properly documented. The annual assessment of the Board for the financial year ended 31 December 2018 was conducted on 26 February 2019. The Nomination Committee was satisfied that the size, structure and composition of the Board remained appropriate and concluded that the Board and Board Committees generally have a good mix of skills, knowledge, experience and professional qualifications required to contribute positively to the Group and was operating in an effective manner and that each Director continued to make effective contributions to the work of the Board.

#### **Remuneration Committee and Remuneration of Directors and Senior Management**

The Remuneration Committee is comprised of the following members:

Chairman	:	Teo Koon Hong ( <i>Independent Non-Executive Director</i> )
Members	:	Lim Chao Li ( <i>Non-Independent Non-Executive Director</i> ) Chang Mun Kee ( <i>Executive Director, Founder &amp; CEO</i> )

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

The Remuneration Policy and Procedure of Directors and Key Senior Management is available on the Group's website at [www.jcbnext.com](http://www.jcbnext.com).

The details of the remuneration of the Directors received/ receivable from the Group and the Company for the financial year ended 31 December 2018 are set out below:

	Fees RM	Salaries and bonuses RM	Meeting allowances RM	Others (Note) RM	Total RM
<b>Executive Director</b>					
Chang Mun Kee	-	545,211	-	202,493	747,704
<b>Non-Executive Directors</b>					
Datuk Ali bin Abdul Kadir	69,000	-	5,000	-	74,000
Teo Koon Hong	64,000	-	7,500	-	71,500
Lim Chao Li	61,000	-	7,500	-	68,500
<b>Total</b>	<b>194,000</b>	<b>545,211</b>	<b>20,000</b>	<b>202,493</b>	<b>961,704</b>

Note:

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

The details of the remuneration of Senior Management (comprising salary, bonus and other emoluments) for the financial year ended 31 December 2018 in bands of RM50,000 are set out below:

	Designation	RM
Chang Mun Kee	Chief Executive Officer	700,001-750,000
Wong Siew Hui	Chief Technology Officer	450,001-500,000
Gregory Charles Poarch	Chief Financial Officer	350,001-400,000

Note:

The Group has only 14 employees as at 31 December 2018. Mr. Wong Siew Hui and Mr. Gregory Charles Poarch together with Mr. Chang Mun Kee, form the senior management team.

### Independent Directors

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

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

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

Based on the assessment carried out on 26 February 2019 for the financial year ended 31 December 2018, the Board is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Group.

The Nomination Committee noted Practice 4.2 of the MCCG which states that the tenure of an independent director should not exceed a cumulative term of nine years and upon completion of the nine years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director. Practice 4.2 of the MCCG further states that if the board intends to retain an independent director beyond nine years, it should justify and seek shareholders' approval and if the board continues to retain an independent director after the twelfth year, the board should seek shareholders' approval through a two-tier voting process. Datuk Ali bin Abdul Kadir has served as an Independent Non-Executive Director on the Board since 2004. At the Fourteenth AGM held on 28 May 2018, approval was obtained from shareholders via a single-tier voting process for the retention of Datuk Ali bin Abdul Kadir as an Independent Non-Executive Director until the conclusion of the forthcoming AGM. Datuk Ali bin Abdul Kadir has expressed his intention to be redesignated as a Non-Independent Non-Executive Director immediately after the conclusion of the forthcoming AGM. Hence, the Board will not seek the retention of Datuk Ali bin Abdul Kadir as an Independent Non-Executive Director at the forthcoming AGM. Thereafter, Datuk Ali bin Abdul Kadir will continue to serve on the Board as the Non-Independent Non-Executive Chairman.

#### **Time commitment of Directors**

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

Based on the assessment carried out on 26 February 2019 for the financial year ended 31 December 2018, the Board is satisfied with the level of commitment demonstrated by individual Board members.

The Board plans at least four scheduled meetings annually, with additional meetings to be held, as and when necessary. The Board met four (4) times for the financial year ended 31 December 2018 and the summary of attendance at the Board Meetings held is as follows:

<b>Directors</b>	<b>Number of Board Meetings</b>	
	<b>Held</b>	<b>Attended</b>
Datuk Ali bin Abdul Kadir (Chairman)	4	4
Teo Koon Hong	4	4
Chang Mun Kee	4	4
Lim Chao Li	4	4

#### **Directors' Training**

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

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

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

1. Directors' training on Companies Act 2016, Transfer Pricing Rules and Malaysian Code of Corporate Governance by ENRA Group Berhad
2. World Capital Markets Symposium 2018 by Securities Commission
3. MCCG Compliance Expectations by Privasia Technology Berhad
4. Internal Audit Transformation and Code of Conduct by Citibank



5. Anti-Money Laundering by Citibank
6. Business Foresight Forum 2018 – Disruptions and Collaborations – The Rise of Capital Market Businesses by SIDC
7. Directors Responsibilities and Obligations by Deloitte
8. EPF Global Private Equity 2018
9. Regional Update – Technology Development and Data Centre Relocation by Citibank
10. Manager's Control Assessment Training by Citibank
11. 2019 National Budget Highlights by ENRA Group Berhad
12. China's Belt and Road Diplomacy
13. Trends and Challenges of Information Security Governance
14. Open Source Leadership by Rajeev Peshwaria, ICLIF
15. Wharton Global Forum 2018
16. 5<sup>th</sup> BNM-FIDE Forum – Annual Dialogue with the Deputy Governor of BNM
17. LHDN Tax, SST and Customs Seminar by Lee Hishammudin Allen & Gledhill
18. SIDC-IMD: Global Business Insights Series: Getting More Out of Digital Marketing by Dominique Turpin
19. Training on Islamic Stockbroking Window Services
20. FIDE Forum Dinner Talk: The Director as Coach – An Exclusive Dialogue with Dr Marshall Goldsmith
21. Launch of FIDE Forum: DNA's of a Board Leader
22. Hostage at the Table – The Art of Leadership & Negotiations by Professor George Kohlreiser of Leaderonomics
23. BNM-FIDE Forum Board Conversation: Dialogue with Senior Officials of BNM

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

## **B. EFFECTIVE AUDIT AND RISK MANAGEMENT**

### **Audit and Risk Committee**

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

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

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

### **Compliance with applicable financial reporting standards**

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

The Statement by Directors pursuant to Section 251 (2) of the Companies Act 2016 is set out on page 109 of this Annual Report and the Statement explaining the Directors' responsibility for preparing the annual audited financial statements pursuant to paragraph 15.26 (a) of the Listing Requirements is set out on page 37 of this Annual Report.

### **Assessment of suitability and independence of External Auditors**

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

The Audit and Risk Committee considered the non-audit services provided by the External Auditors during the financial year ended 31 December 2018 and concluded that the provision of these services did not compromise the External Auditors' independence and objectivity. Please refer to page 36 of the Annual Report for the amount of audit fees and non-audit fees paid or payable to the External Auditors, including any firm or corporations affiliated to the External Auditors, by the Company and the Group for the year ended 31 December 2018.

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

At the Audit and Risk Committee held on 22 April 2019, the Audit and Risk Committee assessed the suitability and independence of the External Auditors and have recommended to the Board to propose to shareholders at the forthcoming AGM the reappointment of the External Auditors to hold office for the ensuing year.

### **Risk Management and Internal Control**

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

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

### **Enterprise Risk Management Framework**

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

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

mitigate such risks and recommends actions where necessary. The Working Committee reports to the Audit and Risk Committee on a quarterly basis.

The Statement on Risk Management and Internal Control as set out on pages 34 to 35 of this Annual Report provides an overview of the management of risks and state of internal controls within the Group.

#### **Internal audit function**

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

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

The activities of the Internal Auditors during the financial year are set out in the Audit and Risk Committee Report on page 33 of the Annual Report.

### **C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

#### **Corporate disclosure policy and investor relations**

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

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

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

#### **Leverage on information technology for effective dissemination of information**

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

Shareholders and investors may also forward their queries to the Company via email to [ir@jcbnext.com](mailto:ir@jcbnext.com).

### **Dialogue with shareholders**

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

### **Encourage shareholder participation at general meetings**

The Notice of the forthcoming Fifteenth AGM together with the Annual Report will be sent to shareholders at least 28 days prior to the AGM which will be held on 27 June 2019. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. Items of special business included in the Notice of AGM will be accompanied by an explanation of the proposed resolutions.

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

### **Poll voting**

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

### **Effective communication and proactive engagement**

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

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

## **SUSTAINABILITY STATEMENT**

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

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

Subsequent to the sale of the online job portal business and with a workforce of a mere 14 employees at the end of 2018, the Group is of the view that it does not have any significant direct economic, environment and social impacts at this juncture. Going forward, as an investment holding company, we aim to be a responsible capital provider that incorporates sustainability as an important investment criterion when evaluating businesses for investment. We believe this is important, good for our long-term risk-adjusted financial returns and aligned to our stakeholders' expectations.

### **SUSTAINABILITY GOVERNANCE STRUCTURE**

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

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

### **STAKEHOLDER ENGAGEMENT**

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

## **MATERIALITY ASSESSMENT**

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

## **SUSTAINABILITY MATTERS**

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

### **A. ECONOMIC**

#### **Indirect economic impact from investment activities**

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

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

### **B. SOCIAL**

#### **Businesses that positively impact society**

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

#### **Employee benefits and welfare**

JcbNext seeks to be a caring employer. Recognising the rising cost of living, the Company had in 2017 reviewed its staff benefits and commenced paying transport allowances to our non-managerial staff. In addition, the limit for outpatient treatment claims and hospitalisation and surgery insurance had been increased. During the year, the Company extended the coverage of its hospitalisation and surgery insurance to immediate family members of employees. Further, the

Company also provides time-off for antenatal check-ups for our female staff. Other employee benefits practiced in the Group include the provision of comprehensive annual health screening for those above 35 years of age, term life insurance for all staff and long service monetary award for long standing staff. In 2019, the Company will be looking at ways to encourage employees to exercise more and to adopt healthy living habits.

### C. ENVIRONMENT

#### **Electricity consumption**

With the tenancy for most of the office space in Wisma JcbNext having expired in January 2018 and the tenants relocating, Wisma JcbNext was largely vacant other than the one floor that the employees of the Group are occupying. With that, a decision was made to shut down the central air-conditioning and install split unit air-conditioners to reduce electricity consumption. While we may have little control over the electricity consumption of our future tenants, we plan to include them in any of our future energy saving initiatives and awareness campaigns. We believe as the landlord, we are in a position to lead in this area.

#### **Green and eco-friendly practices**

We constantly remind our staff to reduce paper usage and print double-sided where possible. With only 14 staff across the Group now, we believe the carbon footprint of our Group in this regard is immaterial. Nevertheless, as a responsible corporate citizen, we believe it is still beneficial to instil awareness among our employees to be environmentally friendly and reduce wastage of paper or any other consumables. For example, the board meeting held in February 2019 was conducted paperless which saw a significant reduction of paper used compared with previous meetings. Going forward, we plan to do away with the printing of annual reports and to encourage our shareholders to download the annual report from the Company's website directly. Another area that we intend to do better is the segregation of waste to facilitate recycling and this includes providing infrastructure in Wisma JcbNext for our future tenants to practice waste segregation and recycling too.

# AUDIT AND RISK COMMITTEE REPORT

## MEMBERSHIP

Chairman : Teo Koon Hong (*Independent Non-Executive Director*)  
Members : Datuk Ali bin Abdul Kadir (*Independent Non-Executive Chairman*)  
Lim Chao Li (*Non-Independent Non-Executive Director*)

## MEETINGS

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

<b>Committee Members</b>	<b>Number of meetings attended during ARC Members’ tenure in office</b>
Teo Koon Hong (Chairman)	5/5
Datuk Ali bin Abdul Kadir	5/5
Lim Chao Li	5/5

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

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

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

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

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

## AUTHORITY AND DUTIES OF THE ARC

The ARC is governed by its Terms of Reference, which is available on the Company’s website at [www.jcbnext.com](http://www.jcbnext.com).

## SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

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

### 1. Financial statements

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



## AUDIT AND RISK COMMITTEE REPORT (CONT'D)

- (b) In its review of the quarterly financial reports, the ARC discussed with Management the financial accounting standards applied, including the judgements exercised in the application of those standards and explanations for significant items and the disclosure thereof; and
- (c) In its review of the year-end audited financial statements, the ARC discussed with both Management and the External Auditors the financial accounting standards applied, including the judgements exercised in the application of those standards, audit focus areas and disclosures in the financial statements.

### **2. Matters relating to External Audit**

- (a) Reviewed with the External Auditors, the Group's audit plan for the year prior to the commencement of the annual audit, including the audit timetable and coordination with auditors of significant components;
- (b) Reviewed the External Auditors' audit report and the significant audit findings underlying their report. These were presented once a year by the External Auditors upon completion of the year-end audit;
- (c) Met with the External Auditors without Executive Board members and Management present twice, on 22 February 2018 and 27 November 2018, in order to provide the External Auditors an avenue to express any concerns they may have, including those relating to their ability to perform their work without restraint or interference;
- (d) Evaluated the External Auditors' independence and objectivity, as well as their ability to serve the Group in terms of technical competencies and manpower resource sufficiency. Also reviewed the reasonableness of the audit fees charged against the size and complexity of the Group; and
- (e) Recommended to the Board to propose to shareholders the reappointment of the External Auditors at the AGM of the Company.

