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

### 4.2 BASIS OF CONSOLIDATION (CONT'D)

**(b) Non-controlling Interests**

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

**(c) Changes in Ownership Interests in Subsidiaries Without Change of Control**

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

**(d) Loss of Control**

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

### 4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the equity-accounted associates.

### 4.4 FUNCTIONAL AND FOREIGN CURRENCIES

**(a) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand unless otherwise stated.

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

### 4.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

**(b) Foreign Currency Transactions and Balances**

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

**(c) Foreign Operations**

Assets and liabilities of foreign operations are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period except for those business combinations that occurred before the date of transition (1 January 2012) which are treated as assets and liabilities of the Company and are not retranslated.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

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

### 4.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

#### (c) Foreign Operations (Cont'd)

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

### 4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

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

### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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

### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Assets (Cont'd)

(iii) Loans and Receivables Financial Assets (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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

### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprised financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

(ii) Other Financial Liabilities

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### (c) Equity Instruments

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

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

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

### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

**(c) Equity Instruments (Cont'd)**

(ii) Treasury Shares (Cont'd)

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares in recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

**(d) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**(e) Financial Guarantee Contracts**

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

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

### 4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

### 4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the associate made up to 31 December 2017. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate into profit or loss when the equity method is discontinued.

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

### 4.8 PLANT AND EQUIPMENT

All items of plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all plant and equipment, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation on other plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

| | |
|---|---|
| Motor vehicles | 20% |
| Plant and machinery | 25% - 33% |
| Office equipment | 10% - 20% |
| Furniture and fittings | 10% - 20% |
| Computer equipment | 17% - 33% |
| Renovation | 10% - 50% |
| Computer software | 20% - 33% |

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

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

### 4.9 INTANGIBLE ASSETS

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

### 4.10 INTELLECTUAL PROPERTY

The intellectual property consists of the acquisition cost of the exclusive rights of a suite of software modules, including the trademarks, copyright, source codes and associated documentation. The acquisition cost is capitalised as an intangible asset as it is able to generate future economic benefits to the Group.

The intellectual property is amortised on a straight-line basis over the period of 10 years during which its economic benefits are expected to be consumed.

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

### 4.11 RESEARCH AND DEVELOPMENT EXPENDITURE

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

(a) its ability to measure reliably the expenditure attributable to the asset under development;
(b) the product or process is technically and commercially feasible;
(c) its future economic benefits are probable;
(d) its intention to complete and the ability to use or sell the developed asset; and
(e) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over period of 3 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

### 4.12 IMPAIRMENT

#### (a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss, investments in subsidiaries and investments in associates), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is 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. Such impairment losses are not reversed in subsequent periods.

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

### 4.12 IMPAIRMENT (CONT'D)

**(b) Impairment of Non-financial Assets**

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 4.13 LEASED ASSETS

**(a) Finance Assets**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

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

### 4.13 LEASED ASSETS (CONT'D)

**(a) Finance Assets (Cont'd)**

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

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

**(b) Operating Lease**

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group.

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

### 4.14 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

During the financial year, the Group changed the cost formula used for inventories from weighted average cost method to first-in, first-out cost method. The effect of the change in cost method has no significant effect on the financial results of the Group for the current financial year.

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

### 4.15 INCOME TAXES

#### (a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

#### (b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

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

### 4.15 INCOME TAXES (CONT'D)

#### (c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

### 4.16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

### 4.17 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

### 4.18 EMPLOYEE BENEFITS

#### (a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss and included in the development costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

#### (b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the development costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

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

### 4.19 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

### 4.20 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical asset or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

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

### 4.21 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable, net of returns, cash and trade discounts.

**(a) Sale of Goods**

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

**(b) Services**

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

**(c) Interest Income**

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

**(d) Dividend Income**

Dividend income from investment is recognised when the right to receive dividend payment is established.

### 4.22 OPERATING SEGMENTS

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

### 4.23 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

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

### 4.24 EARNINGS PER ORDINARY SHARE

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

## 5. INVESTMENTS IN SUBSIDIARIES

| | The Company | |
|---|---|---|
| | **2017** RM'000 | **2016** RM'000 |
| Unquoted shares, at cost | | |
| - in Malaysia | 49,003 | 49,003 |
| - outside Malaysia | 64,001 | 64,055 |
| | 113,004 | 113,058 |
| Accumulated impairment losses:- | | |
| At 1 January | (73,366) | (59,382) |
| Addition during the financial year | (610) | (13,984) |
| Reversal of impairment loss | 54 | - |
| At 31 December | (73,922) | (73,366) |
| | 39,082 | 39,692 |

## 5. INVESTMENTS IN SUBSIDIARIES (CONT"D)

The details of the subsidiaries are as follows:-

| Name of Subsidiary | Principal Place of Business/ Country of Incorporation | Percentage of Issued Share Capital Held by Parent 2017 % | 2016 % | Principal Activities |
|---|---|---|---|---|
| Green Packet (Shanghai) Ltd. * | The People's Republic of China | 100 | 100 | Research, development, marketing and distribution of wireless networking and telecommunications products and solutions. |
| Green Packet (Australia) Pty. Ltd. ("GPA") ^ | Australia | 100 | 100 | Marketing of wireless broadband equipment, systems and solutions. |
| Green Packet International Sdn. Bhd. ("GPISB") | Malaysia | 100 | 100 | Providing shared service function including finance, human resources, IT, administrative and others. |
| Packet One Sdn. Bhd. ("POSB") | Malaysia | 100 | 100 | Investment holding. |
| First Wireless Sdn. Bhd. ("FWSB") | Malaysia | 70 | 70 | Development and marketing of wireless broadband equipment, systems and solutions. |

## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

| Name of Subsidiary | Principal Place of Business/ Country of Incorporation | Percentage of Issued Share Capital Held by Parent 2017 % | 2016 % | Principal Activities |
|---|---|---|---|---|
| Next Telecommunications Sdn. Bhd. ("NTSB") | Malaysia | 100 | 100 | Provision of total communication services, solutions and products. |
| Next Global Technology Sdn. Bhd. ("NGTSB") ^^ (In Member's Voluntary Winding-up) | Malaysia | - | 100 | Research and development of total value added data network and communication services. |
| Packet Interactive Sdn. Bhd. ("PISB") | Malaysia | 100 | 100 | Provision of total contents and value added services. |
| Green Packet Networks S.P.C ("GPNSPC") @© | Kingdom of Bahrain | 100 | 100 | Supply and management of telecommunications network equipment. |
| Green Packet Networks (Taiwan) Pte. Ltd. ("GPNTPL") * | Taiwan | 100 | 100 | Marketing and distribution of wireless networking and telecommunications products, networking solutions and other high technology products and services. |
| NGT Networks Pte. Ltd @# | The Republic of Singapore | 100 | 100 | Provision of international voice traffic. |

## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

| Name of Subsidiary | Principal Place of Business/ Country of Incorporation | Percentage of Issued Share Capital Held by Parent 2017 % | 2016 % | Principal Activities |
|---|---|---|---|---|
| Vivohub Mobile Pte. Ltd ("VMPL") @# | The Republic of Singapore | 60 | - | Mobile cellular and other wireless telecommunications network operation; and Retail sale of handphones and other telecommunications apparatus. |
| Worldline Enterprise Sdn. Bhd. ("WESB") | Malaysia | 100 | 100 | Letting and management of properties and property investment. |
| Green Packet (S) Pte Ltd ("GPS") @ | The Republic of Singapore | 100 | 100 | Provision of wireless networking, telecommunication products, networking solutions and activities relating to high technology products and services. |
| Inova Venture Pte. Ltd. ("IVPL") ^^ (In Members' Voluntary Winding-up) | The Republic of Singapore | - | 71 | Provision of support services to telecommunication industry, general importers and exporters. |
| Enrich Bonus Sdn. Bhd. ("EBSB") | Malaysia | 100 | 100 | Dormant. |
| Kiple Sdn. Bhd. ("KSB") & | Malaysia | 100 | 100 | Provision of internet portal services, e-commerce and other web related business. |
| Kiple Media Sdn. Bhd. | Malaysia | 100 | - | Business of the media service provider |

## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

| Name of Subsidiary | Principal Place of Business/ Country of Incorporation | Percentage of Issued Share Capital Held by Parent 2017 % | 2016 % | Principal Activities |
|---|---|---|---|---|
| Webonline Dot Com Sdn. Bhd ("WDCSB") * & | Malaysia | 80 | - | Provision of internet portal services, e-commerce and other web related business. |
| Mobiduu Solutions Sdn. Bhd. ("MSSB") & | Malaysia | 100 | - | Mobile application development. |

* *These subsidiaries were audited by other firms of chartered accountants.*
@ *These subsidiaries were audited by member firms of Crowe Horwath International of which Crowe Horwath is a member.*
© *The auditors' report on the financial statements of the subsidiary contained an emphasis of matter on the preparation of financial statements on a going concern basis.*
# *Held through NTSB*
^ *The subsidiary is under member's voluntary liquidation.*
^^ *The subsidiaries had been liquidated during the current financial year.*
~ *There is no audit carried out on the subsidiary for the financial year as it was incorporated on 7 September 2017.*
& *Held through PISB*

(a) During the financial year,

(i) the Company acquired 100% equity interests in Kiple Media Sdn. Bhd. for a cash consideration of RM2;

(ii) PISB acquired 80% equity interests in WDCSB for a cash consideration of RM9,000,000;

(iii) PISB acquired 100% equity interests in MSSB for a cash consideration of RM4,000,000; and

(iv) NTSB acquired 60% equity interests in VMPL for a cash consideration of SGD 60,000 (approximately RM189,000).

(b) During the financial year, the Company carried out a review of the recoverable amounts of its investments in certain subsidiaries that have been persistently making losses. A total impairment loss of RM 610,000 (2016 – RM 13,984,000), representing the write-down of the investments to their recoverable amounts, was recognised in "Other Expenses" line item of the statement of profit or loss and other comprehensive income.

These investments in subsidiaries belonged to the Group's 'Solutions' reportable segment.

## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) During the financial year, the Company completed its member's voluntary winding-up for Inova Venture Pte Ltd and Next Global Technology Sdn Bhd. The winding-up has no significant effect on the financial results of the Group for the current financial year and the financial position of the Group as at the end of the current reporting period.

(d) The summarised financial information of non-controlling interests has not been presented as the non-controlling interests of the subsidiaries are not individually material to the Group.

## 6. INVESTMENTS IN ASSOCIATES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Quoted shares, at cost | 35,037 | 18,250 | 35,037 | 18,250 |
| Unquoted shares, at cost | 6,460 | - | - | - |
| Share of post-acquisition losses | (3,398) | (778) | - | - |
| | 38,099 | 17,472 | 35,037 | 18,250 |

| | The Group/The Company | |
|---|---|---|
| | 2017 | 2016 |
| | RM'000 | RM'000 |
| Market value of quoted shares in Malaysia | 108,240 | 35,090 |

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

The details of the associates are as follows:-

| Name of Associate | Principal Place of Business | Effective Equity Interest 2017 % | Effective Equity Interest 2016 % | Principal Activities |
|---|---|---|---|---|
| G3 Global Berhad ("G3") * (formerly known as Yen Global Berhad) | Malaysia | 32 | 22 | Investment holding. |
| Shenzhen Memo Technology Co. Ltd. ("SMTCL") * @ | The People' Republic of China | 20 | - | Research and development and sales of software, techinical development and sales of electronic products, import and export of domestic trading, goods and technologies. |

* *These associates were audited by other firms of chartered accountants.*
@ *Held through WESB*

(a) During the financial year, the Company subscribed in full for its rights entitlement under the proposed rights issue undertaken by G3 for a total consideration of RM12.10 million. Subsequently, the Company acquired an additional 10% equity interests in G3 for a cash consideration of RM12.375 million. Following the completion of the acquisition, the equity interest of the Company in G3 increased from 22% to 32%.

(b) During the financial year, WESB acquired 20% equity interest in SMTCL for a total purchase consideration of RMB10 million (approximately RM6.4 million).

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

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

| | G3 Group | |
|---|---|---|
| | **2017** | **2016** |
| | RM'000 | RM'000 |
| At 31 December | | |
| Non-current assets | 2,943 | 16,480 |
| Current assets | 76,802 | 27,124 |
| Non-current liabilities | - | (3,618) |
| Current liabilities | (13,273) | (18,630) |
| Net Assets | 66,472 | 21,356 |
| 12 month/5 month period ended 31 December | | |
| Revenue | 21,220 | 9,818 |
| Loss for the financial year/period | (9,263) | (3,535) |
| Total comprehensive expenses | (9,263) | (3,535) |
| Group's share of loss for the financial year/period | (2,564) | (778) |
| Reconciliation of Net Assets to Carrying Amount | | |
| Group's share of net assets above | 21,271 | 4,698 |
| Goodwill | 18,013 | 12,774 |
| Adjustment on measurement of rights shares with warrants | (7,588) | - |
| Carrying amount of the Group's interests in this associate | 31,696 | 17,472 |

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

| | SMTCL 2017 RM'000 |
|---|---|
| At 31 December 2017 | |
| Current assets | 26,947 |
| Current liabilities | (22,156) |
| Net Assets | 4,791 |
| 12 months period ended 31 December 2017 | |
| Revenue | 12,916 |
| Loss for the financial period | (283) |
| Group's share of loss for the financial period | (56) |
| Reconciliation of Net Assets to Carrying Amount | |
| Group's share of net assets above | 958 |
| Goodwill | 5,445 |
| Carrying amount of the Group's interests in this associate | 6,403 |

**GREEN PACKET BERHAD**
(Incorporated in Malaysia)
Company No: 534942 - H

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

## 7. PLANT AND EQUIPMENT

| The Group | At 1.1.2017 RM'000 | Acquisition of subsidiaries RM'000 | Additions RM'000 | Written Off RM'000 | Depreciation Charge RM'000 | Effect of Foreign Translation Difference RM'000 | At 31.12.2017 RM'000 |
|---|---|---|---|---|---|---|---|
| **2017** | | | | | | | |
| *Carrying amount* | | | | | | | |
| Motor vehicles | 560 | - | - | - | (139) | - | 421 |
| Plant and machinery | 787 | 655 | 1,898 | - | (1,025) | (4) | 2,311 |
| Office equipment | 80 | 35 | 108 | (11) | (43) | (2) | 167 |
| Furniture and fittings | 29 | 19 | 65 | - | (18) | (2) | 93 |
| Computer equipment | 367 | 847 | 968 | (16) | (614) | (13) | 1,539 |
| Renovation | 1,009 | 30 | 137 | (55) | (222) | (64) | 835 |
| Computer software | 1,899 | - | 361 | - | (865) | (135) | 1,260 |
| | 4,731 | 1,586 | 3,537 | (82) | (2,926) | (220) | 6,626 |

*# - Amount less than RM1,000*

## 7. PLANT AND EQUIPMENT (CONT'D)

| The Group | At 1.1.2016 RM'000 | Additions RM'000 | Disposals/ Written Off RM'000 | Depreciation Charge RM'000 | Effect of Foreign Translation Difference RM'000 | At 31.12.2016 RM'000 |
|---|---|---|---|---|---|---|
| **2016** | | | | | | |
| *Carrying Amount* | | | | | | |
| Motor vehicles | 46 | 617 | # | (103) | - | 560 |
| Plant and machinery | 261 | 572 | - | (78) | 32 | 787 |
| Office equipment | 59 | 49 | - | (30) | 2 | 80 |
| Furniture and fittings | 10 | 21 | - | (4) | 2 | 29 |
| Computer equipment | 429 | 158 | - | (226) | 6 | 367 |
| Renovation | 363 | 759 | - | (123) | 10 | 1,009 |
| Computer software | 2,286 | 420 | - | (869) | 62 | 1,899 |
| | 3,454 | 2,596 | # | (1,433) | 114 | 4,731 |

*# - Amount less than RM1,000*

## 7. PLANT AND EQUIPMENT (CONT'D)

| The Group | At Cost RM'000 | Accumulated Depreciation RM'000 | Net Book Value RM'000 |
|---|---|---|---|
| **2017** | | | |
| Motor vehicles | 773 | (352) | 421 |
| Plant and machinery | 7,758 | (5,447) | 2,311 |
| Office equipment | 865 | (698) | 167 |
| Furniture and fittings | 784 | (691) | 93 |
| Computer equipment | 5,255 | (3,716) | 1,539 |
| Renovation | 7,259 | (6,424) | 835 |
| Computer software | 8,225 | (6,965) | 1,260 |
| | 30,919 | (24,293) | 6,626 |

| The Group | At Cost RM'000 | Accumulated Depreciation RM'000 | Net Book Value RM'000 |
|---|---|---|---|
| **2016** | | | |
| Motor vehicles | 773 | (213) | 560 |
| Plant and machinery | 2,637 | (1,850) | 787 |
| Office equipment | 730 | (650) | 80 |
| Furniture and fittings | 677 | (648) | 29 |
| Computer equipment | 2,342 | (1,975) | 367 |
| Renovation | 7,190 | (6,181) | 1,009 |
| Computer software | 8,598 | (6,699) | 1,899 |
| | 22,947 | (18,216) | 4,731 |

## 7. PLANT AND EQUIPMENT (CONT'D)

| The Company | At 1.1.2017 RM'000 | Additions RM'000 | Written Off RM'000 | Depreciation Charge RM'000 | Effect of Foreign Translation Difference RM'000 | At 31.12.2017 RM'000 |
|---|---|---|---|---|---|---|
| *Net Book Value* | | | | | | |
| Motor vehicles | 560 | - | - | (139) | - | 421 |
| Plant and machinery | 469 | 12 | - | (88) | (3) | 390 |
| Office equipment | 30 | 69 | - | (21) | (1) | 77 |
| Furniture and fittings | 3 | 64 | - | (8) | - | 59 |
| Computer equipment | 60 | - | - | (49) | - | 11 |
| Renovation | 716 | 138 | (44) | (131) | (39) | 640 |
| Computer software | 86 | 49 | - | (54) | (2) | 79 |
| | 1,924 | 332 | (44) | (490) | (45) | 1,677 |

| The Company | At 1.1.2016 RM'000 | Additions RM'000 | Written Off RM'000 | Depreciation Charge RM'000 | Effect of Foreign Translation Difference RM'000 | At 31.12.2016 RM'000 |
|---|---|---|---|---|---|---|
| *Net Book Value* | | | | | | |
| Motor vehicles | 46 | 617 | # | (103) | - | 560 |
| Plant and machinery | 261 | 245 | - | (69) | 32 | 469 |
| Office equipment | 30 | 16 | - | (18) | 2 | 30 |
| Furniture and fittings | 2 | 2 | - | (1) | - | 3 |
| Computer equipment | 108 | - | - | (48) | - | 60 |
| Renovation | - | 754 | - | (38) | - | 716 |
| Computer software | 128 | 22 | - | (64) | # | 86 |
| | 575 | 1,656 | # | (341) | 34 | 1,924 |

