Registration No: 201801018969 (1280985-X)

EQUITIESTRACKER HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT & AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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AL JAFREE SALIHIN KUZAIMI PLT (AF 1522)
Chartered Accountants

Registration No: 201801018969 (1280985-X)

EQUITIESTRACKER HOLDINGS BERHAD
(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS	**:**	ALVIN VONG CHEN WENG ANDREW VONG CHEN KWONG NG BAK LEE TAN MENG CHAI
COMPANY SECRETARIES	**:**	CHRISTINA LIM ZHU CHERN (MAICSA 7067461) TIEW SZE HANN (MAICSA 7058007)
REGISTERED OFFICE	**:**	18-2, JALAN 2/114 KUCHAI BUSINESS CENTRE OFF JALAN KLANG LAMA 58200 KUALA LUMPUR
PRINCIPAL BUSINESS ADDRESS	**:**	SUITE 662, BLOCK A1 LEISURE COMMERCE SQUARE 9 JALAN PJS 8/9 46150 PETALING JAYA, SELANGOR
AUDITORS	**:**	AL JAFREE SALIHIN KUZAIMI (AF 1522) CHARTERED ACCOUNTANTS NO. 555, JALAN SAMUDRA UTARA 1 TAMAN SAMUDRA 68100 BATU CAVES SELANGOR DARUL EHSAN

Registration No: 201801018969 (1280985-X)

EQUITIESTRACKER HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Net loss for the financial year	(1,755,240)	(454,649)

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

RESERVES AND PROVISIONS

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

DIVIDENDS

No dividends have been paid or declared by the Group and by the Company since the date of incorporation. The Directors do not recommend the payment of any dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

The Company increased its share capital from 203,529,600 to 245,529,600 ordinary shares, with the issuance of 42,000,000 new ordinary shares pursuant to an excluded issue at an issue price of RM0.17 per new ordinary share, raising RM7,140,000.

All new issued ordinary shares rank *pari passu* in all respect with the existing ordinary shares of the Company.

The Company did not issue any debentures during the financial year.

OPTIONS

No options have been granted by the Company to any parties during the financial year.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of report are:

Alvin Vong Chen Weng
Andrew Vong Chen Kwong
Ng Bak Lee
Tan Meng Chai

Pursuant to Section 253 of the Companies Act, 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and up to the date of this report is as follow:

Alvin Vong Chen Weng
Andrew Vong Chen Kwong
Ng Swee Kiang
Fun Wai Hong

DIRECTORS' BENEFITS

Since the end of previous financial year, no Director has received or become entitled to receive a benefit (other than disclosed in the financial statements) by reason of a contract made by the Company or related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except the Director receive remunerations as Directors/executive of related corporations.

Neither during, nor at the end of the financial year, did there subsist any arrangements to which the Company was a party whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, the Directors who held office at the end of the financial year and their interests in the Company during the financial year were as follows:

	Number of ordinary shares			
Direct interests in the Company	**At 1.1.2019**	**Bought**	**Sold**	**At 31.12.2019**
Alvin Vong Chen Weng	64,123,900	-	-	64,123,900
Andrew Vong Chen Kwong	65,716,300	-	-	65,716,300
Ng Bak Lee	3,529,400	-	-	3,529,400
Tan Meng Chai	400,000	-	-	400,000

By virtue of the shareholdings in the holding company, Alvin Vong Chen Weng, Andrew Vong Chen Kwong, Ng Bak Lee and Tan Meng Chai are deemed to have interest in shares in all subsidiary companies at the end of the financial year to the extent of the Company's interest, in accordance with Section 8 of the Companies Act, 2016.