### **3. Matters relating to Internal Audit**

- (a) Reviewed the adequacy of the scope, function, competency and resources of the internal audit function;
- (b) Reviewed and deliberated on the internal audit reports prepared by the internal auditors, including recommendations for corrective actions, management's response and actions taken to improve the Group's system of internal controls and operating procedures; and
- (c) Met with the Internal Auditors without Executive Board members and management present once, on 23 April 2018.

### **4. Matters relating to risk management and internal control**

- (a) Reviewed the Group's Enterprise Risk Management framework, process and structure; and
- (b) Reviewed the risk scorecards, risk ratings and action plans identified by management.

### **5. Matters relating to corporate governance**

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

## **ARC TRAINING**

During the financial year under review, members of the ARC attended training programmes on various subject matters such as regulatory, investment, risk management, corporate governance and other business related programmes to enable them to discharge their responsibilities as members of the ARC more effectively. Details of the trainings are disclosed in the Corporate Governance Overview Statement on pages 23 to 24 of this Annual Report.

## **INTERNAL AUDIT FUNCTION**

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

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

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

- a) Best Practices of Corporate Governance Review;
- b) Review of the Group's risk and internal control processes; and
- c) Review of the Group's cash and bank accounts and investment management.

The total costs incurred in supporting the Internal Audit Function for the financial year amounted to approximately RM46,000.00 (2017: RM46,000.00).

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

## BOARD RESPONSIBILITIES

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

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

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

## RISK MANAGEMENT FRAMEWORK AND SYSTEM OF INTERNAL CONTROL

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

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

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

## **INTERNAL AUDIT REVIEW**

The Audit and Risk Committee (“ARC”) is tasked by the Board with the duty of reviewing and monitoring the adequacy and effectiveness of the Group's system of internal control and risk management. In carrying out its responsibilities, the ARC relies on the support of an external professional firm of consultants appointed by the Committee, PKF Advisory Sdn. Bhd., which carries out internal audits on various areas of operations within the Group. These audits review the internal controls in the key activities of the Group's business based on the detailed internal audit plan approved by the ARC. Based on these audits, the Internal Auditors provide the ARC with periodic reports highlighting observations, recommendations and management action plans to improve the system of internal control. In addition, subsequent to the year under review, the Internal Auditors performed a review of the Group's risk management and internal control processes and presented its findings and recommendations for improvement to the ARC. No major deficiencies were noted.

## **ASSOCIATED COMPANIES**

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

## **WEAKNESSES IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES**

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

## **REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide (“AAPG”) 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants (“MIA”) for inclusion in the annual report of the Group for the year ended 31 December 2018, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

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

## **CONCLUSION**

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

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

This statement was approved by the Board of Directors on 22 April 2019.

## ADDITIONAL COMPLIANCE INFORMATION

The following information provided is in respect of the financial year ended 31 December 2018.

### Audit and Non-Audit Fees

During the financial year ended 31 December 2018, the amount of audit fees and non-audit fees paid or payable to KPMG PLT or a firm or corporation affiliated to KPMG PLT by the Company and the Group are as follows:

	<b>Group RM</b>	<b>Company RM</b>
Audit fees	160,000	150,000
Non-audit fees	40,026	40,026

### Material Contracts

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

### Utilisation of Proceeds

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2018.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

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# DIRECTORS' REPORT

for the financial year ended 31 December 2018

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the year.

## SUBSIDIARIES

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

## RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Profit for the year attributable to:		
Owners of the Company	9,895,431	11,477,315
Non-controlling interests	58,773	-
	<hr/>	<hr/>
	9,954,204	11,477,315
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## RESERVES AND PROVISIONS

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

## DIVIDENDS

Since the end of the previous financial year, the Company paid a final single tier dividend of 4.5 sen per ordinary share amounting to RM6,267,713 in respect of the financial year ended 31 December 2017 on 28 June 2018.

The Directors recommend the payment of a final single tier dividend of 4.0 sen per ordinary share amounting to RM5,510,196 in respect of the financial year ended 31 December 2018. This is computed based on the outstanding issued and paid-up share capital as at 31 December 2018, and subject to the approval of shareholders at the forthcoming Annual General Meeting. The proposed final dividend has not been accounted for in the financial statements.

## DIRECTORS OF THE COMPANY

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

Datuk Ali bin Abdul Kadir  
Teo Koon Hong  
Lim Chao Li  
Chang Mun Kee



## DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			At 31.12.2018
	At 1.1.2018	Bought	Sold	
<b>Interest in the Company:</b>				
Datuk Ali bin Abdul Kadir	740,000	-	-	740,000
Lim Chao Li	500,000	-	-	500,000
Chang Mun Kee	70,229,494	-	-	70,229,494
<b>Deemed interests in the Company:</b>				
Datuk Ali bin Abdul Kadir	42,000	-	-	42,000
Chang Mun Kee	4,705,000	-	-	4,705,000

By virtue of his interests in the shares of the Company, Chang Mun Kee is also deemed interested in the shares of the subsidiaries during the financial year to the extent that JobNext Berhad has an interest.

The other Director holding office at 31 December 2018 had no interests in the ordinary shares of the Company and of its related corporations during the financial year.

## DIRECTORS' BENEFITS

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

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

## ISSUE OF SHARES AND DEBENTURES

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

There were no debentures issued during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## SHARE BUY-BACK

On 28 May 2018, the shareholders of the Company renewed their approval for the Company to buy-back its own shares. During the financial year, the Company bought back from the open market, 1,895,100 of its issued ordinary shares ("JcbNext Shares") listed on the Main Market of Bursa Malaysia Securities Berhad, at an average buy-back price of approximately RM1.68 per ordinary share. The total consideration paid for the share buy-back of JcbNext Shares by the Company during the financial year was RM3,182,261 and was financed by internally generated funds. The JcbNext Shares bought back are held as treasury shares in accordance with Section 127 Subsection 4(b) of the Companies Act 2016. On 19 December 2018, the Company cancelled 1,865,100 of its treasury shares held pursuant to Section 127 Subsection 4(a) of the Companies Act 2016.

## INDEMNITY AND INSURANCE COSTS

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

## OTHER STATUTORY INFORMATION

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 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 this report.

DIRECTORS' REPORT (CONT'D)

**AUDITORS**

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

The auditors' remuneration is disclosed in Note 17 to the financial statements.

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

**LIM CHAO LI**

Director

**CHANG MUN KEE**

Director

Kuala Lumpur

Date: 22 April 2019

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>Assets</b>					
Property and equipment	3	299,906	286,153	286,927	279,616
Investment properties	4	19,388,000	19,888,000	19,388,000	19,888,000
Investments in subsidiaries	5	-	-	14,024,387	14,024,387
Investments in associates	6	119,970,189	121,823,632	83,744,287	83,744,287
Other investments	7	54,161,360	59,191,137	53,956,015	58,989,811
<b>Total non-current assets</b>		<b>193,819,455</b>	<b>201,188,922</b>	<b>171,399,616</b>	<b>176,926,101</b>
Other investments	7	64,191,174	48,580,485	64,191,174	48,580,485
Trade and other receivables	9	885,640	1,262,877	464,381	876,520
Prepayments and other assets		198,000	123,017	152,318	94,618
Deposits with licensed banks with original maturities more than three months		46,866,265	44,110,400	41,623,500	44,110,400
Cash and cash equivalents	10	24,161,435	41,774,591	23,276,834	34,806,399
<b>Total current assets</b>		<b>136,302,514</b>	<b>135,851,370</b>	<b>129,708,207</b>	<b>128,468,422</b>
<b>Total assets</b>		<b>330,121,969</b>	<b>337,040,292</b>	<b>301,107,823</b>	<b>305,394,523</b>
<b>Equity</b>					
Share capital		196,619,727	196,619,727	196,619,727	196,619,727
Reserves		131,965,752	138,420,914	103,529,743	107,398,731
<b>Total equity attributable to owners of the Company</b>	11	<b>328,585,479</b>	<b>335,040,641</b>	<b>300,149,470</b>	<b>304,018,458</b>
<b>Non-controlling interests</b>		<b>127,965</b>	<b>65,010</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>328,713,444</b>	<b>335,105,651</b>	<b>300,149,470</b>	<b>304,018,458</b>
<b>Liabilities</b>					
Deferred tax liabilities	8	50,509	49,239	50,509	49,239
<b>Total non-current liabilities</b>		<b>50,509</b>	<b>49,239</b>	<b>50,509</b>	<b>49,239</b>
Other payables	12	1,342,075	1,823,030	898,653	1,270,916
Current tax payables		15,941	62,372	9,191	55,910
<b>Total current liabilities</b>		<b>1,358,016</b>	<b>1,885,402</b>	<b>907,844</b>	<b>1,326,826</b>
<b>Total liabilities</b>		<b>1,408,525</b>	<b>1,934,641</b>	<b>958,353</b>	<b>1,376,065</b>
<b>Total equity and liabilities</b>		<b>330,121,969</b>	<b>337,040,292</b>	<b>301,107,823</b>	<b>305,394,523</b>

The notes on pages 52 to 108 are an integral part of these financial statements.

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the year ended 31 December 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Revenue	13	8,530,267	9,895,392	17,172,142	20,872,182
Other operating income		5,857	14,851	-	-
Contract and outsourcing cost		(719,971)	(668,561)	-	-
Depreciation of property and equipment	3	(109,476)	(110,146)	(102,196)	(101,463)
Rental of office and equipment		(94,499)	(120,069)	(5,444)	(4,164)
Staff costs	15	(2,680,219)	(4,204,677)	(1,929,996)	(2,577,558)
Other operating expenses		(1,864,854)	(6,030,276)	(1,307,497)	(6,265,054)
<b>Results from operating activities</b>		<b>3,067,105</b>	<b>(1,223,486)</b>	<b>13,827,009</b>	<b>11,923,943</b>
Interest income		37	7,474	-	-
Loss on financial assets classified as fair value through profit or loss		(164,351)	(412,175)	(164,351)	(412,175)
Gain on changes of interest in associates		56,767	52,180	-	-
Loss on changes in fair value of investment properties		(500,000)	(300,000)	(500,000)	(300,000)
Gain on disposal of investments in quoted shares		-	138,322	-	138,322
Impairment loss on amounts due from subsidiaries		-	-	(208,340)	(80,000)
Reversal of impairment loss on amounts due from subsidiaries		-	-	-	6,083,469
Share of profit of equity accounted associates, net of tax		8,979,804	10,579,288	-	-
<b>Profit before tax</b>		<b>11,439,362</b>	<b>8,841,603</b>	<b>12,954,318</b>	<b>17,353,559</b>
Tax expense	16	(1,485,158)	(1,976,950)	(1,477,003)	(1,968,967)
<b>Profit for the year</b>	17	<b>9,954,204</b>	<b>6,864,653</b>	<b>11,477,315</b>	<b>15,384,592</b>

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>Profit for the year</b>		9,954,204	6,864,653	11,477,315	15,384,592
<b>Other comprehensive income, net of tax</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Net change in fair value of equity investments designated at fair value through other comprehensive income					
- Loss on price change		(7,121,118)	-	(7,121,118)	-
- Gain on exchange differences		901,126	-	901,126	-
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		(1,041,486)	(1,923,605)	-	-
Fair value of available-for-sale financial assets					
- Gain on price change		-	7,477,917	-	7,477,917
- Loss on exchange differences		-	(4,790,693)	-	(4,790,693)
Share of gain/(loss) of equity-accounted associates		41,378	(418,314)	-	-
<b>Total other comprehensive (expense)/income for the year, net of tax</b>		<u>(7,220,100)</u>	<u>345,305</u>	<u>(6,219,992)</u>	<u>2,687,224</u>
<b>Total comprehensive income for the year</b>		<u>2,734,104</u>	<u>7,209,958</u>	<u>5,257,323</u>	<u>18,071,816</u>
<b>Profit attributable to:</b>					
Owners of the Company		9,895,431	6,816,696	11,477,315	15,384,592
Non-controlling interests		58,773	47,957	-	-
<b>Profit for the year</b>		<u>9,954,204</u>	<u>6,864,653</u>	<u>11,477,315</u>	<u>15,384,592</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		2,671,149	7,166,467	5,257,323	18,071,816
Non-controlling interests		62,955	43,491	-	-
<b>Total comprehensive income for the year</b>		<u>2,734,104</u>	<u>7,209,958</u>	<u>5,257,323</u>	<u>18,071,816</u>
<b>Basic earnings per ordinary share based on profit attributable to owners of the Company (sen):</b>	18	<u>7.13</u>	<u>4.88</u>		

The notes on pages 52 to 108 are an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2018

Group	Note	Attributable to owners of the Company										Total equity RM	
		Share capital RM	Share premium RM	Capital reserve RM	Capital redemption reserve RM	Translation reserve RM	Fair value reserve RM	Revaluation reserve RM	Treasury shares RM	Retained earnings RM	Total RM		Non-controlling interests RM
		Non-distributable					Distributable						
<b>At 1 January 2017</b>		70,000,000	124,035,627	1,936,651	2,584,100	23,473,458	28,811,530	5,742,256	(220,867)	74,669,764	331,032,519	21,519	331,054,038
Foreign currency translation differences for foreign operations		-	-	-	-	(1,719,845)	-	-	-	(199,294)	(1,919,139)	(4,466)	(1,923,605)
Fair value of available-for-sale financial assets		-	-	-	-	-	7,477,917	-	-	-	7,477,917	-	7,477,917
- Gain on price changes		-	-	-	-	-	(4,790,693)	-	-	-	(4,790,693)	-	(4,790,693)
- Loss on exchange differences		-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of equity-accounted associates		-	-	70,674	-	(240,046)	-	-	-	(248,942)	(418,314)	-	(418,314)
Total other comprehensive income/ (expense) for the year		-	-	70,674	-	(1,959,891)	2,687,224	-	-	(448,236)	349,771	(4,466)	345,305
Profit for the year		-	-	-	-	-	-	-	-	6,816,696	6,816,696	47,957	6,864,653
<b>Total comprehensive income/ (expense) for the year</b>		-	-	70,674	-	(1,959,891)	2,687,224	-	-	6,368,460	7,166,467	43,491	7,209,958
<i>Contributions by and distributions to owners of the Company</i>		-	-	-	-	-	-	-	(360,983)	-	(360,983)	-	(360,983)
- Treasury shares acquired	11	-	-	-	-	-	-	-	(360,983)	-	(360,983)	-	(360,983)
Transfer in accordance with Section 618 (2) of the Companies Act 2016*		126,619,727	(124,035,627)	-	(2,584,100)	-	-	-	-	-	-	-	-
- Cancellation of treasury shares		-	-	-	-	-	-	-	581,850	(581,850)	-	-	-
- Dividends	19	-	-	-	-	-	-	-	-	(2,797,362)	(2,797,362)	-	(2,797,362)
<b>Total transactions with owners of the Company</b>		126,619,727	(124,035,627)	-	(2,584,100)	-	-	-	220,867	(3,379,212)	(3,158,345)	-	(3,158,345)
<b>At 31 December 2017</b>		196,619,727	-	2,007,325	-	21,513,567	31,498,754	5,742,256	-	77,659,012	335,040,641	65,010	335,105,651
	Note 11	Note 11	Note 11	Note 11	Note 11	Note 11	Note 11	Note 11	Note 11	Note 11	Note 11	Note 11	

\* In accordance with Section 618 (2) of the Companies Act 2016, the share premium and the capital redemption reserve amounting to RM126,619,727 has become part of the Company's share capital.