# - Amount less than RM1,000

## 7. PLANT AND EQUIPMENT (CONT'D)

| The Company | At Cost RM'000 | Accumulated Depreciation RM'000 | Net Book Value RM'000 |
|---|---|---|---|
| **2017** | | | |
| Motor vehicles | 773 | (352) | 421 |
| Plant and machinery | 2,297 | (1,907) | 390 |
| Office equipment | 601 | (524) | 77 |
| Furniture and fittings | 707 | (648) | 59 |
| Computer equipment | 1,515 | (1,504) | 11 |
| Renovation | 6,717 | (6,077) | 640 |
| Computer software | 1,117 | (1,038) | 79 |
| | 13,727 | (12,050) | 1,677 |
| **2016** | | | |
| Motor vehicles | 773 | (213) | 560 |
| Plant and machinery | 2,309 | (1,840) | 469 |
| Office equipment | 536 | (506) | 30 |
| Furniture and fittings | 643 | (640) | 3 |
| Computer equipment | 1,515 | (1,455) | 60 |
| Renovation | 6,622 | (5,906) | 716 |
| Computer software | 1,068 | (982) | 86 |
| | 13,466 | (11,542) | 1,924 |

Included in plant and equipment of the Group and of the Company are the following assets held under hire purchase terms:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Motor vehicles | 421 | 560 | 421 | 560 |

## 8. OTHER INVESTMENTS

| | Note | The Group 2017 RM'000 | The Group 2016 RM'000 | The Company 2017 RM'000 | The Company 2016 RM'000 |
|---|---|---|---|---|---|
| Unquoted shares, at cost | (a) | 18,628 | 18,628 | 18,628 | 18,628 |
| Unquoted shares, at fair value | (b) | 172,031 | 172,031 | - | - |
| Convertible unsecured medium term notes, at fair value | (c) | 37,455 | 37,455 | - | - |
| Club membership | (d) | 137 | 137 | 137 | 137 |
| Quoted warrant, at fair value | | 57,998 | - | 57,998 | - |
| | | 286,249 | 228,251 | 76,763 | 18,765 |
| Impairment loss:- | | | | | |
| At the end of the financial year | | (18,628) | (18,628) | (18,628) | (18,628) |
| | | 267,621 | 209,623 | 58,135 | 137 |

(a) The unquoted shares, at cost, of the Group relate to investments of 3.0million Series B preferred stock of USD0.67 each, 2.0million Series C preferred stock of USD1.00 each, 200,000 Series D preferred stock of USD1.00 each and 1,815,736 Series E preferred stock of USD1.00 each in IWICS Inc., a company incorporated in the United States of America. The Group has recognised full impairment on these investments as the directors are of the opinion that the expected future return of these investments is uncertain.

## 8. OTHER INVESTMENTS (CONT'D)

(b) The unquoted shares, at fair value, are in respect of the investment in WEBE. The investment is designated as available-for-sale financial assets and measured at fair value. The unquoted shares were pledged to Mobikom Sdn Bhd ("Mobikom"), a wholly-owned subsidiary of Telekom Malaysia Berhad ("TM"), for the borrowing disclosed in Note 25 to the financial statements. The unquoted shares at fair value are analysed into level 3 fair value measurement.

The level 3 fair value of the investment has been determined using discounted cash flow approach approved by management based on the following significant unobservable inputs:-

| | | | Relationship Of Unobservable Inputs To Fair Value | Sensitivity Analysis (Assume All Other Variables Held Constant) |
|---|---|---|---|---|
| (i) | Average revenue growth rates of 34% (2016 – 42%) | Based on the management's experience and knowledge of market conditions of the specific industries. | The higher the revenue, the higher the fair value. | A 1% higher/lower in revenue would have resulted in an increase/decrease in the fair value by RM16,993,000 (2016 – RM29,960,000) |
| (ii) | Average Pre-tax operating profit margins of 23% (2016 – 19%) | Taking into account management's experience and knowledge of market conditions of the specific industries. | The higher the pre-tax operating profit, the higher the fair value. | A 1% higher/lower in pre-tax operating profit would have resulted in an increase/decrease in the fair value by RM5,810,000 (2016 – RM29,960,000). |
| (iii) | Discount rate of 17.36% (2016 - 14.91% | Determined using a Capital Asset Pricing Model | The higher the discount rate, the lower the fair value. | A 1% higher/lower in discount rate would have resulted in a decrease/increase in the fair value by RM34,776,000 (2016 - RM37,150,000. |

Management believes that no reasonable change in the above key assumptions would cause the carrying amount of this investment to exceed its recoverable amounts.

## 8. OTHER INVESTMENTS (CONT'D)

(c) The subscription of 8 years convertible unsecured medium term notes ("CMTN") issued by WEBE is designated as available-for-sale financial assets and measured at fair value. CMTN comprises two elements, a straight bond and a conversion option. The fair value of the straight bond element is estimated using a present value calculation, discounted at the rate of interest that would apply to an identical financial instrument without any derivatives. The fair value of the conversion option is estimated using the Binomial Option Pricing Model.

The CMTNs bore a 1% coupon rate per annum. The CMTNs were pledged to Mobikom for the borrowing disclosed in Note 25 to the financial statements.

The CMTN shall be convertible into new ordinary shares of WEBE during the period commencing from (and including) the third anniversary date of issue of the CMTN and ending on the Maturity Date (inclusive) or if the CMTN shall have been called for redemption before the Maturity Date, then up to the close of business on a date which is no later than seven Business Days prior to the date fixed for redemption thereof.

(d) These investments are designated as available-for-sale financial assets and are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of these investments.

## 9. GOODWILL

| | The Group | |
|---|---|---|
| | **2017** | **2016** |
| Cost :- | RM'000 | RM'000 |
| At 1 January | 16,282 | 16,282 |
| Acquisition of subsidiaries (Note 33) | 2,481 | - |
| At 31 December | 18,763 | 16,282 |
| Accumulated impairment losses:- | | |
| At 1 January | (16,282) | (10,483) |
| Addition during the year | - | (5,799) |
| At 31 December | (16,282) | (16,282) |
| | 2,481 | - |

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

| | The Group | |
|---|---|---|
| | **2017** | **2016** |
| | RM'000 | RM'000 |
| Digital services | 2,481 | - |

## 9. GOODWILL (CONT'D)

(b) In the previous financial year, an impairment loss of RM5,799,000 was recognised on Solutions Group in the statements of profit or loss and other comprehensive income under the "other expenses" line item as the subsidiary incurred losses for a number of financial years and there are presently no viable business plan to improve the performance of the subsidiary substantially.

The Group has assessed the recoverable amounts of goodwill allocated and determined that no additional impairment is required. The recoverable amounts of the cash-generating units are determined using the value-in-use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the financial projections approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts were as follows:-

| | Gross Margin | | Growth Rate | | Discount Rate | |
|---|---|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** |
| Digital services | 40% - 95% | - | 70% - 80% | - | 11% | - |

| | |
|---|---|
| (a) Budgeted gross margin | The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements and cost saving measures. |
| (b) Growth rate | The growth rates used are based on the expected projection of digital services. |
| (c) Discount rate | The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. |
| (d) Terminal value | There is no growth rate in perpetuity to arrive at terminal value. |

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

The directors believe that there is no reasonable change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

## 10. DEVELOPMENT COSTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cost:- | | | | |
| At 1 January | 22,031 | 21,868 | 15,785 | 16,274 |
| Additions during the financial year | 7,918 | 652 | 4,675 | - |
| Transfer from subsidiary – PISB | - | - | 1,577 | - |
| | 29,949 | 22,520 | 22,037 | 16,274 |
| Government grants | - | (489) | - | (489) |
| | 29,949 | 22,031 | 22,037 | 15,785 |
| Accumulated amortisation:- | | | | |
| At 1 January | (16,779) | (15,767) | (13,069) | (12,057) |
| Amortisation charge | (36) | (1,012) | - | (1,012) |
| At 31 December | (16,815) | (16,779) | (13,069) | (13,069) |
| Accumulated impairment losses:- | | | | |
| At 1 January | (4,600) | - | (2,716) | - |
| Impairment during the financial year | - | (4,600) | - | (2,716) |
| At 31 December | (4,600) | (4,600) | (2,716) | (2,716) |
| | 8,534 | 652 | 6,252 | - |

The development costs are in respect of the development of new modems, Internet of Things devices and digital service platform. Their amortisation charges and impairment loss are recognised in statements of profit or loss and other comprehensive income under the "other expenses" line item.

## 10. DEVELOPMENT COSTS (CONT'D)

The reportable segment for the development costs are as follows:-

| | The Group 2017 RM'000 | The Group 2016 RM'000 |
|---|---|---|
| Solution group | 6,019 | 652 |
| Communication services | 386 | - |
| Digital services | 2,129 | - |
| | 8,534 | 652 |

## 11. OTHER INTANGIBLE ASSETS

| The Group | Intellectual Property RM'000 | Software RM'000 | Licence RM'000 | Trademark and Patents RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Cost:-** | | | | | |
| At 31.12.2016/1.1.2017 | 26,805 | - | - | - | 26,805 |
| Acquisition of subsidiaries (Note 33) | - | 3,988 | 5,951 | 88 | 10,027 |
| At 31.12.2017 | 26,805 | 3,988 | 5,951 | 88 | 36,832 |
| **Amortisation:-** | | | | | |
| At 31.12.2016/1.1.2017 | 25,915 | - | - | - | 25,915 |
| Acquisition of subsidiaries (Note 33) | - | - | - | 70 | 70 |
| Addition during the financial year | - | - | - | 16 | 16 |
| At 31.12.2017 | 25,915 | - | - | 86 | 26,001 |
| **Impairment losses:-** | | | | | |
| At 31.12.2016/31.12.2017 | 890 | - | - | - | 890 |
| **Carrying amounts** | | | | | |
| At 31.12.2016 | - | - | - | - | - |
| At 31.12.2017 | - | 3,988 | 5,951 | 2 | 9,941 |

## 11. OTHER INTANGIBLE ASSETS (CON'TD)

(a) In the previous financial year, the intellectual property comprises the purchase price of the GP Base Software and is related to the Group's Solution reportable segment. The amortisation charges and impairment loss are recognised in statement of profit or loss and other comprehensive income under the "Other Expenses" line item.

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

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

The Group assessed the recoverable amount of the licence and determined that no impairment is required. The recoverable amounts of the cash-generating units are determined using the value-in-use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the financial projections approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts were as follows:-

| | Gross Margin | | Growth Rate | | Discount Rate | |
|---|---|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** |
| Digital services | 40% | - | 70% | - | 11% | - |

| | |
|---|---|
| (a) Budgeted gross margin | The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements and cost saving measures. |
| (b) Growth rate | The growth rates used are based on the expected projection of digital services. |
| (c) Discount rate | The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. |
| (d) Terminal value | There is no growth rate in perpetuity to arrive at terminal value. |

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

The directors believe that there is no reasonable change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

## 12. DEFERRED TAX ASSETS/(LIABILITIES)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| At 1 January | (86) | (1,588) | 360 | (1,277) |
| Acquisition of subsidiaries | (2,407) | - | - | - |
| Recognised in profit or loss (Note 31) | 12 | 1,502 | (40) | 1,637 |
| At 31 December | (2,481) | (86) | 320 | 360 |

The deferred tax liabilities are attributable to the following:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Accelerated capital allowances | (96) | (86) | - | - |
| Other temporary differences | (2,385) | - | - | - |
| | (2,481) | (86) | - | - |

## 13. INVENTORIES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| At Cost:- | | | | |
| Inventories held for resale | 1,347 | 800 | 109 | 199 |

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Recognised in profit or loss: | | | | |
| - as cost of sales | 82,600 | 109,909 | 3,871 | 67,670 |
| - written off | 364 | 1,277 | - | 928 |
| - writeback of inventories written off | (2) | (535) | (2) | (535) |

## 14. TRADE RECEIVABLES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade receivables | 148,867 | 141,760 | 913 | 21,936 |
| Allowance for impairment loss | (790) | (684) | (638) | (638) |
| | 148,077 | 141,076 | 275 | 21,298 |
| Allowance for impairment loss:- | | | | |
| At 1 January | (684) | (489) | (638) | (489) |
| Addition during the financial year | (106) | (195) | - | (149) |
| At 31 December | (790) | (684) | (638) | (638) |

The Group's normal trade credit terms range from 30 to 90 days.

The collective impairment allowance is determined based on estimated irrecoverable amounts from sales of goods, determined by reference to past default experience.

## 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Other receivables | 1,732 | 730 | 170 | 277 |
| Deposits | 1,870 | 4,503 | 1,004 | 1,592 |
| Prepayments | 5,716 | 18,632 | 1,699 | 9,174 |
| | 9,318 | 23,865 | 2,873 | 11,043 |
| Allowance for impairment loss | - | - | - | - |
| | 9,318 | 23,865 | 2,873 | 11,043 |
| Allowance for impairment loss:- | | | | |
| At 1 January | - | (1,040) | - | (966) |
| Written off during the financial year | - | 1,040 | - | 966 |
| At 31 December | - | - | - | - |

## 16. AMOUNTS OWING BY/(TO) SUBSIDIARIES

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

| | The Company | |
|---|---|---|
| | 2017 | 2016 |
| | RM'000 | RM'000 |
| **Amount Owing By Subsidiaries** | | |
| *Current* | | |
| - trade balances | 12,327 | 865 |
| - non-trade balances | 611,692 | 600,144 |
| | 624,019 | 601,009 |
| Allowance for impairment loss | (383,902) | (380,885) |
| | 240,117 | 220,124 |
| Allowance for impairment loss:- | | |
| At 1 January | (380,885) | (365,885) |
| Addition during the financial year | (3,017) | (15,000) |
| At 31 December | (383,902) | (380,885) |
| **Amount Owing to Subsidiaries** | | |
| Current | | |
| - trade balances | - | 459 |
| - non-trade balances | (30,578) | (23,785) |
| | (30,578) | (23,326) |

The trade amounts are subject to normal credit terms. The non-trade amounts are unsecured, interest-free and repayable/receivable on demand. The amounts owing are to be settled in cash.

## 17. AMOUNT OWING BY/(TO) ASSOCIATES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Amount owing by associates | | | | |
| - trade balances | 191 | - | - | - |
| - non-trade balances | 18,381 | - | - | - |
| | 18,572 | - | - | - |
| Amount owing to associates | | | | |
| - trade balances | - | - | - | - |
| - non-trade balances | (2,347) | - | (2,347) | - |
| | (2,347) | - | (2,347) | - |

The trade amounts are subject to normal credit terms. The non-trade amounts represents advances paid/received and it will be offset against future sales/purchases. The amounts are unsecured and interest-free. The amounts owing are to be settled in cash.

## 18. AMOUNT OWING BY/(TO) A RELATED PARTY

The amount owing by a related party represents advances paid to an associate of a related company. The amount is unsecured and interest-free. The amount owing will be offset against future purchase from this related party.

## 19. SHORT-TERM INVESTMENTS

The short-term investments represent investment in highly liquid money market. These investments are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value. The short-term fund bore an effective interest rate of 3.51% (2016 – 2.85%) per annum at the end of the reporting period.

## 20. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and the Company at the end of the reporting period bore a weighted average effective interest rate of 2.16% (2016 - 1.50%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 months (2016 – 1 to 12 months). The Group and the Company have pledged RM8,953,000 and RM2,434,000 (2016 - RM13,331,000 and RM5,050,000) out of the total fixed deposits with licensed banks respectively as security for banking facilities.

## 21. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

| | The Company | | | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | Number Of Shares '000 | Number Of Shares '000 | RM'000 | RM'000 |
| **Authorised** | | | | |
| Ordinary shares of RM0.20 each | N/A | 2,000,000 | N/A | 400,000 |

*N/A Not applicable pursuant to Companies Act 2016 which came into operation on 31 January 2017 as disclosed in item (ii) below.*

| **Issued And Fully Paid-Up** | The Company | | | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | Number Of Shares '000 | Number Of Shares '000 | RM'000 | RM'000 |
| Ordinary shares of with no Par Value (2016 – Par Value of RM0.20 each) | | | | |
| At 1 January | 690,447 | 690,447 | 138,089 | 138,089 |
| Issuance of new shares for cash | 68,274 | - | 18,093 | - |
| Share issuance expenses | - | - | (302) | - |
| | 68,274 | - | 17,791 | - |
| At 31 December | 758,721 | 690,447 | 155,880 | 138,089 |

(i) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

(ii) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. There is no impact on the numbers of ordinary shares or the relative entitlement of any of the members as a result of this transition.

## 22. TREASURY SHARES

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

As at 31 December 2017, the Company held a total of 7,707,700 of its 758,720,619 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM12,216,888. None of the treasury shares were resold or cancelled during the financial year.

## 23. RESERVES

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | Note | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Share premium | 23.1 | 412;796 | 412,796 | 412,796 | 412,796 |
| Foreign exchange translation reserve | 23.2 | 4,438 | 8,655 | (68) | (48) |
| Fair value reserve | 23.3 | 40,328 | - | 40,328 | - |
| Accumulated losses | | (433,466) | (417,269) | (455,515) | (443,882) |
| | | 24,096 | 4,182 | (2,459) | (31,134) |

### 23.1 SHARE PREMIUM

The Company has adopted the transitional provisions set out in Section 618(3) of the Companies Act 2016 ("Act") where the sum standing to the credit of the share premium may be utilised within twenty four (24) months from the commencement date of 31 January 2017 in the manner as allowed for under the Act. Therefore, the Group and the Company have not consolidated the share premium into share capital until the expiry of the transitional period.