DIRECTORS' REMUNERATION

The amount of remunerations of the Directors or past directors of the Group and the Company comprising remunerations received or receivable from the Group and Company during the year as follows:

	Group 2019 RM	**Company 2019 RM**
Remuneratiom	420,526	-
EPF Contribution	52,857	-
Socso Contribution	3,781	-
	477,164	-

None of the Directors of the Company has received any other benefit otherwise than in cash from the Company during the year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the Directors of the Company during the year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

There was no indemnity given to or insurance effected for any Director, officer or auditor of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that no known bad debts need to be written off and no allowance for doubtful debts is required; and

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

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

(i) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extents; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

(iii) which have arisen and render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or

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

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

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

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

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

OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the Directors:

(i) the results of the operations of the Group and Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 19 to the financial statements.

AUDITORS

The auditors, Messrs. Al Jafree Salihin Kuzaimi PLT, have expressed their willingness to accept the reappointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 June 2020.

ALVIN VONG CHEN WENG
Director

ANDREW VONG CHEN KWONG
Director

Selangor, Malaysia

EQUITIESTRACKER HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
(PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016)

We, **ALVIN VONG CHEN WENG** and **ANDREW VONG CHEN KWONG** being two of the Directors of **EQUITIESTRACKER HOLDINGS BERHAD,** do hereby state that in the opinion of the Directors, the financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2019 and of its financial performance and its cash flows of the Group and the Company for the financial year ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 June 2020.

ALVIN VONG CHEN WENG	**ANDREW VONG CHEN KWONG**
Director	Director

Selangor, Malaysia

STATUTORY DECLARATION
(PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016)

I, **ALVIN VONG CHEN WENG,** being the Director primarily responsible for the financial management of **EQUITIESTRACKER HOLDINGS BERHAD,** do solemnly and sincerely declare that the accompanying financial statements are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at ***Batu Caves***)
in the state of ***Selangor Darul Ehsan***)
on 29 June 2020)

ALVIN VONG CHEN WENG
Director

Before me,

Registration No: 201801018969 (1280985-X)

EQUITIESTRACKER HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

		Group		Company	
		2019	**2018**	**2019**	**2018**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-current assets					
Property, plant and equipment	4	945,687	234,287	-	-
Intangible assets	5	540,000	600,000	-	-
Investment in subsidiaries	6	-	-	2,035,297	2,035,297
Goodwill	7	-	272,504	-	-
Right-of-use of assets	8	655,492	-	-	-
		2,141,179	1,106,791	2,035,297	2,035,297
Current assets					
Trade and other receivables	9	2,262,156	1,924,470	-	-
Amount due from subsidiaries	10	-	-	2,494,447	-
Other investment	11	4,053,502	-	4,053,502	-
Cash and cash equivalents	12	479,784	391,926	230,388	2
		6,795,442	2,316,396	6,778,337	2
TOTAL ASSETS		8,936,621	3,423,187	8,813,634	2,035,299
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	9,175,296	2,035,296	9,175,296	2,035,296
Accumulated losses		(1,749,323)	(30,055)	(484,704)	(30,055)
Non-controlling interest		(15,041)	20,931	-	-
TOTAL EQUITY		7,410,932	2,026,172	8,690,592	2,005,241
LIABILITIES					
Non-current liabilities					
Lease liabilities	16	440,029	-	-	-
Current liabilities					
Trade and other payables	14	830,277	607,234	123,039	30,055
Amount due to a director	15	36,486	454,286	3	3
Lease liabilities	16	218,897	-	-	-
Current tax liabilities		-	335,495	-	-
		1,085,660	1,397,015	123,042	30,058
TOTAL LIABILITIES		1,525,689	1,397,015	123,042	30,058
TOTAL EQUITY AND LIABILITIES		8,936,621	3,423,187	8,813,634	2,035,299

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

Registration No: 201801018969 (1280985-X)