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Group	Note	Attributable to owners of the Company										Total equity RM
		Share capital RM	Capital reserve RM	Translation reserve RM	Fair value reserve RM	Revaluation reserve RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM	
		Non-distributable					Distributable					
<b>At 31 December 2017/1 January 2018 as previously reported</b>		196,619,727	2,007,325	21,513,567	31,498,754	5,742,256	-	77,659,012	335,040,641	65,010	335,105,651	
Adjustment on initial application of MFRS 9, net of tax	25	-	-	-	(2,245,801)	-	-	2,569,464	323,663	-	323,663	
<b>At 1 January 2018, restated</b>		196,619,727	2,007,325	21,513,567	29,252,953	5,742,256	-	80,228,476	335,364,304	65,010	335,429,314	
Foreign currency translation differences for foreign operations		-	-	(1,045,668)	-	-	-	-	(1,045,668)	4,182	(1,041,486)	
Equity instruments designated at fair value through other comprehensive income		-	-	-	(7,121,118)	-	-	-	(7,121,118)	-	(7,121,118)	
- Loss on price changes		-	-	-	901,126	-	-	-	901,126	-	901,126	
- Gain on exchange differences		-	-	-	-	-	-	-	-	-	-	
Share of other comprehensive income of equity-accounted associates		-	73,252	(31,874)	-	-	-	-	41,378	-	41,378	
Total other comprehensive income/(expense) for the year		-	73,252	(1,077,542)	(6,219,992)	-	-	9,895,431	(7,224,282)	4,182	(7,220,100)	
Profit for the year		-	-	-	-	-	-	9,895,431	9,895,431	58,773	9,954,204	
<b>Total comprehensive income/(expense) of the year</b>		-	73,252	(1,077,542)	(6,219,992)	-	-	9,895,431	2,671,149	62,955	2,734,104	
<b>Contributions by and distributions to owners of the Company</b>		-	-	-	-	-	(3,182,261)	-	(3,182,261)	-	(3,182,261)	
- Treasury shares acquired	11	-	-	-	-	-	3,134,462	(3,134,462)	-	-	-	
- Cancellation of treasury shares		-	-	-	-	-	-	(6,267,713)	(6,267,713)	-	(6,267,713)	
- Dividends	19	-	-	-	-	-	-	-	-	-	-	
<b>Total transactions with owners of the Company</b>		-	-	-	-	(47,799)	(9,402,175)	(9,449,974)	(9,449,974)	-	(9,449,974)	
<b>At 31 December 2018</b>		196,619,727	2,080,577	20,436,025	23,032,961	5,742,256	(47,799)	80,721,732	328,585,479	127,965	328,713,444	
	Note 11	Note 11	Note 11	Note 11	Note 11	Note 11	Note 11	Note 11	Note 11	Note 11	Note 11	

The notes on pages 52 to 108 are an integral part of these financial statements.



STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company	Note	Attributable to owners of the Company					Total equity RM		
		Share capital RM	Share premium RM	Capital redemption reserve RM	Fair value reserve RM	Retained earnings RM			
		Non-distributable			Distributable				
<b>At 1 January 2017</b>		70,000,000	124,035,627	2,584,100	28,811,530	5,443,353	(220,867)	58,451,244	289,104,987
Fair value of available-for-sale financial assets									
- Gain on price changes		-	-	-	7,477,917	-	-	-	7,477,917
- Loss on exchange differences		-	-	-	(4,790,693)	-	-	-	(4,790,693)
Total other comprehensive income for the year		-	-	-	2,687,224	-	-	-	2,687,224
Profit for the year		-	-	-	-	-	-	15,384,592	15,384,592
<b>Total comprehensive income for the year</b>		-	-	-	2,687,224	-	-	15,384,592	18,071,816
<i>Contributions by and distributions to owners of the Company</i>									
- Treasury shares acquired		-	-	-	-	-	(360,983)	-	(360,983)
Transfer in accordance with Section 618 (2) of the Companies Act 2016*		126,619,727	(124,035,627)	(2,584,100)	-	-	-	-	-
- Cancellation of treasury shares		-	-	-	-	-	581,850	(581,850)	-
- Dividends		-	-	-	-	-	-	(2,797,362)	(2,797,362)
<b>Total transactions with owners of the Company</b>		-	-	-	-	-	220,867	(3,379,212)	(3,158,345)
<b>At 31 December 2017</b>		196,619,727	-	-	31,498,754	5,443,353	-	70,456,624	304,018,458
		Note 11	Note 11	Note 11	Note 11	Note 11	Note 11	Note 11	Note 11

\* In accordance with Section 618 (2) of the Companies Act 2016, the share premium and the capital redemption reserve amounting to RM126,619,727 has become part of the Company's share capital.

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company	Note	Attributable to owners of the Company					Total equity RM
		Share capital RM	Fair value reserve RM	Revaluation reserve RM	Treasury shares RM	Retained earnings RM	
			Non distributable			Distributable	
<b>At 31 December 2017/1 January 2018, as previously reported</b>		196,619,727	31,498,754	5,443,353	-	70,456,624	304,018,458
Adjustment on initial application of MFRS 9, net of tax	25	-	(2,245,801)	-	-	2,569,464	323,663
<b>At 1 January 2018, restated</b>		196,619,727	29,252,953	5,443,353	-	73,026,088	304,342,121
Equity instruments designated at fair value through other comprehensive income		-	(7,121,118)	-	-	-	(7,121,118)
- Loss on price changes		-	901,126	-	-	-	901,126
- Gain on exchange differences		-	(6,219,992)	-	-	-	(6,219,992)
Total other comprehensive expense for the year Profit for the year		-	(6,219,992)	-	-	11,477,315	11,477,315
<b>Total comprehensive income for the year</b>		-	(6,219,992)	-	-	11,477,315	5,257,323
<i>Contributions by and distributions to owners of the Company</i>							
- Treasury shares acquired	11	-	-	-	(3,182,261)	-	(3,182,261)
- Cancellation of treasury shares		-	-	-	3,134,462	(3,134,462)	-
- Dividends	19	-	-	-	-	(6,267,713)	(6,267,713)
<b>Total transactions with owners of the Company</b>		-	-	-	(47,799)	(9,402,175)	(9,449,974)
<b>At 31 December 2018</b>		196,619,727	23,032,961	5,443,353	(47,799)	75,101,228	300,149,470
	Note 11	Note 11	Note 11	Note 11	Note 11	Note 11	

The notes on pages 52 to 108 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

for the year ended 31 December 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>Cash flows from operating activities</b>					
Profit before tax		11,439,362	8,841,603	12,954,318	17,353,559
Adjustments for:					
Changes in fair value of investment properties	4	500,000	300,000	500,000	300,000
Depreciation of property and equipment	3	109,476	110,146	102,196	101,463
Share of profit after tax of equity-accounted associates		(8,979,804)	(10,579,288)	-	-
Dividend income		(3,202,188)	(3,308,018)	(12,966,440)	(14,973,802)
Interest income		(2,131,784)	(1,175,311)	(2,058,286)	(1,433,321)
Investment distribution income		(1,976,949)	(2,701,947)	(1,976,949)	(2,701,947)
Impairment loss on amounts due from subsidiaries		-	-	208,340	80,000
Reversal of impairment loss on amounts due from subsidiaries		-	-	-	(6,083,469)
Gain on disposal of investments in quoted shares		-	(138,322)	-	(138,322)
Loss on financial assets classified as fair value through profit or loss		164,351	412,175	164,351	412,175
Gain on changes of interest in associates		(56,767)	(52,180)	-	-
Unrealised foreign exchange (gain)/loss		(408,613)	3,814,224	(467,104)	4,680,523
<b>Operating loss before working capital changes</b>		<b>(4,542,916)</b>	<b>(4,476,918)</b>	<b>(3,539,574)</b>	<b>(2,403,141)</b>
Changes in trade and other receivables		76,505	240,452	(29,947)	(2,125,063)
Changes in prepayments and other assets		(74,415)	(5,789)	(57,700)	(8,203)
Changes in other payables		(331,876)	(230,900)	(372,263)	(147,091)
<b>Cash used in operations</b>		<b>(4,872,702)</b>	<b>(4,473,155)</b>	<b>(3,999,484)</b>	<b>(4,683,498)</b>
Income tax paid		(1,530,916)	(1,778,329)	(1,522,452)	(1,771,293)
Interest received		2,423,871	488,144	2,350,372	746,154
<b>Net cash used in operating activities</b>		<b>(3,979,747)</b>	<b>(5,763,340)</b>	<b>(3,171,564)</b>	<b>(5,708,637)</b>
<b>Cash flows from investing activities</b>					
Acquisition of other investments		(102,338,575)	(7,411,960)	(102,338,575)	(7,411,960)
Acquisition of property and equipment	3	(123,144)	(20,253)	(109,507)	(20,253)
Acquisition of treasury shares		(3,182,261)	(360,983)	(3,182,261)	(360,983)
Dividends received from an associate	13	9,764,252	11,665,784	9,764,252	11,665,784
Dividends received from other investments	13	3,202,188	3,308,018	3,202,188	3,308,018
Increase in investment in a subsidiary		-	-	-	(6,443,637)
Investment distribution income received	13	1,976,949	2,701,947	1,976,949	2,701,947
Net change in deposits with licensed banks with original maturities more than 3 months		(2,755,865)	(10,928,800)	2,486,900	(10,928,800)
Proceeds from disposal of other investments		85,701,002	52,212,489	85,701,002	52,212,489
<b>Net cash (used in)/from investing activities</b>		<b>(7,755,454)</b>	<b>51,166,242</b>	<b>(2,499,052)</b>	<b>44,722,605</b>

STATEMENTS OF CASH FLOWS (CONT'D)

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>Cash flows from financing activities</b>					
Dividends paid to shareholders of the Company		(6,267,713)	(2,797,362)	(6,267,713)	(2,797,362)
<b>Net cash used in financing activities</b>		<u>(6,267,713)</u>	<u>(2,797,362)</u>	<u>(6,267,713)</u>	<u>(2,797,362)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(18,002,914)	42,605,540	(11,938,329)	36,216,606
<b>Cash and cash equivalents at beginning of the year</b>		41,774,591	3,195,529	34,806,399	2,404,016
<b>Effects of exchange rate fluctuations on cash held</b>		<u>389,758</u>	<u>(4,026,478)</u>	<u>408,764</u>	<u>(3,814,223)</u>
<b>Cash and cash equivalents at end of year</b>	(i)	<u>24,161,435</u>	<u>41,774,591</u>	<u>23,276,834</u>	<u>34,806,399</u>

(i) **Cash and cash equivalents**

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Deposits with licensed banks	10	20,077,575	32,027,775	20,076,575	25,953,175
Cash and bank balances	10	4,083,860	9,746,816	3,200,259	8,853,224
		<u>24,161,435</u>	<u>41,774,591</u>	<u>23,276,834</u>	<u>34,806,399</u>

The notes on pages 52 to 108 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

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

**Registered office**

Lot 6.05, Level 6  
KPMG Tower, 8 First Avenue  
Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan

**Principal place of business**

Wisma JcbNext  
No. 27, Lorong Medan Tuanku 1  
(Off Jalan Sultan Ismail)  
50300 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associates. The financial statements of the Company as at and for the financial year ended 31 December 2018 do not include other entities.

The Company is principally engaged in investment holding while the principal activities of the other Group entities are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 22 April 2019.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

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

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

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019***

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

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

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

**1. BASIS OF PREPARATION (CONT'D)**

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

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

- MFRS 17, *Insurance Contracts*

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

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

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

- from the annual period beginning on 1 January 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019, except for amendments to MFRS 119 which is not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

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

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company. The following is the application of MFRS 16, *Leases*:

**(i) MFRS 16, Leases**

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The estimated impact on initial application of this accounting standard is not expected to have any material financial impact to the Group and the Company.