### 23.2 FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries and a foreign branch.

### 23.3 FAIR VALUE RESERVE

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of available-for-sale financial assets until they are disposed of or impaired.

## 24. HIRE PURCHASE PAYABLES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Minimum hire purchase payments: | | | | |
| - not later than one year | 136 | 152 | 136 | 152 |
| - later than one year and not later than five years | 293 | 413 | 293 | 413 |
| | 429 | 565 | 429 | 565 |
| Less: Future finance charges | (49) | (65) | (49) | (65) |
| Present value of hire purchase payables | 380 | 500 | 380 | 500 |
| Current:- | | | | |
| Not later than one year | 120 | 136 | 120 | 136 |
| Non-Current:- | | | | |
| Later than one year and not later than five years | 260 | 364 | 260 | 364 |
| | 380 | 500 | 380 | 500 |

The hire purchase payables of the Group and of the Company bore a weighted average effective interest rate of 4.73% (2016 – 4.73%) per annum at the end of the reporting period.

## 25. EXCHANGEABLE MEDIUM TERM NOTES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Exchangeable Medium Term Notes | 233,711 | 216,387 | 233,711 | 216,387 |
| Non-Current: | | | | |
| - repayable after five years | 233,711 | 216,387 | 233,711 | 216,387 |

Exchangeable medium term notes (MTNs)

On 22 September 2014, Green Packet Berhad (the Issuer), and CIMB Investment Bank Berhad, RHB Investment Bank Berhad (Joint Lead Arrangers and Joint Lead Managers), RHB Investment Bank Berhad (Facility Agent), Malaysian Trustees Berhad (Security Agent) and Mobikom Sdn Bhd (MTN Holder) have entered into an unrated exchangeable medium term note programme (the "Exchangeable MTN Programme") of up to RM210,000,000. This exchangeable MTNs will be issued in multiple series comprising Series 1 MTNs with RM120,000,000 and tenure of up to 8 years from the Issue date. RM30,000,000 shall be advanced to POSB to fund the acquisition of the minority shares, RM80,000,000 shall be used to finance the full settlement of all the liabilities and obligations of the Issuer to Intel and RM10,000,000 shall be used to finance the Issuer's general working capital requirements and other corporate purposes. As for the subsequent Series with a tenure of up to 8 years from the first Issue date of the Exchangeable MTNs, RM60,000,000 shall be advanced to POSB to utilise the Convertible MTNs (the "Convertible MTN Subscription Tranche"). RM30,000,000 shall be utilised by the Issuer to finance the Issuer's general working capital requirements and other corporate purposes. Provided that the amount allocated for settlement of the Issuer to Intel is not utilised in whole, the Issuer may utilise this special portion in and towards subscription by POSB of the Convertible MTNs.

The Issuer may redeem in whole or in part of the Exchangeable MTNs at any time before the maturity date ("early redemption") and to redeem the relevant portion of exchangeable MTNs at the accreted value of the exchangeable MTNs in cash on the early redemption date. The issuer agrees that, at any time on and after the fifth anniversary of the first issue date, the Issuer shall use its best endeavours to utilise all excess free cash flow to redeem or early redeem the Exchangeable MTNs. The Exchangeable MTNs shall be redeemed by the Issuer on the maturity date if not redeemed earlier or exchanged into Charged Shares pursuant to the terms and conditions of the Programme Agreement.

## 26. TERM LOANS

| | The Group | |
|---|---|---|
| | 2017 | 2016 |
| | RM'000 | RM'000 |
| Current liabilities | 303 | - |
| Non-current liabilities | 410 | - |
| | 713 | - |

The term loans are secured by:-

(a) a debenture by way of first legal charge over a subsidiary's present and future fixed and floating assets;
(b) a joint and several guarantee of the directors of the subsidiary;
(c) Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) for the amount of RM700,000 or 70% from the approved amount under the Service Sector Guarantee Scheme ("SSGS"); and
(d) Corporate Guarantee to be executed by the Company.

## 27. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company range from 30 to 90 (2016 - 30 to 90) days.

## 28. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals of the Group and the Company at the end of the reporting period was an amount of RM1,126,000 and RM96,000 respectively (2016 – RM8,866,000 and RM258,000) which represents prepayment received from customers.

## 29. REVENUE

Revenue of the Group and of the Company represent the invoiced value of goods sold and services rendered less discounts and returns.

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Solutions group | 101,193 | 131,752 | 11,231 | 84,300 |
| Communication services | 256,022 | 234,499 | - | - |
| Digital services | 1,729 | - | - | - |
| | 358,944 | 366,251 | 11,231 | 84,300 |

## 30. (LOSS)/PROFIT BEFORE TAXATION

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (Loss)/Profit before taxation is arrived at after charging/ (crediting):- | | | | |
| Amortisation on: | | | | |
| - development costs | 36 | 1,012 | - | 1,012 |
| - intellectual property | - | 1,001 | - | 1,001 |
| - trademark and patents | 16 | - | - | - |
| Impairment loss on: | | | | |
| - amount owing by subsidiaries | - | - | 3,017 | 15,000 |
| - development costs | - | 4,600 | - | 2,716 |
| - goodwill | - | 5,799 | - | - |
| - intellectual property | - | 890 | - | 890 |
| - investments in subsidiaries | - | - | 610 | 13,984 |
| - trade receivables | 106 | 195 | - | 149 |
| Auditors' remuneration: | | | | |
| - audit fee: | | | | |
| - current financial year | 402 | 389 | 150 | 135 |
| - under/(over)provision in the previous financial year | 40 | (61) | 36 | (27) |
| - non-audit fee: | | | | |
| - auditors of the Company | 5 | 91 | 5 | 86 |
| - other auditors | 164 | 105 | 80 | - |
| Depreciation of plant and equipment | 2,926 | 1,433 | 490 | 341 |
| Directors' fee | 255 | 238 | 251 | 238 |
| Directors' remuneration | 1,004 | 865 | 48 | 65 |
| Equipment written off | 82 | - | 44 | - |
| Interest expense: | | | | |
| - hire purchase | 16 | 10 | 16 | 10 |
| - term loan | 40 | - | - | - |
| - exchangeable MTNs | 17,324 | 16,071 | 17,324 | 16,071 |
| Inventories written off | 364 | 1,277 | - | 928 |

## 30. (LOSS)/ PROFIT BEFORE TAXATION (CONT'D)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Rental of office | 1,384 | 1,149 | 584 | 371 |
| Rental of equipment | 66 | - | - | # |
| Staff costs: | | | | |
| - defined contribution plan | 1,599 | 934 | 162 | 112 |
| - salaries and other benefits | 16,497 | 17,653 | 3,324 | 2,325 |
| Gain on fair value adjustments | (10,082) | (98,247) | (10,082) | - |
| Gain on dilution of an associate | - | (49,391) | - | - |
| Gain on disposal of plant and equipment | - | (87) | - | (87) |
| Loss/(Gain) on foreign exchange: | | | | |
| - realised | 1,872 | (1,353) | 117 | (1,434) |
| - unrealised | 2,220 | (1,306) | 1,618 | (568) |
| Interest income | (1,043) | (1,548) | (3,829) | (4,190) |
| Rental income | (198) | - | - | - |
| Writeback of inventories written off | (2) | (535) | (2) | (535) |

# - Amount less than RM1,000

## 31. INCOME TAX EXPENSE

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax: | | | | |
| - for the financial year | 748 | 2,979 | 503 | 1,778 |
| - (over)/underprovision in the previous financial year | (1,584) | 2,802 | (1,302) | 2,576 |
| | (836) | 5,781 | (799) | 4,354 |
| Deferred taxation (Note 12): | | | | |
| - for the financial year | (33) | (696) | 40 | (948) |
| - under/(over)provision in the previous financial year | 21 | (806) | - | (689) |
| | (12) | (1,502) | 40 | (1,637) |
| | (848) | 4,279 | (759) | 2,717 |

## 31. INCOME TAX EXPENSE (CONT'D)

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (Loss)/Profit before taxation | (17,426) | 74,943 | (12,392) | (40,675) |
| Tax at the statutory tax rate of 24% (2016 - 24%) | (4,182) | 17,986 | (2,974) | (9,762) |
| Tax effects of:- | | | | |
| Non-taxable income | (4,242) | (28,644) | (3,339) | (1,263) |
| Non-deductible expenses | 4,830 | 13,566 | 2,487 | 11,876 |
| Deferred tax assets not recognised in the current financial year | 4,385 | 7 | 4,385 | - |
| Utilisation of deferred tax assets previously not recognised | (94) | - | (2) | - |
| Differential in tax rates | 18 | (632) | (14) | (21) |
| (Over)/Underprovision in the previous financial year | | | | |
| - current tax | (1,584) | 2,802 | (1,302) | 2,576 |
| - deferred tax | 21 | (806) | - | (689) |
| | (848) | 4,279 | (759) | 2,717 |

Domestic income tax is calculated as the Malaysian statutory tax rate of 24% (2016 – 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

On 21 October 2016, the Government of Malaysia announced the reduction of income tax rate from 24% to a range of 20% to 24% based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment for years of assessment 2017 and 2018.

## 31. INCOME TAX EXPENSE (CONT'D)

No deferred tax assets are recognised on the following items:-

| | The Group | |
|---|---|---|
| | 2017 | 2016 |
| | RM'000 | RM'000 |
| Unabsorbed capital allowances | 8,908 | 8,698 |
| Unutilised tax losses | 10,294 | 8,940 |
| Other temporary differences | 28,998 | 12,290 |
| | 48,200 | 29,928 |

## 32. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share is arrived at by dividing the Group's (loss)/profit attributable to shareholders by the following weighted average number of ordinary shares in issue during the financial year excluding treasury shares held by the Company.

| | The Group | |
|---|---|---|
| | 2017 | 2016 |
| (Loss)/Profit attributable to owners of the Company (RM'000) | (16,197) | 70,688 |
| Weighted average number of ordinary shares ('000):- | | |
| Issued ordinary shares at 1 January | 690,447 | 685,739 |
| Effect of treasury shares held | - | (3,000) |
| Effect of new ordinary shares issued | 53,497 | - |
| Weighted average number of ordinary shares at 31 December | 743,944 | 682,739 |
| Basic (loss)/ earnings per share (Sen) | (2) | 10 |

The diluted earnings per share is equal to the basic earnings per share as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

## 33. ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

On 6 January 2017 and 17 July 2017, a subsidiary of the Company, PISB acquired 80% equity interests in Webonline Dot Com Sdn. Bhd. and 100% equity interests in Mobiduu Solutions Sdn. Bhd., respectively. The acquisition of these subsidiaries is to enable the Group to expand its business into the digital services segment.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

| | The Group 2017 RM'000 |
|---|---|
| Plant and equipment | 1,586 |
| Trade and other receivables | 1,200 |
| Cash and bank balances | 4,987 |
| Other intangible asset | 9,957 |
| Trade payables and other payables | (1,935) |
| Term loans | (1,003) |
| Current tax liabilities | (2) |
| Deferred tax liabilities | (2,407) |
| Net identifiable assets acquired | 12,383 |
| Less: Non-controlling interests, measured at the proportionate share of the fair value of the net identifiable assets | (1,864) |
| Add: Goodwill on acquisition (Note 9) | 2,481 |
| Total purchase consideration, to be settled by cash | 13,000 |
| Less: Cash and bank balances of subsidiaries acquired | (4,987) |
| Net cash outflow from the acquisition of subsidiaries | 8,013 |

(a) The goodwill is attributable mainly to the control premium paid. In addition, the purchase consideration also included benefits derived from the expected revenue growth of the subsidiaries, their future market development as well as customer lists. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not deductible for tax purposes.

(b) The subsidiaries have contributed revenue and loss after taxation of RM1,782,000 and RM1,843,000 to the Group since the date of acquisition.

(c) If the acquisition was effective at the beginning of the current financial year, the Group's revenue and loss after taxation for the current financial year would have been RM 2,644,000 and RM1,806,000 respectively.

There were no acquisition of new subsidiaries in the last financial year.

## 34. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of plant and equipment is as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Cost of plant and equipment purchased | 3,537 | 2,596 | 332 | 1,656 |
| Amount financed through hire purchase | - | (500) | - | (500) |
| Cash disbursed for purchase of plant and equipment | 3,537 | 2,096 | 332 | 1,156 |

(b) The reconciliations of liabilities arising from financing activities are as follows:-

| The Group | Amount owing to related parties RM'000 | Amount owing to associates RM'000 | Term loans RM'000 | Hire purchase RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **2017** | | | | | |
| At 1 January | 456 | - | - | 500 | 956 |
| <u>Changes in Financing Cash Flows</u> | | | | | |
| Advances from associates | - | 2,347 | - | - | 2,347 |
| Repayment to related parties | (456) | - | - | - | (456) |
| Repayment of borrowings | - | - | (290) | - | (290) |
| Repayment of hire purchase | - | - | - | (120) | (120) |
| <u>Non-cash Changes</u> | | | | | |
| Acquisition of subsidiaries (Note 33) | - | - | 1,003 | - | 1,003 |
| At 31 December | - | 2,347 | 713 | 380 | 3,440 |

## 34. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

| **The Company** | Amount owing to related parties RM'000 | Amount owing to associates RM'000 | Amount owing to subsidiaries RM'000 | Hire purchase RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| At 1 January | 456 | - | 23,326 | 500 | 24,282 |
| Changes in Financing Cash Flows | | | | | |
| Advances from subsidiaries | - | - | 7,349 | - | 7,349 |
| Advances from associates | - | 2,347 | - | - | 2,347 |
| Repayment to related parties | (456) | - | - | - | (456) |
| Repayment of hire purchase | - | - | - | (120) | (120) |
| Non-cash Changes | | | | | |
| Unrealised gain on foreign exchange | - | - | (97) | - | (97) |
| At 31 December | - | 2,347 | 30,578 | 380 | 33,305 |

Comparative information is not presented by virtue of the exemption given in MFRS 7.

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2017** RM'000 | **2016** RM'000 | **2017** RM'000 | **2016** RM'000 |
| Short-term investments | 1,185 | 14,813 | 1 | 13,882 |
| Fixed deposits with licensed banks | 9,786 | 13,336 | 3,192 | 5,050 |
| Cash and bank balances | 31,110 | 34,257 | 2,713 | 6,226 |
| | 42,081 | 62,406 | 5,906 | 25,158 |
| Less: Fixed deposits pledged with licensed bank | (8,953) | (13,331) | (2,434) | (5,050) |
| | 33,128 | 49,075 | 3,472 | 20,108 |

## 35. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Directors** | | | | |
| Directors of the Company | | | | |
| *Executive directors:* | | | | |
| Short-term employee benefits: | | | | |
| - salaries, bonuses and other benefits | 845 | 708 | - | - |
| - defined contribution benefit | 111 | 85 | - | - |
| -benefits-in-kind | - | 7 | - | - |
| *Non-executive directors:* | | | | |
| Short-term employee benefits: | | | | |
| - fee | 255 | 238 | 251 | 238 |
| - allowances | 48 | 65 | 48 | 65 |
| | 1,259 | 1,103 | 299 | 303 |
| Directors of the Subsidiaries | | | | |
| *Executive directors:* | | | | |
| Short-term employee benefits: | | | | |
| - salaries, bonuses and other benefits | 2,895 | 3,839 | - | - |
| - defined contribution benefit | 101 | 71 | - | - |
| | 2,996 | 3,910 | - | - |

## 35. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The key management personnel compensation during the financial year are as follows (Cont'd):-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Other Key Management Personnel | | | | |
| Short-term employee benefits | 584 | 324 | - | - |
| Defined contribution benefits | 65 | 38 | - | - |

## 36. RELATED PARTY DISCLOSURES

### (a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associates, key management personnel and entities within the same group of companies.

## 36. RELATED PARTY DISCLOSURES (CONT'D)

### (b) Related Party Transactions

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Sales to subsidiaries: | | | | |
| - GPA | - | - | - | 43 |
| - GPS | - | - | 187 | 2,214 |
| - GPNSPC | - | - | 60 | 459 |
| Sales to an associate: | | | | |
| - Atilze Digital Sdn. Bhd. | 1,471 | - | 1,471 | - |
| Interest received/receivable from subsidiaries | | | | |
| - POSB | - | - | 3,311 | 3,074 |
| Management fees received/receivable from subsidiaries | | | | |
| - NTSB | - | - | 517 | - |
| - FWSB | - | - | - | 50 |
| Management fees paid/payable to subsidiary | | | | |
| - GPISB | - | - | 1,034 | 5,087 |
| Transfer of development cost from a subsidiary | - | - | 1,577 | - |

The outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

## 37. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the management as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main reportable segments as follows:-

(i) Solutions group - Research, development, marketing and distribution of wireless networking and telecommunication products and solutions.

(ii) Digital services - Provision of internet portal services, e-commerce and other web related business.

(iii) Communications services - Provision of total communication services, solutions and products.

(a) The management assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

(b) Each reportable segment asset is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.