EQUITIESTRACKER HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	1.1.2019 to 31.12.2019 RM	22.5.2018 (Date of incorporation) to 31.12.2018 RM	1.1.2019 to 31.12.2019 RM	22.5.2018 (Date of incorporation) to 31.12.2018 RM
Revenue	17	4,109,556	-	-	-
Cost of sales		(1,740,673)	-	-	-
Gross profit		2,368,883	-	-	-
Other income	18	58,922	-	53,503	-
General and administrative expenses		(4,192,677)	(30,055)	(508,152)	(30,055)
Loss from operations		(1,764,872)	(30,055)	(454,649)	(30,055)
Finance cost		(7,413)	-	-	-
Loss before taxation	19	(1,772,285)	(30,055)	(454,649)	(30,055)
Taxation	21	17,045	-	-	-
Net loss for the financial year/period representing total comprehensive loss for the financial year/period		(1,755,240)	(30,055)	(454,649)	(30,055)
Loss for the financial year/period attributable to:					
Owners of the Company		(1,719,268)	(50,986)		
Non-controlling interest		(35,972)	20,931		
		(1,755,240)	(30,055)		
Losses per share	22	(0.72)	(0.55)		

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

EQUITIESTRACKER HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

Group - 31 December 2019	**Share capital RM**	**Accumulated losses RM**	**Non-controlling interest RM**	**Total RM**
At 1 January 2019	2,035,296	(30,055)	20,931	2,026,172
Issuance of shares (Note 13)	7,140,000	-	-	7,140,000
Non controlling interest	-	-	(35,972)	(35,972)
Total comprehensive loss for the financial year	-	(1,719,268)	-	(1,719,268)
As at 31 December 2019	9,175,296	(1,749,323)	(15,041)	7,410,932

Group - 31 December 2018	**Share capital RM**	**Accumulated losses RM**	**Non-controlling interest RM**	**Total RM**
At 22 May 2018 (Date of incorporation)	2	-	-	2
Issuance of shares (Note 13)	2,035,294	-	-	2,035,294
Acquisition of subsidiary	-	-	20,931	20,931
Total comprehensive loss for the financial period	-	(30,055)	-	(30,055)
As at 31 December 2018	2,035,296	(30,055)	20,931	2,026,172

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTD.)

Company - 31 December 2019	Share capital RM	Accumulated losses RM	Total RM
As at 1 January 2019	2,035,296	(30,055)	2,005,241
Issuance of shares (Note 13)	7,140,000	-	7,140,000
Total comprehensive loss for the financial year	-	(454,649)	(454,649)
As at 31 December 2019	9,175,296	(484,704)	8,690,592

Company - 31 December 2018	Share capital RM	Accumulated loss RM	Total RM
At 22 May 2018 (date of incorporation)	2	-	2
Issuance of shares (Note 13)	2,035,294	-	2,035,294
Total comprehensive loss for the financial period	-	(30,055)	(30,055)
As at 31 December 2018	2,035,296	(30,055)	2,005,241

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

EQUITIESTRACKER HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	1.1.2019 to 31.12.2019 RM	22.5.2018 (Date of incorporation) to 31.12.2018 RM	1.1.2019 to 31.12.2019 RM	22.5.2018 (Date of incorporation) to 31.12.2018 RM
Cash flows from operating activities				
Loss before tax represent operating loss before working capital changes	(1,772,285)	(30,055)	(454,649)	(30,055)
Adjustments for:				
Depreciation of property, plant and equipment	87,108	-	-	-
Depreciation of right-of-use asset	38,558	-	-	-
Amortisation of an intangible asset	60,000	-	-	-
Impairment of goodwill	272,504	-	-	-
Interest expenses	7,413	-	-	-
Interest income	(54,122)	-	-	-
Rental income	(4,800)	-	-	-
Operating loss before working capital changes	(1,365,624)	(30,055)	(454,649)	(30,055)
Changes in:				
Trade and other receivables	(337,686)	-	(2,494,447)	-
Trade and other payables	223,043	30,055	92,984	30,055
Cash outflows from operation	(1,480,267)	-	(2,856,112)	-
Interest paid	(7,413)	-	-	-
Interest received	54,122	-	-	-
Rental received	4,800	-	-	-
Tax paid	(318,450)	-	-	-
Net cash used in operating activities	(1,747,208)	-	(2,856,112)	-

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

EQUITIESTRACKER HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTD.)