**(b) Basis of measurement**

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

**1. BASIS OF PREPARATION (CONT'D)**

**(c) Functional and presentation currency**

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

**(d) Use of estimates and judgements**

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

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

- i) financial instruments;
- ii) revenue recognition; and
- iii) impairment losses of financial instruments

as compared to those adopted in previous financial statements. The impacts arising from the changes are disclosed in Note 25.

**(a) Basis of consolidation**

**(i) Subsidiaries**

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of consolidation (cont'd)

#### (ii) Business combinations

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

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

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

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

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

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

#### (iii) Acquisitions of non-controlling interests

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

#### (iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any resulting gain/loss is recognised directly in equity.

#### (v) Loss of control

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of consolidation (cont'd)

#### (vi) Associates

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

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

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

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

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

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

#### (vii) Non-controlling interests

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(a) Basis of consolidation (cont'd)**

**(viii) Transactions eliminated on consolidation**

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

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

**(b) Foreign currency**

**(i) Foreign currency transactions**

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

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

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

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

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

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(b) Foreign currency (cont'd)**

**(ii) Operations denominated in functional currencies other than Ringgit Malaysia (cont'd)**

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

**(c) Financial instruments**

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

**(i) Recognition and initial measurement**

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

**Current financial year**

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

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

**Previous financial year**

Financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not a fair value through profit or loss, transaction costs that were directly attributable to the acquisition or issue of the financial instrument.

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(c) Financial instruments (cont'd)**

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

***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 or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

**(a) *Amortised cost***

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

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(h)(i)) where the effective interest rate is applied to the amortised cost.

**(b) *Fair value through other comprehensive income***

**(i) *Debt investments***

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

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(h)(i)) where the effective interest rate is applied to the amortised cost.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(c) Financial instruments (cont'd)**

**(ii) Financial instrument categories and subsequent measurement (cont'd)**

***Financial assets (cont'd)***

**Current financial year (cont'd)**

**(b) Fair value through other comprehensive income (cont'd)**

**(ii) Equity investments**

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

**(c) Fair value through profit or loss**

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

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

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

**Previous financial year**

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

**(a) Financial assets at fair value through profit or loss**

Fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that were specifically designated into this category upon initial recognition.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(c) Financial instruments (cont'd)**

**(ii) Financial instrument categories and subsequent measurement (cont'd)**

***Financial assets (cont'd)***

**Previous financial year (cont'd)**

**(a) *Financial assets at fair value through profit or loss (cont'd)***

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments whose fair values could not be reliably measured were measured at cost.

Other financial assets categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

**(b) *Loans and receivables***

Loans and receivables category comprises debt instruments that were not quoted in an active market.

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

**(c) *Available-for-sale financial assets***

Available-for-sale category comprises investment in equity and debt securities instruments that were not held for trading.

Investments in equity instruments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost. Other financial assets categorised as available-for-sale were subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which were recognised in profit or loss.

On derecognition, the cumulative gain or loss recognised in other comprehensive income was reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method was recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, were subject to impairment assessment (see Note 2(h)(i)).

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(c) Financial instruments (cont'd)**

**(ii) Financial instrument categories and subsequent measurement (cont'd)**

***Financial liabilities***

**Current financial year**

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

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

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

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

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

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

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

**(b) *Amortised cost***

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(c) Financial instruments (cont'd)**

**(ii) Financial instrument categories and subsequent measurement (cont'd)**

***Financial liabilities (cont'd)***

**Previous financial year**

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprised financial liabilities that were derivatives or financial liabilities that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments that did not have a quoted price in an active market for identical instruments whose fair values otherwise could not be reliably measured were measured at cost.

Financial liabilities categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

**(iii) Regular way purchase or sale of financial assets**

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

Trade date accounting refers to:

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

Settlement date accounting refers to:

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

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

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Financial instruments (cont'd)

#### (iv) Financial guarantee contracts

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

#### Current financial year

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

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

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

#### Previous financial year

In the previous financial year, fair value arising from financial guarantee contracts were classified as deferred income and was amortised to profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract was probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was adjusted to the obligation amount and accounted for as a provision.

#### (v) Derecognition

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Property and equipment

#### (i) Recognition and measurement

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

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

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

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

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

#### (ii) Subsequent costs

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

#### (iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. Freehold land is not depreciated.

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(d) Property and equipment (cont'd)**

**(iii) Depreciation (cont'd)**

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

**(e) Leased assets**

**Operating leases**

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

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.

**(f) Investment properties**

**(i) Investment properties carried at fair value**

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

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

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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

**(ii) Reclassification to/from investment properties**

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(f) Investment properties (cont'd)**

**(ii) Reclassification to/from investment properties (cont'd)**

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

**(g) Cash and cash equivalents**

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

**(h) Impairment**

**(i) Financial assets**

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

**Current financial year**

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Impairment (cont'd)

#### (i) Financial assets (cont'd)

##### Current financial year (cont'd)

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

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

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

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

##### Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and associates) were assessed at each reporting date whether there was 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, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables was recognised in profit or loss and was 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 was reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets was recognised in profit or loss and was measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset had been recognised in the other comprehensive income, the cumulative loss in other comprehensive income was reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(h) Impairment (cont'd)**

**(i) Financial assets (cont'd)**

**Previous financial year (cont'd)**

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale was not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase could be objectively related to an event occurring after impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

**(ii) Other assets**

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

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

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

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

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

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) Equity instruments

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

#### (i) Ordinary shares

Ordinary shares are classified as equity.

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

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

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

### (j) Employee benefits

#### (i) Short-term employee benefits

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

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

#### (ii) State plans

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

### (k) Provisions

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (l) Revenue and other income

#### (i) Revenue

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

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

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

#### (ii) Rental income

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

#### (iii) Dividend and investment distribution income

Dividend and investment distribution income are recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

#### (iv) Interest income

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

### (m) Borrowing costs

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

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

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (m) Borrowing costs (cont'd)

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

### (n) Income tax

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

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

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

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

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

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

### (o) Earnings per ordinary share

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (p) Operating segments

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

### (q) Contingencies

#### (i) Contingent liabilities

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

#### (ii) Contingent assets

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

### (r) Fair value measurement

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

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

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

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

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

**3. PROPERTY AND EQUIPMENT**

<b>Group</b>	<b>Computers RM</b>	<b>Office equipment RM</b>	<b>Renovations RM</b>	<b>Furniture and fittings RM</b>	<b>Total RM</b>
<b>Cost</b>					
At 1 January 2017	272,680	5,500	1,391,920	-	1,670,100
Additions	-	1,423	18,830	-	20,253
Exchange difference	(452)	-	-	-	(452)
At 31 December 2017/ 1 January 2018	272,228	6,923	1,410,750	-	1,689,901
Additions	6,060	22,607	72,550	21,927	123,144
Exchange difference	(44)	149	-	35	140
At 31 December 2018	278,244	29,679	1,483,300	21,962	1,813,185
<b>Depreciation</b>					
At 1 January 2017	98,802	3,316	1,191,830	-	1,293,948
Depreciation for the year	42,827	1,112	66,207	-	110,146
Exchange difference	(346)	-	-	-	(346)
At 31 December 2017/ 1 January 2018	141,283	4,428	1,258,037	-	1,403,748
Depreciation for the year	33,421	3,965	71,106	984	109,476
Exchange difference	44	9	-	2	55
At 31 December 2018	174,748	8,402	1,329,143	986	1,513,279
<b>Carrying amounts</b>					
At 1 January 2017	173,878	2,184	200,090	-	376,152
At 31 December 2017/ 1 January 2018	130,945	2,495	152,713	-	286,153
At 31 December 2018	103,496	21,277	154,157	20,976	299,906

**3. PROPERTY AND EQUIPMENT (CONT'D)**

<b>Company</b>	<b>Computers RM</b>	<b>Office equipment RM</b>	<b>Renovations RM</b>	<b>Furniture and fittings RM</b>	<b>Total RM</b>
<b>Cost</b>					
At 1 January 2017	117,730	4,841	701,988	-	824,559
Additions	-	1,423	18,830	-	20,253
At 31 December 2017/ 1 January 2018	117,730	6,264	720,818	-	844,812
Additions	6,060	11,592	72,550	19,305	109,507
At 31 December 2018	123,790	17,856	793,368	19,305	954,319
<b>Depreciation</b>					
At 1 January 2017	52,053	2,781	408,899	-	463,733
Depreciation for the year	34,265	991	66,207	-	101,463
At 31 December 2017/ 1 January 2018	86,318	3,772	475,106	-	565,196
Depreciation for the year	26,980	3,257	71,106	853	102,196
At 31 December 2018	113,298	7,029	546,212	853	667,392
<b>Carrying amounts</b>					
At 1 January 2017	65,677	2,060	293,089	-	360,826
At 31 December 2017/ 1 January 2018	31,412	2,492	245,712	-	279,616
At 31 December 2018	10,492	10,827	247,156	18,452	286,927

**4. INVESTMENT PROPERTIES**

	<b>Group and Company 2018 RM</b>	<b>2017 RM</b>
At 1 January	19,888,000	20,188,000
Change in fair value recognised in profit or loss	(500,000)	(300,000)
At 31 December	19,388,000	19,888,000

Included in the above are:

	<b>Group and Company 2018 RM</b>	<b>2017 RM</b>
At fair value		
Freehold land	15,000,000	14,900,000
Buildings	4,388,000	4,988,000
	19,388,000	19,888,000

Investment properties comprise freehold land and buildings that are leased to third party during the financial year. The tenancy agreement for the investment property in Kuala Lumpur has lapsed in January 2018.

**4. INVESTMENT PROPERTIES (CONT'D)**

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

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Rental income	13	166,267	1,757,453	170,467	1,763,113
Direct operating expenses:					
- income generating investment properties		(655,290)	(943,231)	(655,290)	(943,231)

**Fair value information**

Fair value of investment properties are categorised as follows:

	Group and Company Level 3	
	2018 RM	2017 RM
Freehold land	15,000,000	14,900,000
Buildings	4,388,000	4,988,000
	<u>19,388,000*</u>	<u>19,888,000*</u>

\* RM19,000,000 (2017: RM19,500,000) is determined by external and independent property valuers.

**Level 3 fair value**

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

	Group and Company	
	2018 RM	2017 RM
At 1 January	19,888,000	20,188,000
Losses recognised in profit or loss:		
Change in fair value	(500,000)	(300,000)
At 31 December	<u>19,388,000</u>	<u>19,888,000</u>

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

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sales comparison approach: Sales price of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size, age (time factor) and location.	Premium made for differences in: 1) Age (Time factor) = 0.0% - 5.0% 2) Location = (10.0%) - 15.0%	The estimated fair value would increase/(decrease) if premium made for differences in age (time factor) and location was higher/(lower).

**4. INVESTMENT PROPERTIES (CONT'D)**

**Fair value information (cont'd)**

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the property. The expected net cash flows are discounted using an average yield of shop offices/medium-rise office buildings in the vicinity of the property.	3) Void periods = 1 month per year 4) Risk-adjusted discount rate = 4.00%	The estimated fair value would increase/(decrease) if void periods were shorter/(longer) or risk-adjusted discount rate were (lower)/higher.

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

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

**5. INVESTMENT IN SUBSIDIARIES**

	Company	
	2018 RM	2017 RM
At cost	16,168,838	16,168,838
Less: Accumulated impairment losses	(2,144,451)	(2,144,451)
	14,024,387	14,024,387

In the previous financial year, the Company has increased its investment in JcbNext Pte. Ltd. by RM14,024,387 by way of cash consideration of RM6,443,637 and capitalisation of amount due from this subsidiary of RM7,580,750.