(c) Each reportable segment liability is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

(d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

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**NOTES TO THE FINANCIAL STATEMENTS**
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## 37. OPERATING SEGMENTS (CONT'D)

### 37.1 BUSINESS SEGMENTS

| | Continuing operations | | | |
|---|---|---|---|---|
| | **Solutions Group** RM'000 | **Communication Services** RM'000 | **Digital Services** RM'000 | **Group** RM'000 |
| **2017** | | | | |
| Revenue | | | | |
| External revenue | 101,193 | 256,022 | 1,729 | 358,944 |
| Inter-segment revenue | 25,130 | 436 | 598 | 26,164 |
| | 126,323 | 256,458 | 2,327 | 385,108 |
| Consolidation adjustments and eliminations | | | | (26,164) |
| Consolidated revenue | | | | 358,944 |
| Results | | | | |
| Segment results | (83) | 2,218 | (4,651) | (2,516) |
| Interest income | 893 | 62 | 88 | 1,043 |
| Depreciation of property, plant and equipment | (579) | (1,054) | (1,293) | (2,926) |
| Other non-cash expenses (Note a) | (2,815) | 83 | (90) | (2,822) |
| | (2,584) | 1,309 | (5,946) | (7,221) |
| Gain on fair value adjustment | | | | 10,082 |
| Share of result in associates, net of tax | | | | (2,620) |
| Finance costs | | | | (17,667) |
| Income tax expense | | | | 848 |
| Consolidated loss after taxation | | | | (16,578) |

## 37. OPERATING SEGMENTS (CONT'D)

### 37.1 BUSINESS SEGMENTS (CONT'D)

| | Continuing operations | | | |
|---|---|---|---|---|
| | **Solutions Group** RM'000 | **Communication Services** RM'000 | **Digital Services** RM'000 | **Group** RM'000 |
| **2017** | | | | |
| Assets | | | | |
| Segment assets | 322,589 | 167,850 | 24,159 | 514,598 |
| Investment in associates | | | | 38,099 |
| Current tax asset | | | | 2,479 |
| Consolidated total assets | | | | 555,176 |
| Additions to non-current assets other than financial instruments and deferred tax assets:- | | | | |
| Plant and equipment | 505 | 358 | 4,260 | 5,123 |
| Development costs | 5,367 | 386 | 2,165 | 7,918 |
| Other intangible assets | - | - | 10,027 | 10,027 |
| Liabilities | | | | |
| Segment liabilities | 243,097 | 136,551 | 3,565 | 383,213 |
| Deferred tax liabilities | | | | 2,481 |
| Consolidated total liabilities | | | | 385,694 |

## 37. OPERATING SEGMENTS (CONT'D)

### 37.1 BUSINESS SEGMENTS (CONT'D)

| | Continuing operations | | |
|---|---|---|---|
| | Solutions Group RM'000 | Communication Services RM'000 | Group RM'000 |
| **2016** | | | |
| Revenue | | | |
| External revenue | 131,752 | 234,499 | 366,251 |
| Inter-segment revenue | 21,538 | - | 21,538 |
| | 153,290 | 234,499 | 387,789 |
| Consolidation adjustments and eliminations | | | (21,538) |
| Consolidated revenue | | | 366,251 |
| Results | | | |
| Segment results | 4,273 | 8,461 | 12,734 |
| Interest income | 1,490 | 58 | 1,548 |
| Depreciation of property, plant and equipment | (363) | (1,070) | (1,433) |
| Other non-cash expenses (Note a) | (12,431) | (415) | (12,846) |
| | (7,031) | 7,034 | 3 |
| Gain on fair value adjustment | | | 98,247 |
| Gain on dilution of associate | | | 49,391 |
| Share of result in associates, net of tax | | | (56,617) |
| Finance costs | | | (16,081) |
| Income tax expense | | | (4,279) |
| Consolidated profit after taxation | | | 70,664 |

## 37. OPERATING SEGMENTS (CONT'D)

### 37.1 BUSINESS SEGMENTS (CONT'D)

| | Continuing operations | | |
|---|---|---|---|
| | **Solutions Group** RM'000 | **Communication Services** RM'000 | **Group** RM'000 |
| **2016** | | | |
| Assets | | | |
| Segment assets | 311,764 | 131,389 | 443,153 |
| Investment in associates | | | 17,472 |
| Consolidated total assets | | | 460,625 |
| Additions to non-current assets other than financial instruments and deferred tax assets:- | | | |
| Plant and equipment | 2,107 | 489 | 2,596 |
| Development costs | 652 | - | 652 |
| Liabilities | | | |
| Segment liabilities | (235,925) | (94,178) | (330,103) |
| Current tax liabilities | | | (294) |
| Deferred tax liabilities | | | (86) |
| Consolidated total liabilities | | | (330,483) |

## 37. OPERATING SEGMENTS (CONT'D)

### 37.1 BUSINESS SEGMENTS (CONT'D)

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

| | The Group | |
|---|---|---|
| | **2017** | **2016** |
| | RM'000 | RM'000 |
| Amortisation of:- | | |
| - development costs | 36 | 1,012 |
| - intellectual property | - | 1,001 |
| - trademark and patents | 16 | - |
| Equipment written off | 82 | - |
| Impairment of:- | | |
| - Development costs | - | 4,600 |
| - Goodwill | - | 5,799 |
| - Intellectual property | - | 890 |
| - Trade receivables | 106 | 195 |
| Inventories written off | 364 | 1,277 |
| Gain on disposal of plant and equipment | - | (87) |
| Unrealised loss/(gain) on foreign exchange | 2,220 | (1,306) |
| Writeback of inventories written off | (2) | (535) |
| | 2,822 | 12,846 |

## 37. OPERATING SEGMENTS (CONT'D)

### 37.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments (but including investments in associates and deferred tax assets).

| | **Revenue** | | **Non-current Assets** | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 1,729 | 228 | 330,871 | 229,612 |
| Outside Malaysia | 357,215 | 366,023 | 2,431 | 2,866 |
| | 358,944 | 366,251 | 333,302 | 232,478 |

### 37.3 MAJOR CUSTOMERS

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

| | **Revenue Contribution** | | |
|---|---|---|---|
| | **2017** | **2016** | **Segment** |
| | RM'000 | RM'000 | |
| Customer A | 49,295 | 65,822 | Communication services |
| Customer B | 48,446 | 9,241 | Solution groups |

## 38. OPERATING LEASE COMMITMENTS

The future minimum lease payments under the non-cancellable operating leases are as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Not more than one year | 546 | 1,211 | 175 | 337 |
| Later than one year and not later than five years | 113 | 367 | - | 169 |
| | 659 | 1,578 | 175 | 506 |

## 39. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

**(a) Market Risk**

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Chinese Renminbi ("RMB"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

*Foreign currency exposure*

| **The Group** | United States Dollar RM'000 | Ringgit Malaysia RM'000 | Others RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2017** | | | | |
| Financial Assets | | | | |
| Other investments | - | 267,621 | - | 267,621 |
| Trade receivables | 146,178 | 53 | 1,846 | 148,077 |
| Other receivables and deposits | 542 | 3,000 | 60 | 3,602 |
| Amount owing by associates | 18,299 | 273 | - | 18,572 |
| Short-term investments | - | 1,185 | - | 1,185 |
| Fixed deposits with licensed banks | 4,118 | 5,668 | - | 9,786 |
| Cash and bank balances | 26,040 | 3,049 | 2,021 | 31,110 |
| | 195,177 | 280,849 | 3,927 | 479,953 |

## 39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign currency exposure (Cont'd)*

| The Group | United States Dollar RM'000 | Ringgit Malaysia RM'000 | Others RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2017** | | | | |
| Financial Liabilities | | | | |
| Hire purchase payables | - | 380 | - | 380 |
| Exchangeable Medium Term Notes | - | 233,711 | - | 233,711 |
| Term loan | - | 713 | - | 713 |
| Trade payables | 126,300 | 2,039 | 198 | 128,537 |
| Other payables and accruals | 6,248 | 4,635 | 5,516 | 16,399 |
| Amount owing to associates | - | 2,347 | - | 2,347 |
| | 132,548 | 243,825 | 5,714 | 382,087 |
| Net financial assets/(liabilities) | 62,629 | 37,024 | (1,787) | 97,866 |
| Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies | (40,409) | (37,024) | 113 | (77,320) |
| Currency Exposure | 22,220 | - | (1,674) | 20,546 |

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

*Foreign currency exposure (Cont'd)*

| The Group | United States Dollar RM'000 | Ringgit Malaysia RM'000 | Others RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2016** | | | | |
| Financial Assets | | | | |
| Other investments | - | 209,623 | - | 209,623 |
| Trade receivables | 139,256 | 165 | 1,655 | 141,076 |
| Other receivables and deposits | 4,170 | 900 | 163 | 5,233 |
| Short-term investments | 4,538 | 10,275 | - | 14,813 |
| Fixed deposits with licensed banks | 9,509 | 3,827 | - | 13,336 |
| Cash and bank balances | 18,614 | 13,048 | 2,595 | 34,257 |
| | 176,087 | 237,838 | 4,413 | 418,338 |

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign currency exposure (Cont'd)*

| The Group | United States Dollar RM'000 | Ringgit Malaysia RM'000 | Others RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2016** | | | | |
| Financial Liabilities | | | | |
| Hire purchase payables | - | 500 | - | 500 |
| Exchangeable Medium Term Notes | - | 216,387 | - | 216,387 |
| Trade payables | 88,944 | 367 | 193 | 89,504 |
| Other payables and accruals | 5,825 | 5,903 | 2,662 | 14,390 |
| Amount owing to related parties | 456 | - | - | 456 |
| | 95,225 | 223,157 | 2,855 | 321,237 |
| Net financial assets | 80,862 | 14,681 | 1,558 | 97,101 |
| Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies | (37,975) | (14,681) | 351 | (52,305) |
| Currency Exposure | 42,887 | - | 1,909 | 44,796 |

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign currency exposure (Cont'd)*

| **The Company** | United States Dollar RM'000 | Ringgit Malaysia RM'000 | Others RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2017** | | | | |
| Financial Assets | | | | |
| Other investments | - | 58,135 | - | 58,135 |
| Trade receivables | 275 | - | - | 275 |
| Other receivables and deposits | - | 1,118 | 56 | 1,174 |
| Amount owing by subsidiaries | 8,864 | 231,172 | 81 | 240,117 |
| Amount owing by a related party | 18,240 | - | - | 18,240 |
| Short-term investments | - | 1 | - | 1 |
| Fixed deposits with licensed banks | - | 3,192 | - | 3,192 |
| Cash and bank balances | 2,594 | 32 | 87 | 2,713 |
| | 29,973 | 293,650 | 224 | 323,847 |

## 39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign currency exposure (Cont'd)*

| The Company | United States Dollar RM'000 | Ringgit Malaysia RM'000 | Others RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2017** | | | | |
| Financial Liabilities | | | | |
| Hire purchase payables | - | 380 | - | 380 |
| Exchangeable Medium Term Notes | - | 233,711 | - | 233,711 |
| Other payables and accruals | - | 1,589 | 524 | 2,113 |
| Trade payables | - | 1 | - | 1 |
| Amount owing to subsidiaries | - | 22,040 | 8,538 | 30,578 |
| Amount owing to associates | - | 2,347 | - | 2,347 |
| | - | 260,068 | 9,062 | 269,130 |
| Net financial assets/ (liabilities) | 29,973 | 33,582 | (8,838) | 54,717 |
| Less: Net financial assets denominated in the entity's functional currency | - | (33,582) | - | (33,582) |
| Currency Exposure | 29,973 | - | (8,838) | 21,135 |

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign currency exposure (Cont'd)*

| The Company | United States Dollar RM'000 | Ringgit Malaysia RM'000 | Others RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2016** | | | | |
| Financial Assets | | | | |
| Other Investments | - | 137 | - | 137 |
| Trade receivables | 21,298 | - | - | 21,298 |
| Other receivables and deposits | - | 1,811 | 58 | 1,869 |
| Amount owing by subsidiaries | 3,013 | 217,053 | 58 | 220,124 |
| Short-term investments | 4,563 | 9,319 | - | 13,882 |
| Fixed deposits with licensed banks | 3,628 | 1,422 | - | 5,050 |
| Cash and bank balances | 763 | 5,356 | 107 | 6,226 |
| | 33,265 | 235,098 | 223 | 268,586 |

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign currency exposure (Cont'd)*

| The Company | United States Dollar RM'000 | Ringgit Malaysia RM'000 | Others RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2016** | | | | |
| Financial Liabilities | | | | |
| Hire purchase payables | - | 500 | - | 500 |
| Exchangeable Medium Term Notes | - | 216,387 | - | 216,387 |
| Other payables and accruals | - | 1,585 | 554 | 2,139 |
| Trade payables | 1,254 | - | - | 1,254 |
| Amount owing to subsidiaries | - | 22,517 | 809 | 23,326 |
| Amounts owing to related parties | - | 456 | - | 456 |
| | 1,254 | 241,445 | 1,363 | 244,062 |
| Net financial assets/ (liabilities) | 32,011 | (6,347) | (1,140) | 24,524 |
| Less: Net financial liabilities denominated in the entity's functional currency | - | 6,347 | - | 6,347 |
| Currency Exposure | 32,011 | - | (1,140) | 30,871 |

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign currency risk sensitivity analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Effects on (Loss)/Profit After Taxation** | | | | |
| USD/RM: | | | | |
| - strengthened by 5% | -844 | +1,630 | -1,139 | -1,216 |
| - weakened by 5% | +844 | -1,630 | +1,139 | +1,216 |
| Others:- | | | | |
| - strengthened by 5% | +64 | +73 | +336 | -43 |
| - weakened by 5% | -64 | -73 | -336 | +43 |

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined by MFRS 7 since neither their carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 19 to the financial statements.

*Interest rate risk sensitivity analysis*

Any reasonably possible change in the interest rates of floating rate short term investment at the end of the reporting period does not have material impact on the loss/profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

If prices for quoted investments at the end of the reporting period strengthen by 5% (2016 – Nil) with all other variables being held constant, the other comprehensive income of the Group and of the Company would have increased by RM2,900,000 (2016 – Nil). A 5% (2016 – Nil) weakening in the quoted prices would have had an equal but opposite effect on the other comprehensive income of the Group and of the Company.

## 39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including unquoted investments and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

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

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 3 customers which constituted approximately 38% of its trade receivables at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 17 | - | - | - |
| Outside Malaysia | 148,060 | 141,076 | 275 | 21,298 |
| | 148,077 | 141,076 | 275 | 21,298 |

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

(iii) Ageing analysis

The ageing analysis of the Group's trade receivables (includes amount owing by related parties) is as follows:-

| The Group | Gross Amount RM'000 | Individual Impairment RM'000 | Collective Impairment RM'000 | Carrying Value RM'000 |
|---|---|---|---|---|
| **2017** | | | | |
| Not past due | 1,531 | - | (86) | 1,445 |
| Past due: | | | | |
| - less than 3 months | 94,663 | - | - | 94,663 |
| - 3 to 6 months | 14,477 | - | (700) | 13,777 |
| - over 6 months | 38,196 | - | (4) | 38,192 |
| | 148,867 | - | (790) | 148,077 |
| **2016** | | | | |
| Not past due | 32,557 | - | - | 32,557 |
| Past due: | | | | |
| - less than 3 months | 57,990 | - | (684) | 57,306 |
| - 3 to 6 months | 12,742 | - | - | 12,742 |
| - over 6 months | 38,471 | - | - | 38,471 |
| | 141,760 | - | (684) | 141,076 |

## 39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

(iii) Ageing analysis (Cont'd)

The ageing analysis of the Group's trade receivables (includes amount owing by related parties) is as follows (Cont'd):-

| The Company | Gross Amount RM'000 | Individual Impairment RM'000 | Collective Impairment RM'000 | Carrying Value RM'000 |
|---|---|---|---|---|
| **2017** | | | | |
| Not past due | 1,347 | - | (86) | 1,261 |
| Past due: | | | | |
| - less than 3 months | 187 | - | - | 187 |
| - 3 to 6 months | 7,217 | - | (551) | 6,666 |
| - over 6 months | 4,489 | - | (1) | 4,488 |
| | 13,240 | - | (638) | 12,602 |
| **2016** | | | | |
| Not past due | 2,892 | - | - | 2,892 |
| Past due: | | | | |
| - less than 3 months | 20,009 | - | (638) | 19,371 |
| - 3 to 6 months | 195 | - | - | 195 |
| - over 6 months | 164 | - | - | 164 |
| | 23,260 | - | (638) | 22,622 |

The collective impairment allowance is determined based on estimated irrecoverable amounts determined by reference to past default experience.

The Group believes that no additional impairment allowance is necessary in respect of these trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities (include discontinued operations) as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

| The Group | Contractual Interest Rate % | Carrying Amount RM'000 | Contractual Undiscounted Cash Flows RM'000 | Within 1 Year RM'000 | 1 – 5 Years RM'000 | Over 5 Years RM'000 |
|---|---|---|---|---|---|---|
| **2017** | | | | | | |
| <u>Non-derivative Financial Liabilities</u> | | | | | | |
| Hire purchase payables | 4.73 | 380 | 429 | 136 | 293 | - |
| Exchangeable Medium Term Notes | 8.00 | 233,711 | 336,853 | - | 336,853 | - |
| Term Loan | 4.50 | 713 | 874 | 371 | 503 | - |
| Trade payables | - | 128,537 | 128,537 | 128,537 | - | - |
| Other payables and accruals | - | 16,399 | 16,399 | 16,399 | - | - |
| Amount owing to associates | - | 2,347 | 2,347 | 2,347 | - | - |
| | | 382,087 | 485,439 | 147,790 | 337,649 | - |

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (Cont'd)

*Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities (include discontinued operations) as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

| The Group | Contractual Interest Rate % | Carrying Amount RM'000 | Contractual Undiscounted Cash Flows RM'000 | Within 1 Year RM'000 | 1 – 5 Years RM'000 | Over 5 Years RM'000 |
|---|---|---|---|---|---|---|
| **2016** | | | | | | |
| Non-derivative Financial Liabilities | | | | | | |
| Hire purchase payables | 4.73 | 500 | 565 | 152 | 413 | - |
| Exchangeable Medium Term Notes | 8.00 | 216,387 | 345,867 | - | - | 345,867 |
| Trade payables | - | 89,504 | 89,504 | 89,504 | - | - |
| Other payables and accruals | - | 14,390 | 14,390 | 14,390 | - | - |
| Amount owing to related parties | - | 456 | 456 | 456 | - | - |
| | | 321,237 | 450,782 | 104,502 | 413 | 345,867 |

## 39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)**

The following table sets out the maturity profile of the financial liabilities (include discontinued operations) as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

| The Company | Contractual Interest Rate % | Carrying Amount RM'000 | Contractual Undiscounted Cash Flows RM'000 | Within 1 Year RM'000 | 1 – 5 Years RM'000 | Over 5 Years RM'000 |
|---|---|---|---|---|---|---|
| **2017** | | | | | | |
| Non-derivative Financial Liabilities | | | | | | |
| Hire purchase payables | 4.73 | 380 | 429 | 136 | 293 | - |
| Exchangeable Medium Term Notes | 8.00 | 233,711 | 336,853 | - | 336,853 | - |
| Trade payables | - | 1 | 1 | 1 | - | - |
| Other payables | - | 2,113 | 2,113 | 2,113 | - | - |
| Amount owing to subsidiaries | - | 30,578 | 30,578 | 30,578 | - | - |
| Amount owing to associates | - | 2,347 | 2,347 | 2,347 | - | - |
| Financial guarantee contracts in relation to corporate and bank guarantee given to certain subsidiaries | - | - | 1,381 | 1,381 | - | - |
| | | 269,130 | 373,702 | 36,556 | 337,146 | - |

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities (include discontinued operations) as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

| **The Company** | Contractual Interest Rate % | Carrying Amount RM'000 | Contractual Undiscounted Cash Flows RM'000 | Within 1 Year RM'000 | 1 – 5 Years RM'000 | Over 5 Years RM'000 |
|---|---|---|---|---|---|---|
| **2016** | | | | | | |
| <u>Non-derivative Financial Liabilities</u> | | | | | | |
| Hire purchase payables | 4.73 | 500 | 565 | 152 | 413 | - |
| Exchangeable Medium Term Notes | 8.00 | 216,387 | 345,867 | - | - | 345,867 |
| Trade payables | - | 1,254 | 1,254 | 1,254 | - | - |
| Other payables | - | 2,139 | 2,139 | 2,139 | - | - |
| Amount owing to subsidiaries | - | 23,326 | 23,326 | 23,326 | - | - |
| Amount owing to related parties | - | 456 | 456 | 456 | - | - |
| Financial Guarantee contracts in relation to corporate and bank guarantee given to certain subsidiaries | - | - | 920 | 920 | - | - |
| | | 244,062 | 374,527 | 28,247 | 413 | 345,867 |

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total net interest bearing borrowings divided by total equity.