	Group		Company	
	1.1.2019 to 31.12.2019 RM	22.5.2018 (Date of incorporation) to 31.12.2018 RM	1.1.2019 to 31.12.2019 RM	22.5.2018 (Date of incorporation) to 31.12.2018 RM
Cash flows from investing activities				
Purchase of property, plant and equipment	(798,508)	-	-	-
Acquisition of subsidiaries, net off non-controlling interest	-	(2,035,297)	-	(2,035,297)
Acquisition of subsidiaries, net of cash acquired	-	391,924	-	-
Investment in short term investment	(4,053,502)	-	(4,053,502)	-
Net cash used in investing activities	(4,852,010)	(1,643,373)	(4,053,502)	(2,035,297)
Cash flows from financing activities				
Repayment to directors	(417,800)	-	-	-
Directors' financing	-	3	-	3
Issuance of shares	7,140,000	2,035,294	7,140,000	2,035,294
Repayment of lease	(35,124)	-	-	-
Net cash from financing activities	6,687,076	2,035,297	7,140,000	2,035,297
Net increase in cash and cash equivalents	87,858	391,924	230,386	-
Cash and cash equivalents at beginning of financial year/period	391,926	2	2	2
Cash and cash equivalents at end of financial year/period	479,784	391,926	230,388	2

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

1. CORPORATE INFORMATION

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

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

The Company's registered office of the Company is located at 18-2, Jalan 2/114, Kuchai Business Centre, Off Jalan Klang Lama, 58200 Kuala Lumpur.

The Company's principal place of business is located at Suite 662, Block A1, Leisure Commerce Square 9, Jalan PJS 8/9, 46150 Petaling Jaya.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 June 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

The financial statements of the Group and of the Company have also been prepared on a historical cost basis, except for financial instruments that has been measured at their fair values.

The financial statements are presented in Ringgit Malaysia ("RM").

The preparation of financial statements in conformity with MFRS requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and reported amounts of revenue and expenses during the reported financial period. It also requires directors' best knowledge of current events and action, and therefore actual results may differ.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

As of 1 January 2019, the Group and the Company have adopted the following pronouncements that are applicable and have been issued by the Malaysian Accounting Standards Board (MASB) as listed below:

- MFRS 16 Leases
- Amendments to MFRS 123 Borrowing cost: Borrowing Costs Eligible for Capitalisation (Annual Improvements to MFRS 2015-2017 Cycle)
- Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interest in Associates and Joint Ventures
- Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement
- IC Interpretation 23 Uncertainty over Income Tax Treatments

The initial application of the abovementioned pronouncements does not have any material impact to the financial statements of the Group and the Company except as discussed below:

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (Contd.)

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

The adoption of MFRS 16, have a material impact to the financial statements of the Group and the Company.

2.3 Standards Issued but not yet Effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards and amendments if applicable, when they become effective.

Effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 3	Business Combinations (Amendments to References to the Conceptual Framework in MFRS Standards)
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources (Amendments to References to the Conceptual Framework in MFRS Standards)
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest Rate Benchmark Reform (Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures)
Amendments to MFRS 101	Presentation of Financial Statements (Amendments to References to the Conceptual Framework in MFRS Standards)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments to References to the Conceptual Framework in MFRS Standards)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards Issued but not yet Effective (Contd.)