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2018 %	2017 %
Autoworld.com.my Sdn. Bhd.	Malaysia	Automobile online advertising services	100	100
JcbNext Pte. Ltd. *	Singapore	Investment Holding	100	100
JobStreet.com India Pvt. Ltd. **	India	Ceased operations	100	100
JS Overseas Holdings Limited **	British Virgin Islands	Investment Holding	100	100
Greenfield Japan Kabushiki Kaisha **	Japan	Search and selection, staffing and career consultancy	60	60

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**5. INVESTMENT IN SUBSIDIARIES (CONT'D)**

\* Audited by firms of auditors other than KPMG International

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

**Non-controlling interests in subsidiaries**

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

**6. INVESTMENTS IN ASSOCIATES**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
At cost:				
Investments in associates:				
Quoted shares	83,744,287	83,744,287	83,744,287	83,744,287
Share of post-acquisition profits	12,287,746	12,985,686	-	-
Post acquisition foreign exchange translation reserve	21,930,395	23,129,408	-	-
Post acquisition capital reserve	2,007,761	1,964,251	-	-
	<u>119,970,189</u>	<u>121,823,632</u>	<u>83,744,287</u>	<u>83,744,287</u>

Details of material associates are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2018 %	2017 %
Innity Corporation Berhad*	Malaysia	Provider of interactive online marketing platforms and technologies for advertisers and publishers	21.07	21.13
104 Corporation#	Taiwan	Provider of advertising and consultancy services	22.99	22.98

\* Audited by firms of auditors other than KPMG International

# Audited by other member firms of KPMG International

**6. INVESTMENTS IN ASSOCIATES (CONT'D)**

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

**Summarised financial information**

<b>2018</b>	<b>Innity Corporation Berhad RM</b>	<b>104 Corporation RM</b>	
<b>As at 31 December</b>			
Non-current assets	8,724,673	37,616,828	
Current assets	62,132,945	292,115,751	
Non-current liabilities	(997,223)	(767,176)	
Current liabilities	(32,984,423)	(125,813,409)	
Non-controlling interest	(2,546,021)	(973,391)	
Net assets	<u>34,329,951</u>	<u>202,178,603</u>	
<b>Year ended 31 December</b>			
Profit for the year	1,449,086	37,738,034	
Other comprehensive income	154,490	38,980	
Total comprehensive income	<u>1,603,576</u>	<u>37,777,014</u>	
<b>Included in comprehensive income is</b>			
Revenue	<u>106,933,841</u>	<u>213,608,665</u>	
	<b>Innity Corporation Berhad RM</b>	<b>104 Corporation RM</b>	<b>Total RM</b>
<b>Reconciliation of net assets to carrying amount as at 31 December</b>			
Group's share of net assets	7,234,351	46,476,211	53,710,562
Goodwill	4,946,718	47,868,950	52,815,668
Effects of exchange rate fluctuations	-	13,443,959	13,443,959
Carrying amount in the statement of financial position	<u>12,181,069</u>	<u>107,789,120</u>	<u>119,970,189</u>
<b>Group's share of results for the year ended 31 December</b>			
Group's share of profit	304,698	8,675,106	8,979,804
Group's share of comprehensive income	32,417	8,961	41,378
	<u>337,115</u>	<u>8,684,067</u>	<u>9,021,182</u>
<b>Other information</b>			
Dividend received by the Group	-	9,764,252	



6. INVESTMENTS IN ASSOCIATES (CONT'D)

Summarised financial information (cont'd)

2017	Innity Corporation Berhad RM	104 Corporation RM	
<b>As at 31 December</b>			
Non-current assets	9,352,095	32,401,901	
Current assets	60,071,729	288,024,602	
Non-current liabilities	(1,116,075)	(986,738)	
Current liabilities	(32,026,284)	(109,630,289)	
Non-controlling interest	(1,947,470)	(1,023,127)	
Net assets	<u>34,333,995</u>	<u>208,786,349</u>	
<b>Year ended 31 December</b>			
Profit for the year	1,208,862	44,931,244	
Other comprehensive income	(2,273,074)	270,173	
Total comprehensive income	<u>(1,064,212)</u>	<u>45,201,417</u>	
<b>Included in comprehensive income is</b>			
Revenue	<u>101,623,527</u>	<u>210,671,316</u>	
	Innity Corporation Berhad RM	104 Corporation RM	Total RM
<b>Reconciliation of net assets to carrying amount as at 31 December</b>			
Group's share of net assets	7,256,147	47,972,631	55,228,778
Goodwill	4,946,718	47,868,950	52,815,668
Effects of exchange rate fluctuations	-	13,779,186	13,779,186
Carrying amount in the statement of financial position	<u>12,202,865</u>	<u>109,620,767</u>	<u>121,823,632</u>
<b>Group's share of results for the year ended 31 December</b>			
Group's share of profit	255,481	10,323,807	10,579,288
Group's share of comprehensive income	(480,391)	62,077	(418,314)
	<u>(224,910)</u>	<u>10,385,884</u>	<u>10,160,974</u>
<b>Other information</b>			
Dividend received by the Group	-	11,665,784	

**7. OTHER INVESTMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
<b>Non-current</b>				
Fair value through other comprehensive income	54,161,360	-	53,956,015	-
Available-for-sale	-	62,437,937	-	58,989,811
Less: Impairment loss	-	(3,246,800)	-	-
	<u>54,161,360</u>	<u>59,191,137</u>	<u>53,956,015</u>	<u>58,989,811</u>
<b>Current</b>				
Fair value through profit or loss	64,191,174	48,580,485	64,191,174	48,580,485
	<u>118,352,534</u>	<u>107,771,622</u>	<u>118,147,189</u>	<u>107,570,296</u>

**7.1 Equity investments designated at fair value through other comprehensive income**

At 1 January 2018, the Group designated the investments shown below as equity securities as at fair value through other comprehensive income because these equity securities represent investments that the Group intends to hold for long-term strategic purposes. In 2017, these investments were classified as available-for-sale.

	<b>Group</b>		<b>Company</b>	
	<b>Fair value at 31 December 2018 RM</b>	<b>Dividend income recognised during 2018 RM</b>	<b>Fair value at 31 December 2018 RM</b>	<b>Dividend income recognised during 2018 RM</b>
Quoted investments	51,712,406	3,202,188	51,712,406	3,202,188
Unquoted investments	2,448,954	-	2,243,609	-
	<u>54,161,360</u>	<u>3,202,188</u>	<u>53,956,015</u>	<u>3,202,188</u>

**8. DEFERRED TAX LIABILITIES**

**Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

Group and Company	Assets		Liabilities		Net	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM
Property and equipment	-	-	(8,752)	(10,299)	(8,752)	(10,299)
Investment properties	-	-	(234,500)	(259,500)	(234,500)	(259,500)
Provisions	192,743	220,560	-	-	192,743	220,560
Tax assets/(liabilities)	192,743	220,560	(243,252)	(269,799)	(50,509)	(49,239)
Set off of tax	(192,743)	(220,560)	192,743	220,560	-	-
Net tax liabilities	-	-	(50,509)	(49,239)	(50,509)	(49,239)

**Movement in temporary differences during the year**

Group and Company	At 1.1.2017 RM	Recognised in profit or loss (Note 16) RM	At 31.12.2017/ 1.1.2018 RM	Recognised in profit or loss (Note 16) RM	At 31.12.2018 RM
Property and equipment	(8,544)	(1,755)	(10,299)	1,547	(8,752)
Investment properties	(274,500)	15,000	(259,500)	25,000	(234,500)
Provisions	195,824	24,736	220,560	(27,817)	192,743
	(87,220)	37,981	(49,239)	(1,270)	(50,509)

**Unrecognised deferred tax assets**

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

	Group	
	2018 RM	2017 RM
Deductible temporary difference	14,000	13,000
Tax losses carry-forward	11,717,000	10,792,000
Unabsorbed capital allowances	22,000	22,000
	11,753,000	10,827,000

The tax losses carry forward and unabsorbed capital allowances do not expire under current tax legislation, except for an amount of RM1,942,045 (2017: RM1,651,374) of tax losses which will expire in 2026.

**9. TRADE AND OTHER RECEIVABLES**

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>Trade</b>					
Trade receivables		164,320	130,968	-	-
<b>Non-trade</b>					
Amount due from subsidiaries	a	-	-	5,919,914	5,711,574
Less: Impairment losses		-	-	(5,919,914)	(5,711,574)
Other receivables		-	-	-	-
		721,320	1,131,909	464,381	876,520
		721,320	1,131,909	464,381	876,520
		885,640	1,262,877	464,381	876,520

**Note a**

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

**10. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deposits with licensed banks	20,077,575	32,027,775	20,076,575	25,953,175
Cash and bank balances	4,083,860	9,746,816	3,200,259	8,853,224
	24,161,435	41,774,591	23,276,834	34,806,399

**11. CAPITAL AND RESERVES**

Share capital	Group and Company			
	Amount 2018 RM	Number of shares 2018	Amount 2017 RM	Number of shares 2017
Ordinary shares, issued and fully paid:				
At 1 January	196,619,727	139,650,000	70,000,000	140,000,000
Transfer from share premium and capital redemption reserve in accordance with Section 618 (2) of the Companies Act 2016	-	-	126,619,727	-
Cancellation of treasury shares	-	(1,865,100)	-	(350,000)
At 31 December	196,619,727	137,784,900	196,619,727	139,650,000

## 11. CAPITAL AND RESERVES (CONT'D)

### Ordinary shares

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

In accordance with Section 618(3) of the Companies Act 2016, any amount standing to the credit of the share premium account and the capital redemption reserve has become part of the Company's share capital. The Company had twenty four (24) months upon the commencement of Companies Act 2016 on 31 January 2017 to utilise the credit in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74 of Companies Act 2016). As at the date of issuance of the financial statements, the Company did not utilise the share premium and the capital redemption reserve amounting to RM126,619,727.

### Capital reserve

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

### Translation reserve

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

### Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity and debt securities designated at fair value through other comprehensive income (2017: available-for-sale financial assets) until the assets are derecognised or impaired.

### Revaluation reserve

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

### Treasury shares

During the financial year, the Company bought back from the open market, 1,895,100 (2017: 207,700) of its issued ordinary shares ("JcbNext Shares") listed on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of approximately RM1.68 (2017: RM1.74) per ordinary share. The total consideration paid for the share buy-back of JcbNext Shares by the Company during the financial year was RM3,182,261 (2017: RM360,983) and was financed by internally generated funds. On 19 December 2018, the Company cancelled 1,865,100 treasury shares being JcbNext Shares bought back during the current and preceding financial years in accordance with Section 127 Subsection 4(a) of the Companies Act 2016. At 31 December 2018, the Group held 30,000 (2017: Nil) of the Company's own shares.

**12. OTHER PAYABLES**

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>Non-trade</b>					
Deferred income	12.1	4,200	105,419	4,550	105,419
Amount due to a director of a subsidiary	12.2	-	24,333	-	-
Other payables and accrued expenses		1,337,875	1,693,278	894,103	1,165,497
		<u>1,342,075</u>	<u>1,823,030</u>	<u>898,653</u>	<u>1,270,916</u>

12.1 Deferred income comprises rental income received in advance.

12.2 Amount due to a director of a subsidiary is unsecured, interest-free and repayable on demand.

**13. REVENUE**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Revenue from contracts with customer</b>				
- Services				
Online advertising	10,985	6,156	-	-
Contract staffing	1,042,131	953,981	-	-
	<u>1,053,116</u>	<u>960,137</u>	<u>-</u>	<u>-</u>
<b>Other revenue</b>				
- Rental income from investment properties	166,267	1,757,453	170,467	1,763,112
- Dividends from other investments - quoted	3,202,188	3,308,018	3,202,188	3,308,018
- Dividends from an associate - quoted	-	-	9,764,252	11,665,784
- Investment distribution income	1,976,949	2,701,947	1,976,949	2,701,947
- Interest income	2,131,747	1,167,837	2,058,286	1,433,321
	<u>8,530,267</u>	<u>9,895,392</u>	<u>17,172,142</u>	<u>20,872,182</u>

**13.1 Disaggregation of revenue**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Services				
- Malaysia	10,985	6,156	-	-
- Japan	1,042,131	953,981	-	-
	<u>1,053,116</u>	<u>960,137</u>	<u>-</u>	<u>-</u>

**13. REVENUE (CONT'D)**

**13.2 Nature of services**

Online advertising

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

Contract staffing

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

**14. KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel compensations are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors				
- Fees	214,000	213,000	214,000	213,000
- Remuneration	747,704	950,705	3,313	124,176
	<u>961,704</u>	<u>1,163,705</u>	<u>217,313</u>	<u>337,176</u>
Other key management personnel:				
- Remuneration	838,924	2,126,955	838,924	1,483,776
	<u>1,800,628</u>	<u>3,290,660</u>	<u>1,056,237</u>	<u>1,820,952</u>

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

**15. STAFF COSTS**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Staff costs (including key management personnel compensation):				
Salaries and other employee benefits	2,509,860	3,951,051	1,772,133	2,374,486
Contributions to state plans	170,359	253,626	157,863	203,072
	<u>2,680,219</u>	<u>4,204,677</u>	<u>1,929,996</u>	<u>2,577,558</u>

**16. TAX EXPENSE**
**Recognised in profit or loss**

	<b>Group</b>		<b>Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
Income tax expense on continuing operations	1,485,158	1,976,950	1,477,003	1,968,967
<b><i>Current tax expense</i></b>				
Malaysia - current year	282,311	519,237	282,311	519,237
- prior year	(17,084)	(7,490)	(17,084)	(7,490)
Overseas - current year	1,218,661	1,503,184	1,210,506	1,495,201
Total current tax recognised in profit or loss	1,483,888	2,014,931	1,475,733	2,006,948
<b><i>Deferred tax expense</i></b>				
Recognition/(reversal) of temporary difference	1,270	(37,981)	1,270	(37,981)
Total tax expense	1,485,158	1,976,950	1,477,003	1,968,967
<b>Reconciliation of tax expense</b>				
Profit for the year	9,954,204	6,864,653	11,477,315	15,384,592
Total tax expense	1,485,158	1,976,950	1,477,003	1,968,967
Share of profit of equity-accounted associates, and net of tax	(8,979,804)	(10,579,288)	-	-
Adjusted profit/(loss) before tax	2,459,558	(1,737,685)	12,954,318	17,353,559
Tax calculated using Malaysian tax rate of 24% (2017: 24%)	590,294	(417,045)	3,109,036	4,164,854
Effect of tax rates in foreign jurisdictions*	43,304	117,680	-	-
Effect of deferred tax assets not recognised	168,281	358,611	-	-
Non-taxable income	(1,516,009)	(1,606,184)	(3,845,806)	(4,405,972)
Non-deductible expenses	1,004,296	2,035,080	1,020,351	722,374
Taxes arising in foreign jurisdictions	1,212,076	1,496,298	1,210,506	1,495,201
	1,502,242	1,984,440	1,494,087	1,976,457
Over provided in prior year	(17,084)	(7,490)	(17,084)	(7,490)
Tax expense	1,485,158	1,976,950	1,477,003	1,968,967