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

| | The Group | |
|---|---|---|
| | **2017** RM'000 | **2016** RM'000 |
| Hire purchase payables | 380 | 500 |
| Exchangeable Medium Term Note | 233,711 | 216,387 |
| Term loan | 713 | - |
| | 234,804 | 216,887 |
| Less: Short-term investments | (1,185) | (14,813) |
| Less: Fixed deposits with licensed banks | (9,786) | (13,336) |
| Less: Cash and bank balances | (31,110) | (34,257) |
| Net debt | 192,723 | 154,481 |
| Total equity | 169,482 | 130,142 |
| Debt-to-equity ratio | 1.14 | 1.19 |

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

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Financial Assets** | | | | |
| Available-for-sale financial assets | | | | |
| Unquoted investments | 209,623 | 209,623 | 137 | 137 |
| Quoted warrant | 57,998 | - | 57,998 | - |
| | 267,621 | 209,623 | 58,135 | 137 |
| Loans and receivables financial assets | | | | |
| Trade receivables | 148,077 | 141,076 | 275 | 21,298 |
| Other receivables and deposits | 3,602 | 5,233 | 1,174 | 1,869 |
| Amount owing by subsidiaries | - | - | 240,117 | 220,124 |
| Amount owing by associates | 18,572 | - | - | - |
| Amount owing by a related party | - | - | 18,240 | - |
| Short-term investments | 1,185 | 14,813 | 1 | 13,882 |
| Fixed deposits with licensed banks | 9,786 | 13,336 | 3,192 | 5,050 |
| Cash and bank balances | 31,110 | 34,257 | 2,713 | 6,226 |
| | 212,332 | 208,715 | 265,712 | 268,449 |
| **Financial Liabilities** | | | | |
| Other financial liabilities | | | | |
| Hire purchase payables | 380 | 500 | 380 | 500 |
| Exchangeable Medium Term Note | 233,711 | 216,387 | 233,711 | 216,387 |
| Term loans | 713 | - | - | - |
| Trade payables | 128,537 | 89,504 | 1 | 1,254 |
| Other payables and accruals | 16,399 | 14,390 | 2,113 | 2,139 |
| Amount owing to subsidiaries | - | - | 30,578 | 23,326 |
| Amount owing to related parties | - | 456 | - | 456 |
| Amount owing to associates | 2,347 | - | 2,347 | - |
| | 382,087 | 321,237 | 269,130 | 244,062 |

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The fair value of quoted investments is determined at their quoted closing bid prices at the end of the reporting period.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

| | Fair Value Of Financial Instruments Carried At Fair Value | | | Fair Value Of Financial Instruments Not Carried At Fair Value | | | **Total Fair Value** | **Carrying Amount** |
|---|---|---|---|---|---|---|---|---|
| **The Group** | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | **RM'000** | **RM'000** |
| **2017** | | | | | | | | |
| Financial Assets | | | | | | | | |
| Unquoted investments | - | - | 209,486 | - | - | - | 209,486 | 209,486 |
| Club membership | - | - | - | - | - | - | # | 137 |
| Quoted warrant | 57,998 | - | - | - | - | - | 57,998 | 57,998 |
| Financial Liabilities | | | | | | | | |
| Hire purchase payables | - | - | - | - | 380 | - | 380 | 380 |
| Exchangeable Medium Term Note | - | - | - | - | 240,719 | - | 240,719 | 233,711 |
| Term loans | - | - | - | - | 713 | - | 713 | 713 |

\# The fair value cannot be reliably measured using valuation technique due to lack of marketability of the unquoted shares.

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.4 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (Cont'd):-

| | Fair Value Of Financial Instruments Carried At Fair Value | | | Fair Value Of Financial Instruments Not Carried At Fair Value | | | **Total Fair Value** | **Carrying Amount** |
|---|---|---|---|---|---|---|---|---|
| **The Group** | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | **RM'000** | **RM'000** |
| **2016** | | | | | | | | |
| Financial Assets | | | | | | | | |
| Unquoted investments | - | - | 209,486 | - | - | - | 209,486 | 209,486 |
| Club membership | - | - | - | - | - | - | # | 137 |
| Financial Liabilities | | | | | | | | |
| Hire purchase payables | - | - | - | - | 500 | - | 500 | 500 |
| Exchangeable Medium Term Note | - | - | - | - | 214,851 | - | 214,851 | 216,387 |

\# The fair value cannot be reliably measured using valuation technique due to lack of marketability of the unquoted shares.

**GREEN PACKET BERHAD**
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**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.4 FAIR VALUE INFORMATION (CONT'D)

Other than those disclosed below, the fair values of the financial assets and financial liabilities of the Company maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

| | Fair Value Of Financial Instruments Carried At Fair Value | | | Fair Value Of Financial Instruments Not Carried At Fair Value | | | **Total Fair Value** | **Carrying Amount** |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | | |
| **The Company** | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **2017** | | | | | | | | |
| Financial Asset | | | | | | | | |
| Club membership | - | - | - | - | - | - | # | 137 |
| Quoted warrant | 57,998 | - | - | - | - | - | 57,998 | 57,998 |
| Financial Liabilities | | | | | | | | |
| Hire purchase payables | - | - | - | - | 380 | - | 380 | 380 |
| Exchangeable Medium Term Note | - | - | - | - | 240,719 | - | 240,719 | 233,711 |

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.4 FAIR VALUE INFORMATION (CONT'D)

| | Fair Value Of Financial Instruments Carried At Fair Value | | | Fair Value Of Financial Instruments Not Carried At Fair Value | | | **Total Fair Value** | **Carrying Amount** |
|---|---|---|---|---|---|---|---|---|
| **The Company** | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | RM'000 | RM'000 |
| **2016** | | | | | | | | |
| Financial Asset | | | | | | | | |
| Club membership | - | - | - | - | - | - | # | 137 |
| Financial Liabilities | | | | | | | | |
| Hire purchase payables | - | - | - | - | 500 | - | 500 | 500 |
| Exchangeable Medium Term Note | - | - | - | - | 214,851 | - | 214,851 | 216,387 |

\# The fair value cannot be reliably measured using valuation technique due to lack of marketability of the unquoted shares.

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.4 FAIR VALUE INFORMATION (CONT'D)

(a) The fair values above are for disclosure purposes and have been determined using the following basis:-

(i) Fair Value of Financial Instruments carried at Fair Value

The level 3 fair value of the other investments is determined using discounted cash flow approach based on pre-tax cash flow projections performed by management based on the significant unobservable inputs as disclosed in Note 8 to the financial statements.

(ii) Fair Value of Financial Instruments not carried at Fair Value

The fair values hire purchase payable and borrowings are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| | % | % | % | % |
| Hire purchase payables | 4.73 | 4.73 | 4.73 | 4.73 |
| Exchangeable Medium Term Notes | 9.10 | 7.60 | 9.10 | 7.60 |
| Term loans | 4.50 | - | - | - |

## 40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a) The Companies Act 2017 came into operation on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaced Companies Act 1965.

   Amongst the key changes introduced under the Companies Act 2016 that have affected the financial statements of the Group and of the Company upon its initial implementation are:-

   (i) Removal of the authorised share capital;

   (ii) Ordinary shares ceased to have par value; and

   (iii) Share premium account transferred to share capital account.

   The Companies Act 2016 was applied prospectively and the impacts on implementation are disclosed in the respective notes to financial statements.

b) In the previous financial year, PISB entered into a conditional Sale and Purchase Agreement to acquire 1,600,000 ordinary shares representing 80% of the enlarged share capital of Webonline Dot Com Sdn. Bhd. ("WOL") for a total cash consideration of RM9,000,000. The completion of the acquisition is subject to the approval of Bank Negara Malaysia and/or any regulatory authority (if required). The acquisition was completed on 6 January 2017.

c) In the previous financial year, WESB entered into a share subscription agreement to acquire 20% of the enlarged share capital of Shenzhen Memo Technology Co. Ltd for a total cash consideration of RMB10 million (approximately RM6.4 million). The completion of the acquisition is subject to the approval of Economy, Trade and Information Commission of Shenzhen Municipality and/or any other regulatory authority (if required). The acquisition was completed on 17 February 2017.

d) On 21 March 2017, the Company increased its issued shares from 690,446,719 to 758,720,619 by way of an issuance and allotment of 68,273,900 new ordinary shares at an issue price of RM0.265 each for the acquisition of new business and/or working capital purposes.

e) On 12 April 2017, the Company issued an undertaking to G3 to subscribe in full for its rights entitlement under the Proposed Rights Issue to be undertaken by G3. The Proposed Subscription will entail the subscription of 60,500,000 Rights Shares, together with 45,375,000 Warrants for a total consideration of RM12,100,000.

f) On 17 July 2017, PISB acquired 350,000 ordinary shares representing 100% equity interest in MSSB for a total cash consideration of RM4,000,000.

g) On 21 July 2017, NTSB incorporated a subsidiary, Vivohub Mobile Pte Ltd ("Vivohub") in Singapore. The initial issued shares of Vivohub would be SGD100,000/- divided into 100,000 new ordinary shares. NTSB subscribed for 60% equity interest in Vivohub.

h) On 7 September 2017, a wholly-owned subsidiary, Kiple Media Sdn Bhd was incorporated with total issued and paid-up capital of two ordinary shares.

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

i) On 7 September 2017, the Company had subscribed in full for its rights entitlement under the Proposed Rights Issue undertaken by G3. The proposed subscription entailed the subscription of 60,500,000 rights shares, together with 45,375,000 warrants for a total consideration of RM12.100 million.

j) On 8 September 2017, the Company acquired additional 41.25 million provision allotment of rights ("PAL") under the Rights Issue of G3 for a total consideration of RM4.125 million via an offmarket direct business transaction.

Pursuant to the PAL, the Company is entitled to subscribe for an additional 41.25 million G3 under the Rights Issue ("Additional Entitlement "). Subsequently, the Company subscribed for its Additional Entitlement under the Rights Issue at RM0.20 per G3 Share for a total consideration of RM8.25 million. Upon the completion of the Rights Issue and additional entitlement, the equity interest of the Company in G3 increased from 22% to 32%.

k) On 26 September 2017, PISB obtained a conditional letter of approval from the Ministry of Wellbeing, Housing and Local Government ("Ministry") for the money lending licence under the Money Lending Act 1951 (Act 400) ("Conditional Approval").The Conditional Approval is subject to the Directors of PISB and the business premises of PISB complying to and satisfying the prescribed requirements stated in the Ministry's approval letter.

l) On 4 December 2017, GPA was placed under Member's Voluntary Winding-up.

m) On 15 December 2017, the Company entered into a memorandum of understanding (the "MOU") with Asia Television Digital Media (Malaysia) Sdn. Bhd. The MOU is intended to record the general understanding between both parties to cooperate and form a joint venture to operate broadcasting television channels in Malaysia.

## 41. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

a) On 23 January 2018, the Company entered into a contract with MYTV Broadcasting Sdn Bhd for the design, supply, assembly, testing and acceptance of DVB-T2(T2000) set-top boxes ("the Contract"). The total value of the Contract assuming all purchase orders are issued is estimated to be up to RM272.0 million.

Company No. 534942-H

**APPENDIX V**

## LATEST UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 6-MONTH FPE 30 JUNE 2018

**GREEN PACKET BERHAD ( 534942-H )**
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|---|
| | 3 Months Period Ended | | 6 Months Period Ended | |
| | 30/6/2018 | 30/6/2017 | 30/6/2018 | 30/6/2017 |
| | (Unaudited) RM '000 | (Unaudited) RM '000 | (Unaudited) RM '000 | (Unaudited) RM '000 |
| Revenue | 103,585 | 82,694 | 210,131 | 162,019 |
| Operating expenses | | | | |
| -Depreciation & amortisation | (659) | (773) | (1,339) | (1,473) |
| -Other operating costs | (109,573) | (81,279) | (217,775) | (160,914) |
| Other income | 484 | 355 | 1,282 | 543 |
| (Loss)/Profit from operations | (6,163) | 997 | (7,701) | 175 |
| Share of losses in associate companies | (515) | (126) | (1,943) | (852) |
| Finance costs | (4,802) | (4,058) | (9,414) | (8,067) |
| **Loss before tax** | (11,480) | (3,187) | (19,058) | (8,744) |
| Income tax expense | 272 | (392) | 47 | (226) |
| **Loss for the period** | (11,208) | (3,579) | (19,011) | (8,970) |
| Fair value gain on other quoted investment | - | - | 2,137 | - |
| Foreign currency translation differences for foreign operations | 4,562 | (2,033) | 6,352 | (2,118) |
| **Total other comprehensive income/(expenses) for the period** | 4,562 | (2,033) | 8,489 | (2,118) |
| **Total comprehensive loss for the period** | (6,646) | (5,612) | (10,522) | (11,088) |
| Loss attributable to: | | | | |
| Owners of the Company | (10,215) | (3,502) | (17,268) | (8,799) |
| Non-controlling interests | (993) | (77) | (1,743) | (171) |
| **Loss for the Period** | (11,208) | (3,579) | (19,011) | (8,970) |
| Total comprehensive loss attributable to: | | | | |
| Owners of the Company | (5,653) | (5,535) | (8,779) | (10,917) |
| Non-controlling interests | (993) | (77) | (1,743) | (171) |
| **Total comprehensive loss for the period** | (6,646) | (5,612) | (10,522) | (11,088) |
| Basic loss per ordinary share (sen): | (1.3) | (0.5) | (2.3) | (1.2) |

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017.

CERTIFIED TRUE COPY

TAI SIEW MAY
Secretary
MAICSA 7015823

Company No. 534942-H

**GREEN PACKET BERHAD ( 534942-H )**
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2018**

| | As at 30/6/2018 (Unaudited) RM '000 | As at 31/12/2017 (Audited) RM '000 |
|---|---|---|
| **ASSETS** | | |
| Investment in associates | 36,157 | 38,099 |
| Property, plant and equipment | 5,982 | 6,626 |
| Other long term investments | 270,291 | 267,621 |
| Intangible Assets | 13,059 | 12,422 |
| Development costs | 10,794 | 8,534 |
| **Total non-current assets** | 336,283 | 333,302 |
| Inventories | 12,553 | 1,347 |
| Trade receivables | 125,374 | 148,077 |
| Other receivables, deposits and prepayments | 36,317 | 27,890 |
| Tax recoverable | 2,317 | 2,479 |
| Fixed deposits with licensed banks | 8,615 | 10,971 |
| Cash and bank balances | 19,187 | 31,110 |
| **Total current assets** | 204,363 | 221,874 |
| **TOTAL ASSETS** | 540,646 | 555,176 |
| **EQUITY** | | |
| Share capital | 155,880 | 155,880 |
| Reserves | 3,099 | 11,879 |
| **Total equity attributable to owners of the Company** | 158,979 | 167,759 |
| **Non-controlling interests** | (480) | 1,723 |
| **Total equity** | 158,499 | 169,482 |
| **LIABILITIES** | | |
| Long term borrowings | 243,238 | 234,424 |
| Hire purchase and finance lease liabilities | 260 | 260 |
| Deferred tax liabilities | 2,221 | 2,481 |
| **Total non-current liabilities** | 245,719 | 237,165 |
| Trade payables | 106,805 | 128,537 |
| Other payables and accruals | 18,385 | 19,872 |
| Short term borrowings | 11,178 | - |
| Hire purchase and finance lease liabilities | 60 | 120 |
| **Total current liabilities** | 136,428 | 148,529 |
| **TOTAL LIABILITIES** | 382,147 | 385,694 |
| **TOTAL EQUITY AND LIABILITIES** | 540,646 | 555,176 |
| **Net asset per share attributable to ordinary equity holders of the parent (sen)** | 21 | 22 |

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017.