Amendments to MFRS 134	Interim Financial Reporting (Amendments to References to the Conceptual Framework in MFRS Standards)
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets (Amendments to References to the Conceptual Framework in MFRS Standards)
Amendments to MFRS 138	Intangible Assets (Amendments to References to the Conceptual Framework in MFRS Standards)
Amendment to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments (Amendments to References to the Conceptual Framework in MFRS Standards)
Amendment to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration (Amendments to References to the Conceptual Framework in MFRS Standards)
Amendment to IC Interpretation 132	Intangible Assets—Web Site Costs (Amendments to References to the Conceptual Framework in MFRS Standards)

Effective for a date yet to be confirmed

Amendments to MFRS 10 and MFRS 128	Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the above pronouncements is not expected to have material impact on the financial statements of the Group and the Company in the period of initial application.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable return from its involvement with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (Contd.)

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including,

a) The contractual arrangement with the other vote holders of the investee;

b) Rights arising from other contractual arrangements; and

c) The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiaries. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statements of financial position and statements of comprehensive income from the date Group gains control until the date the Group ceases to control the subsidiaries.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parents of the Group and to the non-controlling interest, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

(a) Business combination

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

(b) Acquisitions of non-controlling interests

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (Contd.)

(c) Loss of control

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

(d) Non-controlling interests

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

(e) Transactions eliminated on consolidation

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

2.5 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognised such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has a minimal useful life and therefore is not depreciated. Depreciation on other property, plant and equipment is calculated to write off the cost on a straight-line basis to their residual values over their expected economic useful lives are as follows.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Property, plant and equipment and depreciation (Contd.)

	Useful lives (years)
Computers	5
Furniture and fittings	5
Motor Vehicles	5
Office equipment	5
Renovation	10
Trademarks	5
Website	5

The residual values, useful lives and depreciation method of assets are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Renovation is not depreciated until such time when the asset is available for use.

At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.6 Impairment of assets

Impairment of financial assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Impairment of assets (Contd.)

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 to profit or loss.

With the exception of available-for-sale equity instrument, 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 extent that the carrying amount of the investment 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.

Impairment of non-financial assets

The carrying value 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 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. 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 discontinued future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at it revalue amount. Any impairment loss of a revalue asset is treated as revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

When there is 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 revalue amount. A reversal of an impairment loss on revalue asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalue asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments

(a) Financial assets – classification and measurement

Classification

The Group classifies its financial assets in the following measurement categories:

(i) those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss), and
(ii) those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade- date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest (SPPI).

(b) Debt instruments

Subsequent measurement of debt instruments depends on the Group business model for managing the asset and the cash flow characteristics of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (Contd.)

(b) Debt instruments (Contd.)

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income ('FVOCI')

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses) in other income. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) in foreign exchange and impairment expenses are presented as separate line item in the statement of comprehensive income or statement of profit or loss and statement of comprehensive income as applicable.

Fair value through profit or loss ('FVTPL')

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in profit or loss and presented net within other gains/(losses) in other income in the period which it arises.

(c) Impairment of financial assets and financial guarantee contracts

Impairment for debt instruments and financial guarantee contracts

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

The Group assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (Contd.)

(c) Impairment of financial assets and financial guarantee contracts (Contd.)

Impairment for debt instruments and financial guarantee contracts (Contd.)

The Group has a type of financial instruments that is subjected to the ECL model, which is trade receivables.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach for other receivables, loans to subsidiaries and financial guarantee contracts issued

At each reporting date, the Group measures ECL through loss allowance at an amount equal to 12 months ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

(ii) Simplified approach for trade receivables, contract assets and lease receivables.

The Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (Contd.)

(c) Impairment of financial assets and financial guarantee contracts (Contd.)

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (Contd.)

(c) Impairment of financial assets and financial guarantee contracts (Contd.)

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

(i) Quantitative criteria

The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

(ii) Qualitative criteria

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

Write off

(i) Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (Contd.)

(c) Impairment of financial assets and financial guarantee contracts (Contd.)

(ii) Other receivables

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

(d) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities comprise trade and other payables and amounts due to related parties.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective finance method except for the derivatives in a loss position which are measured at fair value through profit or loss at the end of each reporting period.

For financial liabilities other than the derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Foreign exchange differences are capitalised to the extent of the capitalisation of the related borrowing costs.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (Contd.)