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



**17. PROFIT FOR THE YEAR**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Profit for the year is arrived at after charging/(crediting):</b>				
Auditors' remuneration				
- Audit fees				
KPMG PLT	160,000	102,000	150,000	93,000
Other auditors	12,712	13,229	-	-
- Non-audit fees				
KPMG PLT	8,000	8,000	8,000	8,000
Overseas affiliates of KPMG PLT	32,026	64,386	32,026	64,386
<b>Material expenses/(income)</b>				
Depreciation of property and equipment	109,476	110,146	102,196	101,463
Impairment loss on amounts due from subsidiaries	-	-	208,340	80,000
Realised foreign exchange loss/(gain)	5,933	(76,852)	5,933	(382,950)
Unrealised foreign exchange (gain)/loss	(408,613)	3,814,224	(467,104)	4,680,523
Gain on disposal of investments in quoted shares	-	(138,322)	-	(138,322)
Gain on changes of interest in associates	(56,767)	(52,180)	-	-
Reversal of impairment loss on:				
- trade receivables	-	(6,180)	-	(6,180)
- amount due to subsidiaries	-	-	-	(6,083,459)

**18. EARNINGS PER ORDINARY SHARE**

**Basic earnings per ordinary share**

The calculation of basic earnings per share at 31 December 2018 was based on the profit attributable to owners of the Company and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2018 RM	2017 RM
Profit for the year attributable to owners of the Company	9,895,431	6,816,696
Issued ordinary shares at 1 January	139,650,000	140,000,000
Effect of treasury shares held	(833,098)	(177,798)
Weighted average number of ordinary shares at 31 December	138,816,902	139,822,202
Basic earnings per ordinary share (sen)	7.13	4.88

**Diluted earnings per ordinary share**

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

## 19. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM	Date of payment
<b>2018</b>			
Final 2017 single tier	4.50 per share	<u>6,267,713</u>	28 June 2018
<b>2017</b>			
Final 2016 single tier	2.00 per 50 sen share	<u>2,797,362</u>	27 July 2017

The Directors recommend the payment of a final single tier dividend of 4.0 sen per ordinary share amounting to RM5,510,196 in respect of the financial year ended 31 December 2018. This is computed based on the outstanding issued and paid-up share capital as at 31 December 2018, and subject to the approval of shareholders at the forthcoming Annual General Meeting. The proposed final dividend has not been accounted for in the financial statements.

## 20. OPERATING SEGMENTS

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

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

### Segment profit

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

### Segment assets

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

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

### Segment liabilities

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

### Segment capital expenditure

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

**20. OPERATING SEGMENTS (CONT'D)**

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

**20. OPERATING SEGMENTS (CONT'D)**

2017	Investment holding RM	Others RM	Eliminations RM	Consolidated RM
<b>Segment revenue</b>				
Revenue from external customers	1,757,453	960,137	-	2,717,590
Inter-segment revenue	5,660	-	(5,660)	-
Dividends	14,973,802	-	(11,665,784)	3,308,018
Investment distribution income	2,701,947	-	-	2,701,947
Interest income	1,167,837	-	-	1,167,837
Inter-segment interest income	265,483	-	(265,483)	-
Revenue for the year	20,872,182	960,137	(11,936,927)	9,895,392
<b>Segment profit/(loss)</b>				
Operating profit/(loss) for reportable segments	10,002,047	(119,950)	(11,105,583)	(1,223,486)
Interest income	2,696	4,778	-	7,474
Loss on financial assets classified as fair value through profit or loss	(412,175)	-	-	(412,175)
Gain on change of interest in an associate	52,180	-	-	52,180
Loss on changes in fair value of investment properties	(300,000)	-	-	(300,000)
Gain on disposal of investments in quoted shares	138,322	-	-	138,322
Reversal of impairment on amounts due from subsidiaries	6,003,469	-	(6,003,469)	-
Share of profit of equity accounted associates	10,579,288	-	-	10,579,288
<b>Profit before tax</b>	26,065,827	(115,172)	(17,109,052)	8,841,603
Income tax expense	(1,968,967)	(7,983)	-	(1,976,950)
<b>Profit for the year</b>	24,096,860	(123,155)	(17,109,052)	6,864,653
<b>Segment assets</b>	350,500,430	564,599	(14,024,737)	337,040,292
<i>Included in the measure of segment assets are:</i>				
Investment in associates	121,823,632	-	-	121,823,632
Non-current assets other than financial instruments and deferred tax assets	20,173,548	605	-	20,174,153
Additions to non-current assets other than financial instruments and deferred tax assets	20,253	-	-	20,253
<b>Other segment information</b>				
Depreciation of property and equipment	108,096	2,050	-	110,146

**21. FINANCIAL INSTRUMENTS**

**21.1 Categories of financial instruments**

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as follows:

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

	Carrying amount RM	AC RM	Mandatorily at FVTPL RM	FVOCI - EIDUIR RM
<b>2018</b>				
<b>Financial assets</b>				
<b>Group</b>				
Other investments	118,352,534	-	64,191,174	54,161,360
Trade and other receivables	885,640	885,640	-	-
Prepayment and other assets	198,000	198,000	-	-
- Prepayment	(105,174)	(105,174)	-	-
Deposit with licensed bank with original maturities more than three months	46,866,265	46,866,265	-	-
Cash and cash equivalents	24,161,435	24,161,435	-	-
	<b>190,358,700</b>	<b>72,006,166</b>	<b>64,191,174</b>	<b>54,161,360</b>
<b>Company</b>				
Other investments	118,147,189	-	64,191,174	53,956,015
Trade and other receivables	464,381	464,381	-	-
Prepayment and other assets	152,318	152,318	-	-
- Prepayment	(94,228)	(94,228)	-	-
Deposit with licensed bank with original maturities more than three months	41,623,500	41,623,500	-	-
Cash and cash equivalents	23,276,834	23,276,834	-	-
	<b>183,569,994</b>	<b>65,422,805</b>	<b>64,191,174</b>	<b>53,956,015</b>

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

**21. FINANCIAL INSTRUMENTS (CONT'D)**

**21.1 Categories of financial instruments (cont'd)**

The table below provides an analysis of financial instruments as at 31 December 2017 categorised as follows:

- (a) Loans and receivables (“L&R”);
- (b) Fair value through profit or loss (“FVTPL”) – Held for trading (“HFT”);
- (c) Available-for-sale financial assets (“AFS”); and
- (d) Financial liabilities measured at amortised cost (“FL”).

<b>2017 Financial assets Group</b>	<b>Carrying amount RM</b>	<b>L&amp;R RM</b>	<b>FVTPL -HFT RM</b>	<b>AFS RM</b>
Other investments	107,771,622	-	48,580,485	59,191,137
Trade receivables, other receivables and other assets (excluding prepayment)	1,317,576	1,317,576	-	-
Deposits with licensed bank with original maturities more than three months	44,110,400	44,110,400	-	-
Cash and cash equivalents	41,774,591	41,774,591	-	-
	<b>194,974,189</b>	<b>87,202,567</b>	<b>48,580,485</b>	<b>59,191,137</b>

<b>Company</b>	<b>Carrying amount RM</b>	<b>L&amp;R RM</b>	<b>FVTPL -HFT RM</b>	<b>AFS RM</b>
Other investments	107,570,296	-	48,580,485	58,989,811
Trade receivables, other receivables and other assets (excluding prepayment)	910,039	910,039	-	-
Deposits with licensed banks with original maturities more than three months	44,110,400	44,110,400	-	-
Cash and cash equivalents	34,806,399	34,806,399	-	-
	<b>187,397,134</b>	<b>79,826,838</b>	<b>48,580,485</b>	<b>58,989,811</b>

<b>2017 Financial liabilities Group</b>	<b>Carrying amount RM</b>	<b>FL RM</b>
Other payables (excluding deferred income)	(1,717,611)	(1,717,611)
	<b>(1,717,611)</b>	<b>(1,717,611)</b>
<b>Company</b>	<b>Carrying amount RM</b>	<b>FL RM</b>
Other payables (excluding deferred income)	(1,165,497)	(1,165,497)
	<b>(1,165,497)</b>	<b>(1,165,497)</b>

**21. FINANCIAL INSTRUMENTS (CONT'D)****21.2 Net gains and losses arising from financial instruments**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Net (losses)/gains on:				
Fair value through profit or loss:				
- Mandatorily required by MFRS 9	(164,351)	-	(164,351)	-
- Held for trading	-	(412,175)	-	(412,175)
	(164,351)	(412,175)	(164,351)	(412,175)
Equity instruments designated at fair value through other comprehensive income:				
- recognised in other comprehensive income	(6,219,992)	-	(6,219,992)	-
Available-for-sale financial assets:				
- recognised in other comprehensive income	-	2,687,224	-	2,687,224
Financial assets at amortised cost	2,534,427	-	2,311,117	-
Loans and receivables	-	(2,555,881)	-	3,145,397
	<u>(3,849,916)</u>	<u>(280,832)</u>	<u>(4,073,226)</u>	<u>5,420,446</u>

**21.3 Financial risk management**

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

- Credit risk
- Liquidity risk
- Market risk

**21.4 Credit risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its other investments and receivables from customers. The Company's exposure to credit risk arises principally from its other investments, trade receivables, advances to subsidiaries and financial guarantees given to banks for credit facilities granted to a subsidiary. There are no significant changes as compared to prior periods.

**Receivables**

*Risk management objectives, policies and processes for managing the risk*

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

*Exposure to credit risk and credit quality*

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

**21. FINANCIAL INSTRUMENTS (CONT'D)**

**21.4 Credit risk (cont'd)**

**Receivables (cont'd)**

*Exposure to credit risk and credit quality (cont'd)*

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

*Concentration of credit risk*

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

	<b>Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Malaysia	3,446	65
Others	160,874	130,903
	164,320	130,968

*Recognition and measurement of impairment losses*

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

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

	<b>Gross- carrying amount RM</b>	<b>Loss allowances RM</b>	<b>Net balance RM</b>
<b>Group</b>			
<b>2018</b>			
Not past due	164,232	-	164,232
Past due 1 - 30 days	15	-	15
Past due 31 - 180 days	73	-	73
Past due more than 180 days	600	(600)	-
	164,920	(600)	164,320
<b>2017</b>			
Not past due	130,968	-	130,968
Past due 1 - 30 days	-	-	-
Past due 31 - 180 days	-	-	-
Past due more than 180 days	600	(600)	-
	131,568	(600)	130,968



**21. FINANCIAL INSTRUMENTS (CONT'D)**

**21.4 Credit risk (cont'd)**

**Receivables (cont'd)**

*Recognition and measurement of impairment losses (cont'd)*

<b>Company</b>	<b>Gross-carrying amount RM</b>	<b>Loss allowances RM</b>	<b>Net balance RM</b>
<b>2018</b>			
Not past due	-	-	-
Past due 1 - 30 days	-	-	-
Past due 31 - 180 days	-	-	-
Past due more than 180 days	600	(600)	-
	<b>600</b>	<b>(600)</b>	<b>-</b>
<b>2017</b>			
Not past due	-	-	-
Past due 1 - 30 days	-	-	-
Past due 31 - 180 days	-	-	-
Past due more than 180 days	600	(600)	-
	<b>600</b>	<b>(600)</b>	<b>-</b>

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

<b>Group</b>	<b>2018</b>			<b>Total RM</b>
	<b>Lifetime ECL RM</b>	<b>Credit impaired RM</b>	<b>Contract assets RM</b>	
As at 1 January/31 December as per MFRS 9/ MFRS 139	-	600	-	600

*Comparative information under MFRS 139, Financial Instruments: Recognition and measurement*

The aging of trade receivables as at 31 December 2017 was as follows:

<b>Group</b>	<b>Gross RM</b>	<b>Individual impairment RM</b>	<b>Collective impairment RM</b>	<b>Net RM</b>
<b>2017</b>				
Not past due	130,968	-	-	130,968
Past due 1 – 30 days	-	-	-	-
Past due 31 – 180 days	-	-	-	-
Past due more than 180 days	600	-	(600)	-
	<b>131,568</b>	<b>-</b>	<b>(600)</b>	<b>130,968</b>

**21. FINANCIAL INSTRUMENTS (CONT'D)**

**21.4 Credit risk (cont'd)**

**Receivables (cont'd)**

*Recognition and measurement of impairment losses (cont'd)*

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	<b>Group and Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
At 1 January	600	6,780
Impairment loss reversed	-	(6,180)
	600	600
At 31 December	600	600

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

**Investments and other financial assets**

*Risk management objectives, policies and processes for managing the risk*

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

*Exposure to credit risk and credit quality*

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

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

The investments and other financial assets are unsecured.

**Inter-company balances**

*Risk management objectives, policies and processes for managing the risk*

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

*Exposure to credit risk and credit quality*

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

*Recognition and measurement of impairment loss*

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

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

**21. FINANCIAL INSTRUMENTS (CONT'D)**

**21.4 Credit risk (cont'd)**

**Inter-company balances (cont'd)**

*Recognition and measurement of impairment loss (cont'd)*

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

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' advances as at 31 December 2018.