**GREEN PACKET BERHAD ( 534942-H )**
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

| | Attributable to owners of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Non-Distributable | | | | | | | |
| | Shares Capital | Shares Premium | Foreign Exchange Translation Reserves | Treasury Shares | Fair Value Reserves | Accumulated Losses | Sub-total | Non-controlling Interests | Total Equity |
| | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 |
| **Unaudited** | | | | | | | | | |
| At 1 January 2018 | 155,880 | 412,796 | 4,438 | (12,217) | 40,328 | (433,466) | 167,758 | 1,723 | 169,481 |
| Fair value gain on other quoted investment | - | - | - | - | 2,137 | - | 2,137 | - | 2,137 |
| Foreign currency translation differences for foreign operations | - | - | 6,352 | - | - | - | 6,352 | - | 6,352 |
| Acquisition of non-controlling interest | - | - | - | - | - | - | - | (460) | (460) |
| Loss for the period | - | - | - | - | - | (17,268) | (17,268) | (1,743) | (19,011) |
| | - | - | 6,352 | - | 2,137 | (17,268) | (8,779) | (2,203) | (10,982) |
| At 30 June 2018 | 155,880 | 412,796 | 10,790 | (12,217) | 42,464 | (450,734) | 158,979 | (480) | 158,499 |

The share premium has not been transferred to the share capital pursuant to Section 618 of the Companies Act 2016.

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017.

**GREEN PACKET BERHAD ( 534942-H )**
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

| | Attributable to Equity Holders of the Parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Non-Distributable | | | | | | |
| | Shares Capital | Shares Premium | Foreign Exchange Translation Reserves | Treasury Shares | Accumulated Losses | Sub-total | Non-controlling Interests | Total Equity |
| | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 |
| **Unaudited** | | | | | | | | |
| At 1 January 2017 | 138,089 | 412,796 | 8,655 | (12,217) | (417,269) | 130,054 | 88 | 130,142 |
| Issue of ordinary shares | 18,093 | - | - | - | - | 18,093 | - | 18,093 |
| Share issues expenses | - | (302) | - | - | - | (302) | - | (302) |
| Foreign currency translation differences for | | | | | | - | | - |
| foreign operations | - | - | (2,118) | - | - | (2,118) | - | (2,118) |
| Acquisition of non-controlling interest | - | - | - | - | - | - | 1,066 | 1,066 |
| Loss for the period | - | - | - | - | (8,799) | (8,799) | (171) | (8,970) |
| | 18,093 | (302) | (2,118) | - | (8,799) | 6,874 | 895 | 7,769 |
| At 30 June 2017 | 156,182 | 412,494 | 6,537 | (12,217) | (426,068) | 136,928 | 983 | 137,911 |

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017.

Company No. 534942-H

**GREEN PACKET BERHAD ( 534942-H )**
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

| | Financial period ended 30/6/2018 RM'000 (Unaudited) | Financial period ended 30/6/2017 RM'000 (Unaudited) |
|---|---|---|
| **CASH FLOW (FOR)/FROM OPERATING ACTIVITIES** | | |
| Loss before taxation | (19,058) | (8,745) |
| Adjustments for non cash items:- | | |
| Amortisation of development cost | 234 | 47 |
| Amortisation of intangible assets | - | - |
| Depreciation of property, plant and equipment | 1,104 | 913 |
| Interest income | (136) | (405) |
| Interest expense | 9,277 | 7,935 |
| Share of loss of associates | 1,943 | 852 |
| Fair value gains | (533) | - |
| Operating profit/(loss) before working capital changes | (7,169) | 597 |
| Changes in working capital | | |
| Decrease/(Increase) in inventories | (11,206) | (2,052) |
| Decrease/(Increase) in assets | 14,276 | 106,999 |
| (Decrease)/Increase in liabilities | (23,220) | (82,683) |
| **Cash (for)/from operating activities** | (27,319) | 22,861 |
| Interest received | 136 | 405 |
| Tax paid | (51) | (2,301) |
| **Net cash (for)/from operating activities** | (27,234) | 20,965 |
| **CASH FLOW FOR INVESTING ACTIVITIES** | | |
| Acquisition of subsidiary | (1,099) | (6,000) |
| Cash from investing subsidiary | - | 1,905 |
| Purchase of other investment | - | (6,460) |
| Purchase of property, plant and equipment | (460) | (1,281) |
| Development costs incurred | (2,492) | (3,393) |
| Advance to related companies | - | (456) |
| **Net cash for investing activities** | (4,052) | (15,685) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Proceeds from issuance of ordinary shares (net of expenses) | - | 17,790 |
| Net Drawdown/(Repayment) of borrowings | 10,722 | (225) |
| Net withdrawal of fixed deposit pledged to a licensed bank | 1,542 | 3,271 |
| Repayment of hire purchase obligations | (68) | (68) |
| **Net cash from financing activities** | 12,196 | 20,768 |
| Net (decrease)/increase in cash and cash equivalents | (19,090) | 26,048 |
| Foreign exchange translation differences | 6,352 | (2,118) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR | 33,128 | 49,075 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR | 20,390 | 73,006 |
| Cash and cash equivalents at the end of the financial period comprise the following: | | |
| Cash and bank balances | 19,187 | 40,746 |
| Fixed deposit with licensed bank | 8,615 | 42,320 |
| | 27,802 | 83,066 |
| Fixed deposit pledged with licensed bank | (7,412) | (10,060) |
| | 20,390 | 73,006 |

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017.

**GREEN PACKET BERHAD ( 534942-H )**
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

## A Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting

### A1 Basis of preparation

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 and Appendix 9B of Chapter 9 Part K of the Main Listing Requirement of Bursa Malaysia Securities Berhad ("BMSB"). The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017.

### A2 Changes in accounting policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2017 except for the new standards, amendments to publish standards and interpretations that are mandatory for the Group's financial year beginning on or after 1 January 2018 as set out below:

a) Amendments to MFRS 2 : Classification and Measurement of Share-based Payment Transactions
b) MFRS 9: Financial Instrument
c) MFRS 15: Revenue from Contracts with Customers
d) Amendments to MFRS 128: Investments in Associates and Joint Ventures (Annual Improvements to MFRSs 2014-2016)

e) IC Interpretation 22 : Foreign Currency Translations and Advance Consideration

The adoption of the above standards and interpretations does not have significant financial impact to the Group's consolidated financial statements for the current quarter.

The following MFRS have been issued by the MASB and are effective for annual period commencing on or after 1 January 2019, and have yet to be adopted by the Group:

a) MFRS 16: Leases
b) Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Deferred)

c) IC Interpretation 23 : Uncertainty over Income Tax Treatments

### A3 Auditors' report on preceding annual financial statements

The auditors issued an unqualified audit opinion on the financial statements for the year ended 31 December 2017.

### A4 Seasonal or cyclical of operations

The Group's operations were not materially affected by any seasonal and cyclical factors.

### A5 Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

### A6 Material changes in estimates

There were no material changes in estimates of amounts reported in prior financial years, which may have a material effect in the current financial period under review.

### A7 Changes in debts or equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the period ended 30 June 2018.

### A8 Dividends payment

There were no dividends paid or proposed during the current financial period under review.

**A9 Segmental information**

Segmental information is provided based on geographical segment by customers' location as follows:-

| Results for the financial period ended 30 June 2018 | Malaysia RM'000 | Overseas RM'000 | Group RM'000 |
|---|---|---|---|
| **Revenue** | | | |
| Software and Devices | - | 24,673 | 24,673 |
| Communication Services | - | 183,633 | 183,633 |
| E-Services | 1,825 | - | 1,825 |
| | 1,825 | 208,306 | 210,131 |
| **Results** | | | |
| Software and Devices | - | (1,136) | (1,136) |
| Communication Services | - | 2,360 | 2,360 |
| Digital Services | (7,598) | - | (7,598) |
| Investment Holding | (1,463) | - | (1,463) |
| | (9,061) | 1,224 | (7,837) |
| Finance costs | | | (9,414) |
| Finance income | | | 136 |
| | | | (17,115) |
| Share of net loss of associate | | | (1,943) |
| Loss before taxation | | | (19,058) |
| Income tax expense | | | 47 |
| Loss after taxation | | | (19,011) |
| Non-controlling interests | | | 1,743 |
| Loss after taxation & non-controlling interests | | | (17,268) |

| Results for the financial period ended 30 June 2017 | Malaysia RM'000 | Overseas RM'000 | Group RM'000 |
|---|---|---|---|
| **Revenue** | | | |
| Software and Devices | - | 52,662 | 52,662 |
| Communication Services | 300 | 108,494 | 108,794 |
| E-Services | 563 | - | 563 |
| | 863 | 161,156 | 162,019 |
| **Results** | | | |
| Software and Devices | - | 1,135 | 1,135 |
| Communication Services | (7) | 1,235 | 1,228 |
| E-Services | (2,773) | - | (2,773) |
| Investment Holding | 180 | - | 180 |
| | (2,600) | 2,370 | (230) |
| Finance costs | | | (8,067) |
| Finance income | | | 405 |
| | | | (7,892) |
| Share of net loss of associate | | | (852) |
| Loss before taxation | | | (8,744) |
| Income tax expense | | | (226) |
| Loss after taxation | | | (8,970) |
| Non-controlling interests | | | 171 |
| Loss after taxation & Non-controlling interests | | | (8,799) |

**A10 Valuation of property, plant and equipment**

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

**A11 Material events subsequent to the end of the quarter**

There is no material events subsequent to the end of the quarter.

**A12 Changes in the composition of the Group**

There is no change in the composition of the Group during the current financial quarter ended 30 June 2018.

**A13 Contingent assets and changes in contingent liabilities**

The Group does not have any contingent assets at the date of this announcement and there were no changes in contingent liabilities since the last annual balance sheet date.

**A14 Capital commitments**

The Group does not have any capital commitments at the date of the announcement.

**A15 Significant related party transactions**

The Directors of GPB are of the opinion that there are no related party transactions which would have material impact on the financial position and the business of the Group during the current financial year under review.

**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities**

**B1 Review of the performance of the Group**

Financial review for current quarter and financial year to date:-

| | 3 months period ended | | % Change | 6 months period ended | | % Change |
|---|---|---|---|---|---|---|
| | 30-Jun-18 | 30-Jun-17 | | 30-Jun-18 | 30-Jun-17 | |
| | RM million | RM million | | RM million | RM million | |
| Revenue | 103.58 | 82.69 | 25% | 210.13 | 162.02 | 30% |
| Operating (Loss) | (6.16) | 1.00 | -718% | (7.70) | 0.18 | -4501% |
| EBITDA | (5.50) | 1.77 | -411% | (6.36) | 1.65 | -486% |
| (Loss) Before Tax | (11.48) | (3.19) | -260% | (19.06) | (8.74) | -118% |
| (Loss) After Tax | (11.21) | (3.58) | -213% | (19.01) | (8.97) | -112% |
| (Loss) Attributable to Ordinary Equity Holders of the Parent | (10.22) | (3.50) | -192% | (17.27) | (8.80) | -96% |

Total revenue, EBITDA losses and loss after tax ("LAT") of the Group stands at approximately RM103.58 million, RM5.5 million and RM11.21 million respectively for the current financial quarter ended at 30 June 2018 ("2Q18").

Total revenue, EBITDA profits and loss after tax ("LAT") of the Group stands at approximately RM82.69 million, RM1.77 million and RM3.58 million respectively for the financial year ended at 30 June 2017 ("2Q17").

**Group's Segmental Analysis:-**

Revenue contribution comprises the following:-

| | 3 months period ended | | % Change | 6 months period ended | | % Change |
|---|---|---|---|---|---|---|
| | 30-Jun-18 | 30-Jun-17 | | 30-Jun-18 | 30-Jun-17 | |
| | RM million | RM million | | RM million | RM million | |
| Software and Devices | 6.11 | 27.38 | -78% | 24.67 | 52.66 | -53% |
| Communication Services | 96.17 | 55.04 | 75% | 183.63 | 108.79 | 69% |
| Digital Services | 1.31 | 0.28 | 370% | 1.83 | 0.56 | 224% |
| Total | 103.58 | 82.69 | 25% | 210.13 | 162.02 | 30% |

- Software and Devices business registered 78% lower sales in the current quarter compared to year on year basis mainly due to lower devices shipment to a major customer in Philipines compared to the previous year corresponding quarter.

- The Communication Services business recorded a higher revenue of 75% in the current quarter as compared to the previous year on year mainly due to improved sales from most of the countries in ASEAN.

- The Digital Services business continue to register improved revenue of 370% in the current quarter as compared to the previous year on year mainly due to contribution from new major projects secured during the year.

EBITDA comprises the following:-

| | 3 months period ended | | % Change | 6 months period ended | | % Change |
|---|---|---|---|---|---|---|
| | 30-Jun-18 | 30-Jun-17 | | 30-Jun-18 | 30-Jun-17 | |
| | RM million | RM million | | RM million | RM million | |
| Software and Devices | (1.31) | 1.38 | -195% | (1.06) | 1.81 | -159% |
| Communication Services | 0.55 | 1.36 | -59% | 2.76 | 1.81 | 52% |
| Digital Services | (3.69) | (1.08) | -241% | (6.91) | (2.11) | -227% |
| Investment Holding | (1.05) | 0.11 | -1059% | (1.15) | 0.14 | -930% |
| Total | (5.50) | 1.77 | -411% | (6.36) | 1.65 | -486% |

The EBITDA losses of RM5.50 million in the current quarter compared to a EBITDA profits of RM1.77 million in the previous corresponding quarter were mainly due to continue investment in business development costs consisting mainly of staff costs and sales/marketing costs incurred to build the Digital Services business, substantially lower revenue from the Software and Devices business and dropped in gross profits margins despite higher revenue in the Communication business .

Profit/ (Loss) after tax comprises the following:-

| | 3 months period ended | | % Change | 6 months period ended | | % Change |
|---|---|---|---|---|---|---|
| | 30-Jun-18 | 30-Jun-17 | | 30-Jun-18 | 30-Jun-17 | |
| | RM million | RM million | | RM million | RM million | |
| Software and Devices | (1.31) | 1.14 | -215% | (1.11) | 1.54 | -172% |
| Communication Services | 0.53 | 0.86 | -38% | 2.42 | 1.18 | 104% |
| Digital Services | (4.04) | (1.43) | 182% | (7.60) | (2.73) | 178% |
| Investment Holding | (1.07) | 0.04 | -2785% | (1.36) | (0.04) | 3168% |
| | (5.89) | 0.61 | -1073% | (7.65) | (0.05) | 14878% |
| Finance costs* | (4.80) | (4.06) | -18% | (9.41) | (8.07) | -17% |
| Share of loss of associate | (0.51) | (0.13) | -306% | (1.94) | (0.85) | -128% |
| Total | (11.21) | (3.58) | 213% | (19.01) | (8.97) | 112% |

*Finance cost is mainly in relation to the Exchangeable Medium Term Notes.

Higher business development costs incurred for the Digital Services business, EBITDA losses from the Software and Devices and lower EBITDA profits from the Communication Services business coupled with higher finance costs accrued from the Exchangeable Medium Term Notes in the current quarter have resulted in the loss after tax of RM11.21 million in the current quarter.

**B2 Material changes in the quarterly results compared to the results of the preceding quarter**

Financial review for current quarter compared with immediate preceding quarter:-

| | 3 months period ended | | % Change |
|---|---|---|---|
| | 30-Jun-18 | 31-Mar-18 | |
| | RM million | RM million | |
| Revenue | 103.58 | 106.55 | -3% |
| Operating Profit | (6.16) | (1.54) | 301% |
| EBITDA | (5.50) | (0.86) | 542% |
| Loss Before Tax | (11.48) | (7.58) | -52% |
| Loss After Tax | (11.21) | (7.80) | -44% |
| Loss Attributable to Ordinary Equity Holders of the Parent | (10.22) | (7.05) | -45% |

Total revenue and loss after tax ("LAT") of the Group for the current financial quarter ended 30 June 2018 ("2Q18") were RM103.58 million and RM11.21 million respectively as compared to the revenue and LAT of the Group for the previous preceeding financial quarter ended at 31 March 2018 ("1Q18") of RM106.55 million and RM7.80 million respectively.

**Group's Segmental Analysis:-**

Revenue contribution comprises the following:-

| | 3 months period ended | | % Change |
|---|---|---|---|
| | 30-Jun-18 | 31-Mar-18 | |
| | RM million | RM million | |
| Software and Devices | 6.11 | 18.56 | -67% |
| Communication Services | 96.17 | 87.47 | 10% |
| Digital Services | 1.31 | 0.52 | 152% |
| Total | 103.58 | 106.55 | -3% |

Overall, revenue for current quarter was slightly lower than the previous quarter mainly due to substantially lower revenue from the Software and Devices business.

EBITDA comprises the following:-

| | 3 months period ended 30-Jun-18 RM million | 31-Mar-18 RM million | % Change |
|---|---|---|---|
| Software and Devices | (1.31) | 0.25 | 621% |
| Communication Services | 0.55 | 2.21 | 75% |
| Digital Services | (3.69) | (3.22) | -15% |
| Investment Holding | (1.05) | (0.10) | 934% |
| Total | (5.50) | (0.86) | 542% |

EBITDA losses of RM5.50 million in the current quarter were higher as compared with the EBITDA losses of RM0.86 millon in the preceeding quarter were mainly due to losses in the Software and Devices business and lower EBITDA profits from the Communication Services. This was due to substantially lower revenue from the Software and Devices business and dropped in gross profits margins in the Communication business.

Loss after tax comprises the following:-

| | 3 months period ended 30-Jun-18 RM million | 31-Mar-18 RM million | % Change |
|---|---|---|---|
| Software and Devices | (1.31) | 0.20 | 769% |
| Communication Services | 0.53 | 1.89 | 72% |
| Digital Services | (4.04) | (3.56) | -13% |
| Investment Holding | (1.07) | (0.29) | 272% |
| | (5.89) | (1.76) | 234% |
| Finance costs* | (4.80) | (4.61) | -4% |
| Share of loss of associate | (0.51) | (1.43) | 64% |
| Total | (11.21) | (7.80) | -44% |

*Finance cost is mainly in relation to the Exchangeable Medium Term Notes.

**B3 Current prospects and progress on previously announced financial estimates**

**a) Current prospects**

The Company is continuing its efforts to improve the performance of the Group in the following ways:-

a. Secure greater geographical reach in markets for new LTE products.

b. Expand the wholesale voice traffic and grow the wholesale data services.

c. Focus to drive business growth in the Internet of Things ("IOT") and Digital Services platform in the current financial year which are complementary to and synergistic with the existing 2 business pillars and having the potential to contribute positively to the Group.

d. Upsell new media devices and IOT products to its global telecommunication customers.