(d) Financial liabilities (Contd.)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

Borrowings measured at amortised cost is modified without this resulting in derecognition, any gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, shall be recognised immediately in profit or loss in finance cost.

2.8 Intangible assets

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying amount may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

2.9 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Goodwill (Contd.)

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.

2.10 Cash and cash equivalents

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

For the purpose of the statements of cash flows, cash and cash equivalent consist of unrestricted cash and bank balances, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Group's and of the Company's cash management.

2.11 Leases

The Group assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For a contract that contains a lease component and non-lease components, the Group allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand alone prices.

As a lessee

The Group apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognise right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Leases (Contd.)

(ii) Lease liabilities

At the commencement date of the lease, the Group recognise lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

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

(iv) Extension options

The Group in applying their judgement, determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Leases (Contd.)

As a lessor

Leases in which the Group do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.12 Interest-bearing borrowings

Interest-bearing bank borrowings are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use. All other borrowing costs are charged to the statement of comprehensive income as an expense in the period in which they are incurred.

2.13 Foreign Currency Conversion

The financial statements of the Company are presented in Ringgit Malaysia, the currency of the primary economic environment in which the Company operates (their functional currency).

In preparing the financial statements of the Company, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. As the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined, Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.14 Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from proceeds.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Share Capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, otherwise it is charged to the statement of comprehensive income.

Dividends to shareholders are recognised in equity in the period in which they are declared or approved by shareholders at general meeting.

2.16 Provisions

Provisions are recognised when the Group and Company has present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability and the present value of the expenditure expected to be required to settle the obligation.

2.17 Related Parties

A party is related to an entity if:

(i) directly or indirectly through one or more intermediaries, the party:
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity

(ii) directly the party is an associate of the entity
(iii) the party is a joint venture in which the entity is venture,
(iv) the party is a member of the key management personnel of the entity or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is related party of the entity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payables in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is 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 tax rates that have been enacted or substantially enacted by the reporting date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

2.19 Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF") and Employment Insurance System ("EIS"). Such contributions are recognised as an expense in the profit or loss as incurred.

2.20 Revenue

Revenue is recognised to the extent that it is probable the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Other income is recognised on accrual basis.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with Malaysia Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires Directors to exercise their judgements in the process of applying the Group's accounting policies. The estimates and judgements that effect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(a) Judgements made in applying the Group's accounting policies

In the process of applying the Company's accounting policies, which are described in Note 2.4-2.19 above, management in of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on the internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timings of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTD.)

(b) Key sources of estimation uncertainty (Contd.)

Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's receivable at the reporting date is disclosed in Note 9.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 they relate to income taxes levied by the same taxation authority and the Group and Company intends to settle its current tax assets and liabilities on a net basis.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Furniture and fittings RM	Computer RM	Website RM	Motor vehicles RM	Trademarks RM	Renovations RM	Office equipment RM	Total RM
Cost								
As at 1 January 2019	61,935	44,152	71,440	48,712	8,048	-	-	234,287
Acquisition during the year	38,651	13,630	177,500	63,000	7,319	440,000	58,408	798,508
At 31 December 2019	100,586	57,782	248,940	111,712	15,367	440,000	58,408	1,032,795
Accumulated depreciation								
As at 1 January 2019	-	-	-	-	-	-	-	-
Charge for the financial year	15,933	12,401	42,860	12,178	3,476	-	260	87,108
At 31 December 2019	15,933	12,401	42,860	12,178	3,476	-	260	87,108
Net carrying amount								
At 31 December 2019	84,653	45,381	206,080	99,534	11,891	440,000	58,148	945,687
At 31 December 2018	61,935	44,152	71,440	48,712	8,048	-	-	234,287

*There is no depreciation charge during the year for renovation since the acquisition occurred at the end of the year