<b>Company</b>	<b>Gross carrying amount RM</b>	<b>Impairment loss allowance RM</b>	<b>Net balance RM</b>
<b>2018</b>			
Credit impaired	5,919,914	(5,919,914)	-

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

<b>Company</b>	<b>2018 Lifetime ECL RM</b>
Balance at 1 January as per MFRS 139	5,711,574
Adjustment on initial application of MFRS 9	-
Balance at 1 January per MFRS 9	5,711,574
Net remeasurement of loss allowance	208,340
Balance at 31 December	5,919,914

**Cash and cash equivalents**

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

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

**21.5 Liquidity risk**

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

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

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

**21. FINANCIAL INSTRUMENTS (CONT'D)**

**21.5 Liquidity risk (cont'd)**

*Maturity analysis*

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

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Within 1 year RM
<b>2018 Group</b>				
<i>Non-derivative financial liabilities</i>				
Other payables	1,337,875	-	1,337,875	1,337,875
<b>Company</b>				
<i>Non-derivative financial liabilities</i>				
Other payables	894,103	-	894,103	894,103
<b>2017 Group</b>				
<i>Non-derivative financial liabilities</i>				
Other payables	1,717,611	-	1,717,611	1,717,611
<b>Company</b>				
<i>Non-derivative financial liabilities</i>				
Other payables	1,165,497	-	1,165,497	1,165,497

**21.6 Market risk**

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

**21.6.1 Currency risk**

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

*Exposure to foreign currency risk*

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and cash equivalents and deposits with licensed banks with original maturities more than 3 months held in:				
USD	20,594,983	17,482,492	20,590,843	17,478,193
HKD	25,262	47,931	25,262	47,931
SGD	21,286,950	18,431,074	21,286,950	18,431,074
<b>Exposure in the statements of financial position</b>	<b>41,907,195</b>	<b>35,961,497</b>	<b>41,903,055</b>	<b>35,957,198</b>

**21. FINANCIAL INSTRUMENTS (CONT'D)**

**21.6.1 Currency risk (cont'd)**

*Currency risk sensitivity analysis*

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

A 7.5% (2017: 7.5%) strengthening of the RM against the USD, HKD and SGD at the end of the reporting period would have decreased pre-tax profit by the amounts shown below. This analysis is based on foreign currency exchange rate variance that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant.

	Profit or loss			
	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
USD	(1,544,624)	(1,311,187)	(1,544,313)	(1,310,865)
HKD	(1,895)	(3,595)	(1,895)	(3,595)
SGD	(1,596,521)	(1,382,331)	(1,596,521)	(1,382,331)

A 7.5% (2017: 7.5%) weakening of RM against the USD, HKD and SGD at the end of the reporting period would have had equal but opposite effect on the USD, HKD and SGD to the amounts shown above, on the basis that all other variables remained constant.

**21.6.2 Interest rate risk**

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

Deposits are placed with licensed banks with varying maturity dates.

*Exposure to interest rate risk*

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Fixed rate instruments</b>				
Financial assets				
Deposits with licensed banks with original maturities:				
- more than 3 months	46,866,265	44,110,400	41,623,500	44,110,400
- 3 months or less	20,077,575	32,027,775	20,076,575	25,953,175
	<u>66,943,840</u>	<u>76,138,175</u>	<u>61,700,075</u>	<u>70,063,575</u>

**21. FINANCIAL INSTRUMENTS (CONT'D)**

**21.6 Market risk (cont'd)**

**21.6.2 Interest rate risk (cont'd)**

*Interest rate risk sensitivity analysis*

*Fair value sensitivity analysis for fixed rate instruments*

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

**21.6.3 Other price risk**

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

*Risk management objectives, policies and processes for managing the risk*

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

*Equity price risk sensitivity analysis*

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

A 10% (2017: 10%) strengthening in the abovementioned stock exchanges and financial markets at the end of the reporting period would result in the following impact to equity and profit or loss:

	2018		2017	
	Equity RM	Profit or loss RM	Equity RM	Profit or loss RM
<b>Group</b>				
Long term other investments	5,416,136	-	5,919,114	-
Short term other investments	6,419,117	6,419,117	4,858,049	4,858,049
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Company</b>				
Long term other investments	5,395,602	-	5,898,981	-
Short term other investments	6,419,117	6,419,117	4,858,049	4,858,049
	<hr/>	<hr/>	<hr/>	<hr/>

A 10% (2017: 10%) weakening in the abovementioned stock exchanges and financial markets would have had equal but opposite effect on equity and profit or loss respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**21. FINANCIAL INSTRUMENTS (CONT'D)**

**21.7 Fair value information**

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

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

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

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2018</b>								
<b>Group and Company</b>								
<b>Financial assets</b>								
Investments in quoted shares	115,903,580	-	-	-	-	-	115,903,580	115,903,580
<b>2017</b>								
<b>Group and Company</b>								
<b>Financial assets</b>								
Investments in quoted shares	104,871,217	-	-	-	-	-	104,871,217	104,871,217

**21. FINANCIAL INSTRUMENTS (CONT'D)**

**21.7 Fair value information (cont'd)**

**21.7.1 Fair value hierarchy**

**Policy on transfer between levels**

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

**Level 1 fair value**

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

**Level 2 fair value**

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

**Transfer between Level 1 and Level 2 fair values**

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2017: no transfer in either direction).

**Level 3 fair value**

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

**22. CAPITAL MANAGEMENT**

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

**23. CAPITAL COMMITMENTS**

	<b>Group and Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Investment in unquoted shares</b>		
Contracted but not provided for:	819,104	1,334,443



**24. RELATED PARTIES**

**Identity of related parties**

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

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

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

**Significant related party transactions**

Related party transactions have been entered into the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 14), are as follows:

	<b>Transactions value year ended</b>	
	<b>31 December</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Group and Company</b>		
<b>Associate</b>		
Sale of services	(195)	(496)
	<hr/>	<hr/>
<b>Company</b>		
<b>Subsidiaries</b>		
Rental income	(4,200)	(5,660)
	<hr/>	<hr/>

Balances with subsidiaries are as disclosed in Note 9.

**25. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES**

During the year, the Group and the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group and the Company generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives.

**25.1 Impacts on financial statements**

The application of MFRS 15 had no material impact on the Group and the Company.

The following tables summaries the impacts arising from the adoption of MFRS 9 on the Group's and the Company's financial statements.

**a. Statement of financial position**

<b>Group</b>	<b>31 December 2017 As previously reported RM</b>	<b>MFRS 9 Adjustments RM</b>	<b>1 January 2018 As restated RM</b>
Other investments	107,771,622	323,663	108,095,285
Trade and other receivables	1,262,877	-	1,262,877
Prepayments and other assets	123,017	-	123,017
Others	227,882,776	-	227,882,776
<b>Total assets</b>	<b>337,040,292</b>	<b>323,663</b>	<b>337,363,955</b>
Deferred tax liabilities	49,239	-	49,239
Others	1,885,402	-	1,885,402
<b>Total liabilities</b>	<b>1,934,641</b>	<b>-</b>	<b>1,934,641</b>
Retained earnings	77,659,012	2,569,464	80,228,476
Non-controlling interest	65,010	-	65,010
Others	257,381,629	(2,245,801)	255,135,828
<b>Total equity</b>	<b>335,105,651</b>	<b>323,663</b>	<b>335,429,314</b>
<b>Total equity and liabilities</b>	<b>337,040,292</b>	<b>323,663</b>	<b>337,363,955</b>

**25. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)****25.1 Impacts on financial statements (cont'd)****a. Statement of financial position (cont'd)**

Company	31 December 2017 As previously reported RM	MFRS 9 Adjustments RM	1 January 2018 As restated RM
Other investments	107,570,296	323,663	107,893,959
Trade and other receivables	876,520	-	876,520
Prepayments and other assets	94,618	-	94,618
Others	196,853,089	-	196,853,089
<b>Total assets</b>	<b>305,394,523</b>	<b>323,663</b>	<b>305,718,186</b>
Deferred tax liabilities	49,239	-	49,239
Others	1,326,826	-	1,326,826
<b>Total liabilities</b>	<b>1,376,065</b>	<b>-</b>	<b>1,376,065</b>
Retained earnings	70,456,624	2,569,464	73,026,088
Others	233,561,834	(2,245,801)	231,316,033
<b>Total equity</b>	<b>304,018,458</b>	<b>323,663</b>	<b>304,342,121</b>
<b>Total equity and liabilities</b>	<b>305,394,523</b>	<b>323,663</b>	<b>305,718,186</b>

**25.2 Accounting for financial instruments****a. Transition**

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

- (i) The Group and the Company have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement*.
- (ii) The following assessments have been made based on the facts and circumstances that existed at the date of initial application:
  - the determination of the business model within which a financial asset is held;
  - the designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
  - the designation of certain investments in equity instruments not held for trading as at FVOCI.
- (iii) Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivables is derecognised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

25.2 Accounting for financial instruments (cont'd)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

The following table shows the measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and financial liabilities as at 1 January 2018:

Category under MFRS 139 Group	1 January 2018				
	31.12.2017 RM	Remeasurement RM	Amortised cost ("AC") RM	Reclassification to new MFRS 9 category Fair value through profit or loss ("FVTPL") RM	Fair value through other comprehensive income ("FVOCI") – Equity instrument RM
<b>Financial assets</b>					
<b>Loans and receivables</b>					
Other investments	107,771,622	323,663	-	48,580,485	59,514,800
Receivables and deposits	45,427,976	-	45,427,976	-	-
Cash and cash equivalents	41,774,591	-	41,774,591	-	-
	194,974,189	323,663	87,202,567	48,580,485	59,514,800
<b>Company</b>					
<b>Financial assets</b>					
<b>Loans and receivables</b>					
Other investments	107,570,296	323,663	-	48,580,485	59,313,474
Receivables and deposits	45,020,439	-	45,020,439	-	-
Cash and cash equivalents	34,806,399	-	34,806,399	-	-
	187,397,134	323,663	79,826,838	48,580,485	59,313,474

25. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

25.2 Accounting for financial instruments (cont'd)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 (continued)

Category under MFRS 139	31.12.2017 RM	Remeasurement RM	1 January 2018 Reclassification to new MFRS 9 category Amortised cost ("AC") RM
<b>Group</b>			
<b>Financial liabilities</b>			
Other payables (excluding deferred income)	(1,717,611)	-	(1,717,611)
<b>Company</b>			
<b>Financial liabilities</b>			
Other payables (excluding deferred income)	(1,165,497)	-	(1,165,497)

(i) Reclassification from loans and receivables to amortised cost

Receivables and deposits that were classified as loans and receivables under MFRS 139 are now reclassified at amortised cost.

(ii) Reclassification from AFS to FVOCI

Investment in unquoted shares are investments that the Group intends to hold for long term strategic purposes. As permitted by MFRS 9, the Group has designated these investments as measured at FVOCI at the date of initial application.

## **STATEMENT BY DIRECTORS**

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

In the opinion of the Directors, the financial statements set out on pages 43 to 108 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 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 Directors:

**LIM CHAO LI**

Director

**CHANG MUN KEE**

Director

Kuala Lumpur

Date: 22 April 2019

## **STATUTORY DECLARATION**

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

I, **Gregory Charles Poarch**, the officer primarily responsible for the financial management of JcbNext Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 108 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Gregory Charles Poarch, NRIC: 651226-91-5027, at Kuala Lumpur in the Federal Territory on 22 April 2019.

**GREGORY CHARLES POARCH**

Before me:

Commissioner of Oaths

# INDEPENDENT AUDITORS' REPORT

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

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of JcbNext Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 43 to 108.

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

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

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

#### Investment in an associate

Refer to Note 2(a)(vi) – Significant accounting policies: "Associates" and Note 6 - Investments in associates.

#### The key audit matter

The Group owns 22.99% in 104 Corporation ("104C"), an associate listed on the Taiwan Stock Exchange. The Group's share of results from this associate for the year ended 31 December 2018 was RM8,684,067 and with carrying amounts of RM107,789,120. This associate has contributed approximately 318% and 33% to the Group's total comprehensive income and total assets respectively which are significant in the context of the consolidated financial statements.

## **Key Audit Matters (cont'd)**

### **Investment in an associate (cont'd)**

#### **The key audit matter (cont'd)**

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

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

#### **How the matter was addressed in our audit**

We performed the following audit procedures, among others:

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

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

## **Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.



## **Responsibilities of the Directors for the Financial Statements**

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

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

### **Other Matter**

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

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

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

Petaling Jaya, Selangor

Date: 22 April 2019

## LIST OF PROPERTIES

Location	Description	Existing Use	Age of Building (Years)	Built-Up Area (Sq m)	Tenure	Carrying Value as at 31.12.2018 (RM)	Date of Acquisition
Wisma JcbNext No. 27, Lorong Medan Tuanku 1, Off Jalan Sultan Ismail, 50300 Kuala Lumpur	8-storey office building with basement	Office	34	3,917	Freehold	19,000,000	6.12.2005
19, Jalan Sasa 3, Taman Gaya, 81800 Ulu Tiram, Johor Darul Takzim	2-storey shop office	Office	11	357	Freehold	388,000	19.5.2006

# ANALYSIS OF SHAREHOLDINGS

as at 1 April 2019

Total Number of Issued Shares	:	137,784,900.00*
Class of Share	:	Ordinary shares
Voting Right	:	One vote per ordinary share held

\* Inclusive of 614,200 treasury shares

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%#
Less than 100 shares	283	15.15	11,972	0.01
100 – 1,000 shares	617	33.03	349,405	0.25
1,001 – 10,000 shares	677	36.24	2,750,092	2.01
10,001 – 100,000 shares	217	11.62	7,489,388	5.46
100,001 to less than 5% of issued shares#	71	3.80	44,366,203	32.34
5% and above of issued shares	3	0.16	82,203,640	59.93
<b>Total</b>	<b>1,868</b>	<b>100.00</b>	<b>137,170,700</b>	<b>100.00</b>

# Excludes 614,200 ordinary shares bought back by the Company and held as treasury shares as at 1 April 2019

## SUBSTANTIAL SHAREHOLDERS

(As per register of substantial shareholders)

Name	No. of Shares Held			
	Direct	%#	Indirect	%#
Chang Mun Kee	70,229,494	51.20	4,705,000*	3.43
Wong Siew Hui	12,200,626	8.89	-	-

\* Registered in the name of HSBC Trustee (S) Ltd for Voyager Asset Limited, the trustee of a discretionary trust for estate planning purposes, the beneficiaries of which are members of Mr. Chang Mun Kee's family and himself.