**b) Progress and steps to achieve financial estimate, forecast, projection and internal targets previously announced**

There was no financial forecast previously announced by the Group.

**B4 Statement of the Board of Directors' opinion on achievebility of financial estimate, forecast, projection and internal targets previously announced**

Not applicable

**B5 Financial estimate, forecast or projection/profit guarantee**

There was no financial estimate, forecast or projection and profit guarantee issued by the Group.

**B6 Income tax expense**

| | Financial period ended 30-Jun-18 RM'000 |
|---|---|
| Current period tax expense | (47) |

**B7 Status of corporate proposals and utilisation of proceeds**

The status of corporate proposals announced but not completed are as follow:

a) On 22 June 2018, the Company ("GPB") had announced that its proposes to undertake a renounceable rights issue of up to 150,202,583 Rights Shares on the basis of 1 Rights Share for every 5 existing GPB Shares held, together with up to 450,607,749 Warrants on the basis of 3 Warrants for every 1 Rights Share subscribed for, based on an entitlement date to be determined later ("Proposed Rights Issues with Warrants"). Subsequently, on 11 July 2018, the application for the Proposed Rights Issue with Warrants had been submitted to Bursa Malaysia Securities Berhad. On 10 August 2018, the application for the Proposed Rights Issue with Warrants was approved by Bursa Malaysia Securities Berhad.

b) On 26 June 2018, the Company had announced to undertake the following proposals :

i) A capital reduction exercise pursuant to Section 116 of the Companies Act, 2016 ("Act") to reduce the issued share capital of GPB by an amount equivalent to the entire accumulated losses of the Company as at 31 December 2017 ("Proposed Capital Reduction") and;

ii) Establishment and implementation of a share grant scheme of up to 15% of the total number of issued shares of GPB (excluding treasury shares) at any point in time during the duration of the Proposed Share Grant Scheme for the executive directors and employees of GPB and its subsidiaries (excluding subsidiaries which are dormant) ("GPB Group" or "Group") who fulfil the eligibility criteria ("Proposed SGS")

On 20 July 2018, the application for the Proposed Capital Reduction and Proposed SGS was approved by Bursa Malaysia Securities Berhad

**B8 Group borrowings and debt securities**

Total borrowings of the Group are as follows:

| | As at 30 June 2018 | | |
|---|---|---|---|
| | Non-current RM '000 | Current RM '000 | Total RM '000 |
| Secured: | | | |
| - Exchangeable medium term notes | 242,802 | - | 242,802 |
| - Term loan | 436 | 227 | 663 |
| - Trade facilities | - | 3,856 | 3,856 |
| - Revolving Credits | - | 7,095 | 7,095 |
| - Hire purchases creditors, which are denominated in Ringgit Malaysia. | 260 | 60 | 320 |
| Total | 243,498 | 11,238 | 254,736 |

| | As at 30 June 2017 | | |
|---|---|---|---|
| | Non-current RM '000 | Current RM '000 | Total RM '000 |
| Secured: | | | |
| - Exchangeable medium term notes | 224,291 | - | 224,291 |
| - Term loan | 605 | 196 | 801 |
| - Hire purchases creditors, which are denominated in Ringgit Malaysia. | 304 | 136 | 440 |
| Total | 225,200 | 332 | 225,532 |

**B9 Material litigations**

There were no material litigations involving the Group as at the date of this announcement.

**B10 Dividends**

No dividend has been declared or recommended in respect of the current financial period under review.

**B11 Realised and unrealised losses disclosure**

The Group's realised and unrealised accumulated losses disclosure are as follows:

| | As at 30-Jun-18 RM'000 | As at 30-Jun-17 RM'000 |
|---|---|---|
| Total accumulated losses of the Company and subsidiaries: | | |
| - Realised accumulated losses | (896,141) | (876,946) |
| - Unrealised retained profit/(loss) | 203 | (347) |
| Consolidation adjustments | 445,204 | 451,224 |
| Total Group accumulated losses | (450,734) | (426,068) |

**B12 Earnings per share**

**Basic EPS**

Basic EPS is calculated by dividing the net profit/(loss) for the period by the weighted average number of ordinary shares in issue during the period.

| | 3 months period ended | | 6 months period ended | |
|---|---|---|---|---|
| | 30-Jun-18 | 30-Jun-17 | 30-Jun-18 | 30-Jun-17 |
| Loss attributable to ordinary equity holders of the Company (RM'000) | (10,215) | (3,502) | (17,268) | (8,799) |
| Weighted average numbers of ordinary shares in issue of RM0.20 par each ('000) | 758,721 | 720,837 | 758,721 | 720,837 |
| Basic earning per share (sen) | (1.3) | (0.5) | (2.3) | (1.2) |

**B13 Profit/(Loss) for the Period**

| | 3 months period ended | | 6 months period ended | |
|---|---|---|---|---|
| | 30-Jun-18 | 30-Jun-17 | 30-Jun-18 | 30-Jun-17 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Profit/(Loss) for the period is arrived at after charging :** | | | | |
| Amortisation of : | | | | |
| - development cost | 120 | 39 | 232 | 47 |
| - intellectual property | 0 | - | 2 | - |
| Depreciation of plant and equipment | 539 | 457 | 1,104 | 913 |
| Rental of premises | 404 | 370 | 787 | 733 |
| Loss/(Gain) on foreign exchange | | | | |
| - realised | 849 | (181) | 1,350 | (62) |
| - unrealised | (213) | 424 | (194) | 540 |
| Staff costs: | | | | |
| - defined contribution plan | 569 | 357 | 901 | 671 |
| - salaries and other benefits | 5,962 | 6,212 | 11,510 | 10,579 |
| Interest expense: | | | | |
| - hire purchase | 4 | 4 | 8 | 8 |
| - exchangeable medium term notes | 4,798 | 4,054 | 9,406 | 8,059 |
| **and after crediting :** | | | | |
| Interest income | 112 | 273 | 136 | 405 |

**B14 Authorisation for Issue**

The interim financial statements were authorised on 27 August 2018 for issue by the Board of Directors.

Company No. 534942-H

**APPENDIX VI**

**DIRECTORS' REPORT**

greenpacket

always best connected

**Registered Office:-**

B-23A-3, The Ascent Paradigm
No.1, Jalan SS 7/26A, Kelana Jaya
Selangor Darul Ehsan

Date: 30 OCT 2018

To: The Shareholders of Green Packet Berhad ("**GPB**" or the "**Company**")

On behalf of the Board of Directors of GPB ("**Board**"), I wish to report that after making due enquiries in relation to GPB and its subsidiary companies ("**Group**") during the period between 31 December 2017, being the date to which the latest audited consolidated financial statements of our Group have been made up, and the date of this letter, being a date not earlier than 14 days before the date of this Abridged Prospectus:-

i. In the opinion of the Board, the business of our Group has been satisfactorily maintained;

ii. In the opinion of the Board, no circumstances have arisen since the latest audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

iii. The current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

iv. Save as disclosed in Section 9.3 of this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

v. There has been no default or any known event that could give rise to a default situation in respect of payment of either interest and/ or principal sums in relation to any borrowings in our Group since the latest audited consolidated financial statements of our Group; and

vi. Save as disclosed in Section 6 of Appendix II of this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the latest audited consolidated financial statements of our Group.

Yours faithfully,
For and on behalf of the Board
**GREEN PACKET BERHAD**

.........................................
Name : TAN KAY YEN
Designation : Chief Executive Officer cum Executive Director

## ADDITIONAL INFORMATION

### 1. SHARE CAPITAL

i. Save for the Rights Shares, Warrants and new GPB Shares to be issued arising from the exercise of the Warrants, no securities in our Company will be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of this Abridged Prospectus.

ii. As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only 1 class of shares in our Company, namely the ordinary shares of GPB, all of which rank *pari passu* with one another.

iii. As at the date of this Abridged Prospectus, save for the Provisional Rights Shares with Warrants, no person has been or is entitled to be granted an option to subscribe for any of our securities.

iv. All the Rights Shares and the new GPB Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the existing GPB Shares, save and except that such Shares will not be entitled to any dividends, rights, allotments and/ or other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such Shares.

### 2. DIRECTORS' REMUNERATION

The provisions in our Memorandum and Articles of Association in relation to the remuneration of our Directors are set out below:-

**Article 80**

The fee of the Directors shall from time to time be determined by the Company pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting but the remuneration (other than fees) of the executive Directors shall from time to time be determined by the Board of Directors. The fees payable to the Directors shall not be increased except pursuant to a resolution passed at the general meeting where notice of the proposed increase has been given in the notice convening the meeting. The fees payable to non-executive Directors shall be a fixed sum and not by way of a commission on or percentage of profits or turnover and the salaries payable to executive Directors may not include a commission on or percentage of turnover. Any fee paid to an alternate director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration. Any Director holding office for a part of year shall be entitled to proportionate part of such remuneration.

## 3. MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years preceding the date of this Abridged Prospectus:-

i. Share subscription agreement dated 8 December 2016 entered into between our wholly-owned subsidiary company, namely Worldline Enterprise Sdn Bhd and Rao Xiaobo, Zhang JingWen, Sun Lei, Shenzhen Memo Development Technology LLP (Limited Partnership) and Shenzhen Memo Technology Co Ltd, where Worldline Enterprise Sdn Bhd shall subscribe for 20% of the enlarged share capital of Shenzhen Memo Technology Co. Ltd for a total cash consideration of RMB10.0 million (approximately RM6.4 million). The said share subscription was completed on 17 February 2017;

ii. Joint venture contract dated 8 December 2016 entered into between our wholly-owned subsidiary company, namely Worldline Enterprise Sdn Bhd, Rao Xiaobo, Zhang JingWen, Sun Lei and Shenzhen Memo Development Technology LLP (Limited Partnership) to regulate the parties' conducts and the business in Shenzhen Memo Technology Co Ltd;

iii. Share sale and purchase agreement dated 17 July 2017 entered into between our wholly-owned subsidiary company, namely Packet Interactive Sdn Bhd (as purchaser) and Rashad Khaleel Mousa Bdeiri (also known as Rashad Khalil Budeiri) and Suhaima Binti Abd Hamid (as vendors), and the target company, namely Mobiduu Solutions Sdn Bhd, pursuant to which Packet Interactive Sdn Bhd agreed to purchase the entire 350,000 issued shares of Mobiduu Solutions Sdn Bhd from the aforesaid vendors for a total cash consideration of RM4.0 million. The said acquisition was completed on 28 July 2017;

iv. Joint venture and shareholders agreement dated 3 July 2018 entered into between our wholly-owned subsidiary company, namely NGT Networks Pte Ltd, and Funsea Entertainment Co. Ltd, to undertake the business and/ or projects related to offering digital contents of among others, games, movies and music and other businesses in relation thereto to the carrier and/ or telecommunications operators or master content provider in the countries in the South East Asia through the incorporation of a joint venture company. The aforesaid parties have since incorporated two joint venture companies, namely Packet Interactive Entertainment (M) Sdn Bhd and Funsea Interactive Entertainment (M) Sdn Bhd, on 8 February 2018, to undertake the said business and/ or projects related to offering digital contents; and

v. The Deed Poll.

## 4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and after having made all reasonable enquiries, our Board is not aware of any such proceedings pending or threatened against our Group, or any facts likely to give rise to any proceedings, which may materially or adversely affect the financial position or business of our Group.

## 5. GENERAL

i. There is no other existing or proposed service contract (contract for services) entered into or to be entered into between our Group and our Directors or proposed Director, other than those which are expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within 1 year from the date of this Abridged Prospectus.

ii. After having made all reasonable enquiries and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:-

a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group, other than those disclosed in Sections 4, 6 and 7 of this Abridged Prospectus;

b) material commitments for capital expenditure of our Group, the purpose of such commitments and the sources of funding, other than those disclosed in Section 9.4 of this Abridged Prospectus;

c) unusual, infrequent events or transactions or significant economic changes which materially affect the amount of reported income from operations of our Group, other than those disclosed in Section 6, Appendix II of this Abridged Prospectus;

d) known trends or uncertainties which have had, or will have, a material favourable or unfavourable impact on our Group's revenue or operating income, other than those disclosed in Sections 6 and 7 of this Abridged Prospectus;

e) substantial increase in revenues, other than those disclosed in Section 6, Appendix II of this Abridged Prospectus; and

f) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits, other than those disclosed in Section 6 of this Abridged Prospectus.

## 6. CONSENTS

Our Adviser, Company Secretary, Share Registrar, Principal Bankers, Due Diligence Solicitors for the Rights Issue with Warrants and Bloomberg Finance Singapore L.P. have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Our Auditors and Reporting Accountants have given and have not subsequently withdrawn their written consent to the inclusion in this Abridged Prospectus of its name, the pro forma consolidated statements of financial position of our Group as at 31 December 2017 together with the reporting accountants' report thereon, the audited consolidated financial statements of our Group for the FYE 31 December 2017 together with the auditors' report thereon and all references thereto in the form and context in which they appear in this Abridged Prospectus.

## 7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at B-23A-3, The Ascent Paradigm, No.1, Jalan SS 7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, during normal business hours (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:-

i. Our Memorandum and Articles of Association;

ii. Audited consolidated financial statements of our Group for the past 2 financial years up to the FYE 31 December 2017;

iii. Latest unaudited quarterly report of our Group for the 6-month FPE 30 June 2018;

iv. The pro forma consolidated statements of financial position of our Group as at 31 December 2017 together with reporting accountants' report thereon, as set out in Appendix III of this Abridged Prospectus;

v. The irrevocable undertaking letters dated 22 June 2018 and supplemental undertaking letters dated 18 October 2018 referred to in Section 3 of this Abridged Prospectus;

vi. The Directors' Report, as set out in Appendix VI of this Abridged Prospectus;

vii. The material contracts referred to in Section 3 of this Appendix; and

viii. The letters of consent referred to in Section 6 of this Appendix.

## 8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with the accompanying NPA and RSF have been seen and approved by our Board. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement herein false or misleading.

UOBKH, being the Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

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## NOTICE OF PROVISIONAL ALLOTMENT

**TERMS DEFINED IN THE ABRIDGED PROSPECTUS DATED 1 NOVEMBER 2018 ("ABRIDGED PROSPECTUS") SHALL HAVE THE SAME MEANINGS WHEN USED IN THIS NOTICE OF PROVISIONAL ALLOTMENT ("NPA") UNLESS STATED OTHERWISE.**

**THE PROVISIONAL ALLOTTED RIGHTS SHARES WITH WARRANTS AS CONTAINED IN THIS NPA ARE PRESCRIBED SECURITIES PURSUANT TO SECTION 14(5) OF THE SECURITIES INDUSTRY (CENTRAL DEPOSITORIES) ACT, 1991 AS AMENDED FROM TIME TO TIME ("SICDA"). THEREFORE, ALL DEALINGS IN THE PROVISIONAL ALLOTTED RIGHTS SHARES WITH WARRANTS WILL BE SUBJECT TO THE SICDA AND THE RULES OF BURSA MALAYSIA DEPOSITORY SDN BHD ("BURSA DEPOSITORY").**

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# GREEN PACKET BERHAD

(Company No.: 534942-H)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 150,202,583 NEW ORDINARY SHARES IN GREEN PACKET BERHAD ("GPB" OR THE "COMPANY") ("GPB SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 5 EXISTING GPB SHARES HELD, TOGETHER WITH UP TO 450,607,749 FREE DETACHABLE WARRANTS ("WARRANT(S) ") ON THE BASIS OF 3 WARRANTS FOR EVERY 1 RIGHTS SHARE SUBSCRIBED FOR, AS AT 5.00 P.M. ON THURSDAY, 1 NOVEMBER 2018 ("ENTITLEMENT DATE") AT AN ISSUE PRICE OF RM0.40 PER RIGHTS SHARE ("RIGHTS ISSUE WITH WARRANTS")**

***Adviser***

UOBKayHian

**UOB Kay Hian Securities (M) Sdn Bhd**
(Company No. 194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**To: The Shareholders of GPB**

**Dear Sir/ Madam,**

Our Board of Directors ("Board") has provisionally allotted to you the number of Rights Shares with Warrants as indicated below ("Provisional Allotment"), in accordance with the approval of Bursa Malaysia Securities Berhad ("Bursa Securities") vide its letter dated 10 August 2018 and the resolution passed by our shareholders at the Extraordinary General Meeting held on 12 September 2018 in relation to the Rights Issue with Warrants.

We wish to advise that the following number of Provisional Allotment in respect of the Rights Issue with Warrants have been confirmed by Bursa Depository and upon acceptance will be credited into your Central Depository System ("CDS") Account subject to the terms and conditions stated in the Abridged Prospectus and the Rights Subscription Form ("RSF") issued by the Company.

The Provisional Allotment is made subject to the provisions in the Abridged Prospectus issued by our Company. Bursa Securities has already prescribed the securities of our Company listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Provisional Allotment are prescribed securities and as such, all dealings in the Provisional Allotment will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository.

**ALL RIGHTS SHARES WITH WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES WITH WARRANTS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/ OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL SHARE CERTIFICATES WILL BE ISSUED.**

It is the intention of our Board to allot the Excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the following priority:-

i. Firstly, to minimise the incidence of odd lots;
ii. Secondly, for all allocation to Entitled Shareholders who have applied for the Excess Rights Shares with Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings in the Company as at the Entitlement Date;
iii. Thirdly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares with Warrants on a pro-rata basis and in board lot, calculated based on the quantum of the Excess Rights Shares with Warrants applied for; and
iv. Finally, for allocation to renouncees who have applied for the Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares with Warrants applied for.

In the event there is any remaining balance of the Excess Rights Shares with Warrants applied for by the Entitled Shareholders and/ or renouncee(s) who have applied for the Excess Rights Shares with Warrants after carrying out steps (i)-(iv) as set out above, steps (ii)-(iv) will be repeated again in the same sequence to allocate the remaining balance of the Excess Rights Shares with Warrants to the Entitled Shareholders and/ or renouncee(s) who have applied for the Excess Rights Shares with Warrants until such balance is fully allocated.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares with Warrants applied for under Part II of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out in (i)-(iv) above are achieved. Our Board also reserves the rights at its absolute discretion to accept in full or in part any application for the Excess Rights Shares with Warrants without assigning any reason thereof.

**NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER**

| NUMBER OF GPB SHARES HELD AT 5.00 P.M. ON THURSDAY, 1 NOVEMBER 2018 | NUMBER OF RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU | NUMBER OF WARRANTS ATTACHED TO RIGHTS SHARES PROVISIONALLY ALLOTED TO YOU | AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.40 PER RIGHTS SHARE (RM) |
|---|---|---|---|
| | | | |

**IMPORTANT RELEVANT DATES AND TIME:-**

| | |
|---|---|
| Entitlement Date ............ : | Thursday, 1 November 2018 at 5.00 p.m. |
| Last date and time for sale of provisional allotment of rights ............ : | Friday, 9 November 2018 at 5.00 p.m. |
| Last date and time for transfer of provisional allotment of rights ............ : | Wednesday, 14 November 2018 at 4.00 p.m. |
| Last date and time for acceptance and payment ............ : | Monday, 19 November 2018 at 5.00 p.m. |
| Last date and time for excess application and payment ............ : | Monday, 19 November 2018 at 5.00 p.m. |

By order of the Board

**TAI SIEW MAY (MAICSA 7015823)**
Company Secretary

Share Registrar
**Symphony Share Registrars Sdn Bhd (378993-D)**
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 603-7849 0777
Fax: 603-7841 8151/8152

**THIS NOTICE OF PROVISIONAL ALLOTMENT IS DATED 1 NOVEMBER 2018**

***WARNING: DO NOT DETACH ANY PART OF THIS DOCUMENT AND PLEASE SEND THIS DOCUMENT IN ITS ENTIRETY TO THE SHARE REGISTRAR***

# RIGHTS SUBSCRIPTION FORM

**TERMS DEFINED IN THE ABRIDGED PROSPECTUS DATED 1 NOVEMBER 2018 ("ABRIDGED PROSPECTUS") SHALL HAVE THE SAME MEANINGS WHEN USED IN THIS RIGHTS SUBSCRIPTION FORM ("RSF") AND THE NOTES AND INSTRUCTIONS FOR COMPLETING THIS RSF UNLESS STATED OTHERWISE.**

**THIS RSF RELATES TO THE ABRIDGED PROSPECTUS AND IS ISSUED FOR THE PURPOSE OF ACCEPTING THE RIGHTS SHARES WITH WARRANTS PROVISIONALLY ALLOTTED AND APPLYING FOR EXCESS RIGHTS SHARES WITH WARRANTS PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS (AS DEFINED HEREIN) OF GREEN PACKET BERHAD ("GPB" OR THE "COMPANY"). THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT IS 5.00 P.M. ON MONDAY, 19 NOVEMBER 2018. THIS RSF IS ONLY APPLICABLE TO PERSONS WHO HAVE PROVISIONAL RIGHTS SHARES WITH WARRANTS STANDING TO THE CREDIT OF HIS/ HER/ THEIR RESPECTIVE CENTRAL DEPOSITORY SYSTEM ("CDS") ACCOUNTS.**

**AFFIX A RM10.00 MALAYSIAN REVENUE STAMP HERE**

greenpacket

## GREEN PACKET BERHAD

(Company No.: 534942-H)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 150,202,583 NEW ORDINARY SHARES IN GPB ("GPB SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 5 EXISTING GPB SHARES HELD, TOGETHER WITH UP TO 450,607,749 FREE DETACHABLE WARRANTS ("WARRANT(S)") ON THE BASIS OF 3 WARRANTS FOR EVERY 1 RIGHTS SHARE SUBSCRIBED FOR, AS AT 5.00 P.M. ON THURSDAY, 1 NOVEMBER 2018 ("ENTITLEMENT DATE") AT AN ISSUE PRICE OF RM0.40 PER RIGHTS SHARE ("RIGHTS ISSUE WITH WARRANTS")**

To: The Board of Directors of GPB

### PART I - ACCEPTANCE OF PROVISIONAL ALLOTMENT

In accordance with the terms of this RSF and the Abridged Prospectus, I/ we* hereby irrevocably accept the number of Rights Shares with Warrants comprised in the Notice of Provisional Allotment issued by the Company as stated below, which were provisionally allotted/ renounced* to and accepted by me/ us* in accordance with and subject to the Memorandum and Articles of Association of the Company, and agree to accept the sum or any other amount that may be allotted to me/ us.

I/ We* enclose herewith Banker's Draft/ Cashier's Order/ Money Order/ Postal Order in favour of "**GPB RIGHTS ISSUE ACCOUNT**" and crossed "**A/C PAYEE ONLY**", being the full amount payable for the number of Rights Shares with Warrants accepted as stated below, and hereby request for the said Rights Shares with Warrants to be credited into my/ our* valid and subsisting CDS Account as follows:-

| NUMBER OF RIGHTS SHARES WITH WARRANTS ACCEPTED | TOTAL AMOUNT PAYABLE AT RM0.40 PER RIGHTS SHARE (RM) | BANKER'S DRAFT/ CASHIER'S ORDER/ MONEY ORDER/ POSTAL ORDER NO. IN FAVOUR OF "GPB RIGHTS ISSUE ACCOUNT |
|---|---|---|
| | | |

**CDS ACCOUNT NO.:** ☐☐☐ – ☐☐☐ – ☐☐☐☐☐☐☐☐☐

### PART II – APPLICATION FOR EXCESS RIGHTS SHARES WITH WARRANTS

In accordance with the terms of this RSF and the Abridged Prospectus, I/ we* hereby irrevocably apply for the number of Excess Rights Shares with Warrants as stated below, in addition to the Rights Shares with Warrants which were provisionally allotted/ renounced* to and accepted by me/ us* as stated above, in accordance with and subject to the Memorandum and Articles of Association of the Company, and agree to accept the sum or any other amount that may be allotted to me/ us.

I/ We* enclose herewith Banker's Draft/ Cashier's Order/ Money Order/ Postal Order in favour of "**GPB EXCESS RIGHTS ISSUE ACCOUNT**" and crossed "**A/C PAYEE ONLY**", being the full amount payable for the number of Excess Rights Shares with Warrants applied for as stated below, and hereby request for the said Excess Rights Shares with Warrants to be credited into my/ our* CDS Account as stated above:-

| NUMBER OF EXCESS RIGHTS SHARES WITH WARRANTS APPLIED | TOTAL AMOUNT PAYABLE AT RM0.40 PER RIGHTS SHARE (RM) | BANKER'S DRAFT/ CASHIER'S ORDER/ MONEY ORDER/ POSTAL ORDER NO. IN FAVOUR OF "GPB EXCESS RIGHTS ISSUE ACCOUNT" |
|---|---|---|
| | | |

### PART III - DECLARATION

I/ We* hereby confirm and declare that:-
(i) All information provided by me/ us* is true and correct;
(ii) All information is identical with the information in the records of Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") and further agree and confirm that in the event the said information differs from Bursa Depository's record as mentioned earlier, the exercise of my/ our rights may be rejected; and
* I am 18 years of age or over.
* I am/ We are* resident(s) of Malaysia.
* I am/ We are* resident(s) of ………………….. (country) and having ……………………. citizenship.
* I am/ We are* nominee(s) of a person who is a Bumiputera/ Non-Bumiputera/ Non-Citizen* resident in ……………….. (country) and having……………………….. citizenship.

I/We* consent to the Company and the Share Registrar collecting the information and personal data (collectively, the "Data") required herein, to process and disclose such Data to any person for the purpose of implementing the Rights Issue with Warrants and storing such Data in any servers located in Malaysia or outside Malaysia in accordance with the relevant laws and regulations.
I/ We* hereby accept all the terms and conditions set out in this RSF and the Abridged Prospectus and further confirm compliance with all the requirements for acceptance as set out therein.

| **NAME AND ADDRESS OF APPLICANT (in block letters as per Bursa Depository's record)** | **Signature/Authorised signatory(ies) (Body Corporate must affix their Common Seal)** |
|---|---|
| **Contact Telephone No./ Mobile No.** (during office hours) ……………………………… | **Nationality/Place of incorporation** ……………………………… |
| **If the Applicant is a natural person (as per Bursa Depository's record)**<br>NRIC No. Old: ………………………………<br>New: ………………………………<br>Passport No. (also state country): ……………………………… | **If the Applicant is a body corporate (as per Bursa Depository's record)**<br>Company No./Registration No.:<br>……………………………… |
| **Race: (If Malaysian)** Please tick (✓) where appropriate<br>☐ Malay ☐ Indian<br>☐ Chinese ☐ Others (specify) ……………… | **Type of Body Corporate** Please tick (✓) where appropriate<br>☐ Government Agencies/Institutions/ Statutory Bodies<br>☐ Controlled by Malaysians (Malays/Natives)<br>☐ Controlled by Malaysians (Non-Malays/Non-Natives)<br>☐ Controlled by Non-Malaysians<br>☐ Others (specify) ……………… |

** Please delete whichever is not appropriate*

Dated this ………………… day of ……………………………………….2018

## NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS RSF

**THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT. IN ACCORDANCE WITH THE CAPITAL MARKETS AND SERVICES ACT 2007, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.** All enquiries concerning the procedures for acceptance, payment and excess application for the Rights Issue with Warrants should be addressed to the Share Registrar of the Company, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan. **INVESTORS SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS TO WHICH THIS RSF RELATES BEFORE COMPLETING THIS RSF.**

The Abridged Prospectus is issued in compliance with the laws of Malaysia only. This RSF together with the Abridged Prospectus and the Notice of Provisional Allotment ("NPA") is not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue with Warrants will not be made or offered or deemed to be made or offered for purchase or subscription, in countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of countries or jurisdictions other than the laws of Malaysia. No action has been or will be taken to ensure that the Rights Issue with Warrants and the Abridged Prospectus, together with the NPA and the RSF comply with the laws of any countries or jurisdictions other than the laws of Malaysia. The Rights Issue with Warrants to which the Abridged Prospectus, together with the NPA and the RSF relates, is only available to persons receiving these documents within Malaysia. Accordingly, these documents will not be despatched to entitled shareholders who do not have a registered address in Malaysia as stated in the Record of Depositors of the Company on the Entitlement Date. Any entitled shareholders and/ or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/or other professional advisers as to whether the acceptance and/ or renunciation (as the case may be) of all or any part of their entitlements to the Rights Shares with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such entitled shareholders and/ or their renouncee(s) (if applicable) should note the additional terms and restrictions as set out in Section 10.10 of the Abridged Prospectus. Neither the Company, UOB Kay Hian Securities (M) Sdn Bhd nor any other professional advisers shall accept any responsibility or liability whatsoever to any party in the event that any acceptance and/ or renunciation (as the case may be) of the entitlements to the Rights Shares with Warrants made by the entitled shareholders and/ or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

A copy of the Abridged Prospectus has been registered by the Securities Commission Malaysia ("SC"). A copy of the Abridged Prospectus together with the NPA and the RSF has also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

The approval from shareholders of the Company for the Rights Issue with Warrants was obtained at the Extraordinary General Meeting held on 12 September 2018. Approval from Bursa Malaysia Securities Berhad ("Bursa Securities") has also been obtained on 10 August 2018 for, amongst others, the admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, the Warrants and the new GPB Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities. The listing of and quotation for all the new securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants. The admission of the Warrants to the Official List and the listing of and quotation for the Rights Shares and the Warrants will commence after, amongst others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") that all the CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to them.

Neither the SC nor Bursa Securities takes any responsibility for the correctness of statements made or opinions expressed in the Abridged Prospectus.

Our Directors have seen and approved all the documentations relating to the Rights Issue with Warrants, including the Abridged Prospectus, together with the NPA and RSF. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in these documents false or misleading.

Unless otherwise stated, the unit of currency used in this RSF is Ringgit Malaysia (or "RM" in abbreviation) and sen.

**INSTRUCTIONS:**

### (I) LAST DATE AND TIME FOR ACCEPTANCE, APPLICATION AND PAYMENT

This RSF is valid for acceptance and/ or application until **5.00 p.m. on Monday, 19 November 2018**.

### (II) FULL OR PART ACCEPTANCE AND PAYMENT

If you wish to accept all or any part of the Provisional Allotment, please complete Parts I and III of this RSF in accordance with the notes and instructions contained herein and return this RSF, together with the appropriate remittance made in RM for the full amount payable for the Rights Shares with Warrants accepted in the form of Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia crossed "**A/C PAYEE ONLY**", made payable to "**GPB RIGHTS ISSUE ACCOUNT**" and endorsed on the reverse side with your name, address and CDS Account number in block letters so as to be received by our Share Registrar **by 5.00 p.m. on Monday, 19 November 2018**.

If acceptance of and payment for the Provisional Allotment are not received by our Share Registrar **by 5.00 p.m. on Monday, 19 November 2018**, the provisional entitlement made to you or the remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Our Board will then reserve the right to allot such Rights Shares with Warrants to the applicants who have applied for the Excess Rights Shares with Warrants in the manner as set out in note (III) below.

The remittance must be made in the exact amount payable for the Rights Shares with Warrants. No acknowledgement of receipt of this RSF or application monies in respect of the Rights Issue with Warrants will be made by our Company or our Share Registrar. However, if your application is successful, a notice of allotment will be despatched to you by ordinary post to the address shown on our Record of Depositors provided by Bursa Depository at your own risk within eight (8) market days from the last date for acceptance of and payment for the Rights Shares with Warrants or such other period as may be prescribed by Bursa Securities.

### (III) APPLICATION FOR EXCESS RIGHTS SHARES WITH WARRANTS

If you wish to apply for additional Rights Shares with Warrants in excess of your entitlement, please complete Part II of this RSF (in addition to Parts I and III) and forward this RSF with a **separate remittance made in RM** for the full amount payable for the Excess Rights Shares with Warrants applied for, to our Share Registrar. Payment for the Excess Rights Shares with Warrants applied for should be made in the same manner as described in note (II) above, and in the form of Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia crossed "**A/C PAYEE ONLY**", made payable to "**GPB EXCESS RIGHTS ISSUE ACCOUNT**" and endorsed on the reverse side with your name, address and CDS Account number in block letters so as to be received by our Share Registrar **by 5.00 p.m. on Monday, 19 November 2018**.

No acknowledgement of receipt of this RSF or application monies in respect of the Excess Rights Shares with Warrants will be issued. However, if your application is successful, a notice of allotment will be despatched to you by ordinary post to the address shown on our Record of Depositors provided by Bursa Depository at your own risk within eight (8) market days from the last date for application of and payment for the Excess Rights Shares with Warrants or such other period as may be prescribed by Bursa Securities.

In respect of unsuccessful or partially successful Excess Rights Shares with Warrants applications, the full amount or the balance of the application monies, as the case may be, shall be refunded without interest and shall be despatched to the applicant by ordinary post to the address as shown on our Record of Depositors provided by Bursa Depository at your own risk within fifteen (15) market days from the last date of acceptance and payment for the Excess Rights Shares with Warrants.

It is the intention of our Board to allot the Excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the following priority:-

(i) Firstly, to minimise the incidence of odd lots;
(ii) Secondly, for all allocation to entitled shareholders who have applied for Excess Rights Shares with Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings in the Company as at the Entitlement Date;
(iii) Thirdly, for allocation to entitled shareholders who have applied for Excess Rights Shares with Warrants on a pro-rata basis and in board lot, calculated based on the quantum of the Excess Rights Shares with Warrants applied for; and
(iv) Finally, for allocation to renouncees who have applied for the Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares with Warrants applied for.

In the event there is any remaining balance of the Excess Rights Shares with Warrants applied for by the Entitled Shareholders and/ or renouncee(s) who have applied for the Excess Rights Shares with Warrants after carrying out steps (i)-(iv) as set out above, steps (ii)-(iv) will be repeated again in the same sequence to allocate the remaining balance of the Excess Rights Shares with Warrants to the Entitled Shareholders and/ or renouncee(s) who have applied for the Excess Rights Shares with Warrants until such balance is fully allocated.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares with Warrants applied for under Part II of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out in (i)-(iv) above are achieved. Our Board also reserves the rights at its absolute discretion to accept in full or in part any application for the Excess Rights Shares with Warrants without assigning any reason thereof.

### (IV) SALE OR TRANSFER OF PROVISIONAL ALLOTMENT

If you wish to sell or transfer all or part of your entitlement to the Provisional Allotment to one (1) or more person(s), you may do so immediately through your stockbroker(s) for the period up to the last date and time for sale or transfer of such Provisional Allotment, without first having to request for a split of the Provisional Allotment standing to the credit of your CDS Accounts. To sell or transfer all or part of your entitlement to the Provisional Allotment, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository.

If you have sold or transferred only part of the Provisional Allotment, you may still accept the balance of the Provisional Allotment by completing Parts I and III of this RSF.

In selling or transferring all or part of your Provisional Allotment, you need not deliver any document including this RSF to your stockbroker(s). However, you must ensure that there is sufficient Provisional Allotment standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the Provisional Allotment may obtain a copy of this RSF from his/ her/ their stockbroker(s), our Share Registrar, our Registered Office or the website of Bursa Securities (http://www.bursamalaysia.com).

### (V) GENERAL INSTRUCTIONS

(a) All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seal.
(b) Rights Shares with Warrants subscribed by the entitled shareholders and/ or their renouncee(s) (if applicable) will be credited into their respective CDS Accounts as stated in this RSF or the exact accounts appearing on Bursa Depository's Record of Depositors.
(c) Any interest or other benefit accruing on or arising from or in connection with any application monies shall be for the benefit of our Company and our Company shall not be under any obligation to account for such interest or other benefit to you.
(d) The contract arising from the acceptance of the Provisional Allotment by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract arising therefrom.
(e) Our Board reserves the right not to accept or to accept any application if the instructions herein stated are not strictly adhered to or which are illegible.
(f) Malaysian Revenue Stamp (NOT POSTAGE STAMP) of RM10.00 must be affixed on this RSF.
(g) Entitled Shareholders and/ or their renouncee(s) should note that any RSF and remittances lodged with GPB's Share Registrar shall be irrevocable and shall not be subsequently withdrawn.