5. INTANGIBLE ASSETS

Group	Copyright RM	Computer Software development costs RM	Total RM
Cost			
1 January 2019	600,000	400,000	1,000,000
Addition	-	-	-
At 31 December 2019	600,000	400,000	1,000,000
Accumulated amortisation			
1 January 2019	-	400,000	400,000
Addition	60,000	-	60,000
At 31 December 2019	60,000	400,000	460,000
Carrying amount			
At 31 December 2019	540,000	-	540,000
At 31 December 2018	600,000	-	600,000

6. INVESTMENT IN SUBSIDIARIES

	Company 2019 RM	2018 RM
Unquoted shares at cost		
As at 1 January/31 December	2,035,297	2,035,297

6. INVESTMENT IN SUBSIDIARIES (CONTD.)

(a) The details of the subsidiaries are as follows:

Name of Subsidiaries	Place of incorporation	Effective Interest 2019	Effective Interest 2018	Principal Activities
		%	%	
Direct subsidiaries				
Equitiestracker International Sdn. Bhd.*	Malaysia	100	100	Provision of investment training services and equity research platform solutions
ET Digital Insights Sdn. Bhd.*	Malaysia	100	100	Software development.
ET Smart Wealth Sdn. Bhd.*	Malaysia	100	100	Provide software services.
Indirect subsidiary held under Equitiestracker International Sdn. Bhd.				
ET Mandarin Academy Sdn. Bhd.*	Malaysia	51	51	Provide investment training services.

* Audited by firms other than Al Jafree Salihin Kuzaimi Plt (AF1522)

7. GOODWILL

	Group 2019 RM	Group 2018 RM
At Cost:	272,504	272,504
Amortisation of goodwill	(272,504)	-
At end of the financial year	-	272,504

The goodwill on consolidation at the end of the financial year has been write off at the cost of the acquisition of Equitiestracker International Sdn. Bhd., ET Digital Insights Sdn Bhd, ET Smart Wealth Sdn Bhd. and ET Mandarin Academy Sdn. Bhd. The amount of goodwill initially recognised is dependent upon the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed.

8. RIGHT -OF-USE OF ASSETS

Carrying amount	Balance as at 1.1.2019 RM	Effect of addoption of MFRS 16/ Additional RM	Depreciation RM	Balance as at 31.12.2019 RM
Office space	-	694,050	(38,558)	655,492

The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets of the end of the lease term.

The following are the amounts recognised in profit or loss:

	Group	
	2019 RM	2018 RM
Depreciation charge of right-of-use assets	38,558	-
Interest expense on lease liabilities	7,413	-
	45,971	-

9. TRADE AND OTHER RECEIVABLES

	Group	
	2019 RM	2018 RM
Trade receivables		
- Third parties	1,585,222	1,509,829
Other receivables		
Other receivables	570,943	-
Deposits	4,300	2,000
Prepayments	101,691	412,641
	676,934	414,641
Total trade and other receivables	2,262,156	1,924,470

9. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) *Trade Receivables*

Trade receivables are non-interest bearing and are generally on 30 to 90 days terms (2018: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

An ageing analysis of trade receivables as at reporting date is as follow:

	Group	
	2019	2018
	RM	RM
Current	129,399	233,690
> 90 to 180 days	198,005	463,797
> 181 to 360 days	1,257,818	812,342
	1,585,222	1,509,829

(b) *Other Receivables*

These balances are mainly unsecured, non-interest bearing and repayable on demand.

10. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2019	2018
	RM	RM
Nominal value	2,494,447	-

The amount due from subsidiaries are advances which are unsecured and certain amounts are represent the outstanding net present value. The amounts classified under non-current are not due to be settled within the next twelve months whilst amounts classified under current are repayable on demand.