# Excludes 614,200 ordinary shares bought back by the Company and held as treasury shares as at 1 April 2019

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

### DIRECTORS' SHAREHOLDINGS

(As per register of directors' shareholdings)

Name of Directors	No. of Shares Held			
	Direct	%#	Indirect	%#
Datuk Ali bin Abdul Kadir	740,000	0.54	42,000 *	0.03
Teo Koon Hong	-	-	-	-
Chang Mun Kee	70,229,494	51.20	4,705,000**	3.43
Lim Chao Li	500,000	0.36	-	-

Note : \* Deemed interested by virtue of Section 8(4) of the Companies Act 2016.

\*\* Registered in the name of HSBC Trustee (S) Ltd for Voyager Asset Limited, the trustee of a discretionary trust for estate planning purposes, the beneficiaries of which are members of Mr. Chang Mun Kee's family and himself.

# Excludes 614,200 ordinary shares bought back by the Company and held as treasury shares as at 1 April 2019

### 30 LARGEST SHAREHOLDERS

Name	No. of Shares Held	%
1. AMSEC Nominees (Tempatan) Sdn Bhd <i>Ambank (M) Berhad for Chang Mun Kee (5032-1101)</i>	57,082,864	41.61
2. HSBC Nominees (Tempatan) Sdn Bhd <i>BJB SG for Chang Mun Kee</i>	12,920,150	9.42
3. Wong Siew Hui	12,200,626	8.89
4. Citigroup Nominees (Asing) Sdn Bhd <i>PLL for Acacia Partners LP</i>	4,837,080	3.53
5. HSBC Nominees (Asing) Sdn Bhd <i>EXEMPT AN for the Hongkong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)</i>	4,705,000	3.43
6. Suresh A/L Thirugnanam	4,226,164	3.08
7. HSBC Nominees (Tempatan) Sdn Bhd <i>Exempt AN for Credit Suisse (SG BR-TST-TEMP)</i>	3,421,870	2.49
8. Citigroup Nominees (Asing) Sdn Bhd UBS AG	2,251,260	1.64
9. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN for Credit Suisse (SG BR-TST-ASING)</i>	1,997,700	1.46
10. Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Kuan Gin</i>	1,600,400	1.17
11. Lin Hai Moh @ Lin See Yan	1,380,000	1.01
12. Yeoh Liew Se	1,000,000	0.73

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

### 30 LARGEST SHAREHOLDERS (CONT'D)

Name	No. of Shares Held	%
13. Lee Sau Eng	915,600	0.67
14. Yap Swee Hang	830,000	0.61
15. Chua Leacy	800,000	0.58
16. Lim Gaik Bway @ Lim Chiew Ah	726,700	0.53
17. Ng Kay Ian	651,558	0.47
18. HLIB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Yap Swee Hang (CCTS)</i>	600,000	0.44
19. JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Gaik Bway @ Lim Chiew Ah (Margin)</i>	600,000	0.44
20. AmBank (M) Berhad <i>Pledged Securities Account for Ali bin Abdul Kadir (Smart)</i>	592,000	0.43
21. Affin Hwang Nominees (Asing) Sdn Bhd <i>Exempt AN for DBS Vickers Securities (Singapore) Pte Ltd (Clients)</i>	542,400	0.40
22. Yap Swee Hang	521,000	0.38
23. TMF Trustees Malaysia Berhad <i>JPOS Trust</i>	506,000	0.37
24. Lim Chao Li	500,000	0.36
25. Yeoh Phaik Seok	494,800	0.36
26. Lim Eng Hock	440,000	0.32
27. Tay Kok Choon	407,258	0.30
28. Yap Swee Hang	400,000	0.29
29. Yap Swee Hang	385,300	0.28
30. DB (Malaysia) Nominee Tempatan Sendirian Berhad <i>Exempt AN For Kumpulan Sentiasa Cemerlang Sdn Bhd</i>	373,900	0.27

# NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth (“15<sup>th</sup>”) Annual General Meeting (“AGM”) of JCBNEXT BERHAD (“JcbNext” or “the Company”) will be held and convened at Wilayah 1, 1<sup>st</sup> Floor, Prescott Hotel Kuala Lumpur – Medan Tuanku, 23 Lorong Medan Tuanku 1, Off Jalan Sultan Ismail, 50300 Kuala Lumpur on Thursday, 27 June 2019 at 2.00 p.m. to transact the following businesses:-

## 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.  
**(Please refer to Note 1 of the Explanatory Notes)**
2. To approve the payment of Final Dividend of 4.0 sen per ordinary share under single-tier system in respect of the financial year ended 31 December 2018  
**Ordinary Resolution 1**
3. To approve the Directors’ Fees up to an aggregate amount of RM262,000.00 for the financial year ending 31 December 2019 and Benefits Payable to Non-Executive Directors up to an aggregate amount of RM38,000.00 for the period from 1 January 2019 until the next AGM of the Company and the payment thereof.  
**Ordinary Resolution 2**
4. To re-elect Mr Teo Koon Hong who is retiring under Article 85 of the Articles of Association of the Company.  
**Ordinary Resolution 3**
5. To re-elect Mr Lim Chao Li who is retiring under Article 85 of the Articles of Association of the Company.  
**Ordinary Resolution 4**
6. To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.  
**Ordinary Resolution 5**

### As Special Business

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

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

“THAT pursuant to Section 76 of the Companies Act 2016 ( the “Act”), the Directors be and are hereby authorised to allot and issue shares in the Company at any time and from time to time until the conclusion of the next AGM of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) at the time of issue, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issue.”

**Ordinary Resolution 6**

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

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

- (i) the maximum aggregate number of ordinary shares in the Company ("JcbNext Shares") which may be purchased and/or held by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company, subject to the provisions of the Listing Requirements;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the JcbNext Shares under the Proposed Share Buy-Back shall not exceed the retained profits of the Company for the time being. Based on the audited financial statements of the Company for the financial year ended 31 December 2018, the audited retained profits of the Company stood at approximately RM75.10 million;
- (iii) the authority conferred by this resolution to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until:
  - a. the conclusion of the next AGM of the Company, following the general meeting at which this resolution was passed at which time it will lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions but not as to prejudice the completion of purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority;
  - b. the expiration of the period within which the next AGM after that date is required by law to be held; or
  - c. revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of JcbNext Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authority; and

upon the purchase(s) of JcbNext Shares by the Company, the Directors of the Company be and are hereby authorised to decide at their absolute discretion to either cancel any portion or all of JcbNext Shares so purchased or to retain JcbNext Shares so purchased as treasury shares, and to dealt with such treasury shares in the manner as set out in Section 127 of the Act and the Listing Requirements and any other relevant authority for the time being in force;

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



## NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING (CONT'D)

and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of the JcbNext Shares.”

### Ordinary Resolution 7

#### 9. Proposed Adoption of New Constitution of the Company

“THAT the existing Memorandum of Association and Articles of Association of the Company be and are hereby deleted in its entirety and that the new Constitution as set out in Part B of the Statement/Circular to the Shareholders dated 30 April 2019 be and is hereby adopted as the new Constitution of the Company.”

### Special Resolution

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

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS ALSO HEREBY GIVEN THAT**, subject to the approval of the shareholders at the 15th Annual General Meeting to be held on Thursday, 27 June 2019, a Final Dividend of 4.0 sen per ordinary share under single-tier system in respect of the financial year ended 31 December 2018 will be paid to shareholders on 25 July 2019. The entitlement date for the said dividend shall be on 8 July 2019.

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

- (a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 8 July 2019 in respect of the transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)  
CHOONG LEE WAH (MAICSA 7019418)  
Secretaries

Selangor Darul Ehsan  
Date: 30 April 2019

### NOTES :

1. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy, failing which the appointment shall be invalid. There shall be no restriction as to the qualification of the proxy.
2. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
3. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer of attorney duly authorised.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Company's Share Registrar Office at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya,

## NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING (CONT'D)

Selangor Darul Ehsan, not less than forty-eight hours (48) hours before the time for holding the meeting or any adjournment thereof.

5. In respect of deposited securities, only members whose names appear on the record of Depositors on 20 June 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend, participate, speak and/or vote on his/her behalf.
6. Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all the resolutions set out in the Notice of the 15<sup>th</sup> AGM will be put to vote by way of poll.

### EXPLANATORY NOTES

#### 1. To receive the Audited Financial Statements

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

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

The amount of Directors' Fees payable include fees payable to Directors as members of the Board and Board Committees. The amount of Benefits Payable to Non-Executive Directors comprise meeting allowances only. Other than the Directors' Fees and Benefits Payable from the Company, the Non-Executive Directors do not receive any Directors' Fees or Benefits Payable from any of the subsidiaries within JcbNext Group.

In the event that the proposed Directors' Fees and Benefits Payable during the above period exceed the estimated amount sought at the 15<sup>th</sup> AGM, approval will be sought at the next AGM for additional Directors' Fees and Benefits Payable to meet the shortfall.

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

The Company had, during its Fourteenth AGM held on 28 May 2018, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Act. As at the date of this notice, the Company has not issued any shares pursuant to that mandate.

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

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

#### 4. Ordinary Resolution 7 - Proposed Share Buy-Back

The proposed Ordinary Resolution 7, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of JcbNext Shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company following the 15<sup>th</sup> AGM is required by law to be held.

## NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING (CONT'D)

Further information on the Proposed Share Buy-Back is set out in Part A of the Statement/Circular to Shareholders dated 30 April 2019 which was despatched together with this Annual Report.

### 5. Special Resolution - Proposed Adoption of New Constitution of the Company

The proposed Special Resolution, if passed, will align the Constitution of the Company with the Act, the Listing Requirements of Bursa Securities, and prevailing statutory and regulatory requirements as well as to render clarity and consistency throughout.

Details of which is set out in Part B of the Statement/Circular to Shareholders dated 30 April 2019.

#### **Personal data privacy:**

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

# PROXY FORM

**JCBNEXT BERHAD**  
**(Company No. 641378-W)**  
**(Incorporated in Malaysia)**

No. of Shares	
CDS Account No.	

I/We, ..... (NRIC No. / Company No.: .....)

of .....

being a member of JCBNEXT BERHAD, hereby appoint .....

of .....

or failing him/her, .....

of .....

or failing him/her, \*the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at Wilayah 1, 1<sup>st</sup> Floor, Prescott Hotel Kuala Lumpur – Medan Tuanku, 23 Lorong Medan Tuanku 1, Off Jalan Sultan Ismail, 50300 Kuala Lumpur on Thursday, 27 June 2019 at 2.00 p.m. and at any adjournment thereof in respect of my/our shareholding in the manner indicated below:-

\* Please delete the words "Chairman of the Meeting" if you wish to appoint some other person to be your proxy.

No.	Resolution	For	Against
Ordinary Resolution 1	Approval of the payment of Final Dividend of 4.0 sen per ordinary share under single-tier system in respect of the financial year ended 31 December 2018		
Ordinary Resolution 2	Approval of Directors' Fees for the financial year ending 31 December 2019 and Benefits Payable to the Non-Executive Directors for the period from 1 January 2019 until the next AGM of the Company.		
Ordinary Resolution 3	Re-election of Mr Teo Koon Hong as Director pursuant to the Article 85 of the Articles of Association of the Company.		
Ordinary Resolution 4	Re-election of Mr Lim Chao Li as Director pursuant to the Article 85 of the Articles of Association of the Company.		
Ordinary Resolution 5	Re-appointment of Messrs KPMG PLT as Auditors.		
Ordinary Resolution 6	Proposed Renewal of Authority for the Directors to allot and issue shares pursuant to Section 76 of the Companies Act 2016.		
Ordinary Resolution 7	Proposed Renewal of Authority for the Company to Purchase its Own Ordinary Shares		
Special Resolution	Proposed Adoption of New Constitution of the Company		

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

Dated this ..... day of ..... 2019.

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

1 <sup>st</sup> proxy	%
2 <sup>nd</sup> proxy	%
TOTAL	<u>100</u> %

.....  
 Signature/Common Seal of Shareholder

**NOTES :**

1. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy, failing which the appointment shall be invalid. There shall be no restriction as to the qualification of the proxy.
2. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
3. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer of attorney duly authorised.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Company's Share Registrar Office at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
5. In respect of deposited securities, only members whose names appear on the record of Depositors on 20 June 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.
6. Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities, all the resolutions set out in the Notice of the 15th AGM will be put to vote by way of poll.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 30 April 2019.



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The Share Registrar  
**JCBNEXT BERHAD**  
(Company No.: 641378-W)  
c/o Boardroom Share Registrars Sdn Bhd  
(formerly known as Symphony Share Registrars Sdn Bhd)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

AFFIX  
STAMP

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