11. OTHER INVESTMENT

	Group and Company 2019 RM	Group and Company 2018 RM
Current		
Money market funds - Quoted	4,053,502	-
Fair value through profit or loss at 31 December	4,053,502	-

12. CASH AND CASH EQUIVALENTS

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash in hand	5	5	2	2
Cash at banks	479,779	391,921	230,386	-
	479,784	391,926	230,388	2

The Group's cash management policy is to use cash in hand, bank balances to manage cash flows to ensure sufficient liquidity to meet the Group and Company's obligations.

13. SHARE CAPITAL

	No of ordinary shares units 2019	No of ordinary shares units 2018	Group/Company 2019 RM	Group/Company 2018 RM
Issued and fully paid:				
At beginning of the financial year/period	203,529,600	-	2,035,296	2,035,296
Issued during the year/period	42,000,000	203,529,600	7,140,000	7,140,000
At end of the financial year/period	245,529,600	203,529,600	9,175,296	9,175,296

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Other payables				
Other payables and accruals	669,966	487,441	91,402	23,805
Accruals	160,311	119,793	31,637	6,250
Total other payables and accruals	830,277	607,234	123,039	30,055

Other payables are unsecured, interest free and repayable on demand.

15. AMOUNT DUE TO A DIRECTOR

The amount due to a director is non-trade in nature, unsecured, interest free and repayable on demand.

16. LEASE LIABILITIES

	Group	
	2019	**2018**
	RM	**RM**
Non current liabilities:		
On 1 January 2019/22 May 2018 (Date of incorporation)	-	-
Addition	723,140	-
Future finance charge	(29,090)	-
Transfer to current liability	(254,021)	-
Total non current liabilities	440,029	-
Current liabilities:		
On 1 January 2019/22 May 2018 (Date of incorporation)	-	-
Transfer from non current liability	254,021	-
Repayment of lease:	(35,124)	-
Total current liabilities	218,897	-
Total lease	658,926	-

16. LEASE LIABILITIES (CONTD.)

Carrying amount	Balance as at 1.1.2019 RM	Effect of addoption of MFRS 16/ Additional RM	Lease payment RM	Interest expenses RM	Balance as at 31.12.2019 RM
Lease liabilities	-	686,637	(35,124)	7,413	658,926

Represented by:	**2019 RM**
Current liabilities	218,897
Non-current liabilities	440,029
	658,926

17. REVENUE

Revenue represent income from provision of equity investment research platform and investment training services are recognised on an accrual basis when the services are rendered.

The revenue of subsidiary companies has been consolidated into the Group's statement of profit and loss and other comprehensive income during the year.

18. OTHER INCOME

	Group		**Company**	
	1.1.2019 to 31.12.2019 RM	**22.5.2018 (Date of incorporation) to 31.12.2018 RM**	**1.1.2019 to 31.12.2019 RM**	**22.5.2018 (Date of incorporation) to 31.12.2018 RM**
Interest income	54,122	-	53,503	-
Rental income	4,800	-	-	-
	58,922	-	53,503	-

19. LOSS BEFORE TAXATION

Loss before taxation has been arrived at

	Group		**Company**	
	1.1.2019 to 31.12.2019 RM	**22.5.2018 (Date of incorporation) to 31.12.2018 RM**	**1.1.2019 to 31.12.2019 RM**	**22.5.2018 (Date of incorporation) to 31.12.2018 RM**
Auditors' remuneration	73,130	10,000	21,200	10,000
Amortisation of intangible assets	60,000	-	-	-
Impairment of goodwill	272,504	-	-	-
Incorporation fee	-	13,205	-	13,205
Depreciation of property. plan and equipment	87,108	-	-	-
Depreciation of right-of-use asset	38,558	-	-	-
Directors' remuneration	420,526	-	-	-
Finance cost - Lease liability interest	7,413	-	-	-
Staff costs (Note 20)	1,881,032	-	-	-
Valuation cost	8,088	-	-	-

20. STAFF COSTS

	Group	
	1.1.2019 to 31.12.2019 RM	22.5.2018 (Date of incorporation) to 31.12.2018 RM
Staff salaries	1,368,781	-
Staff insurance	800	-
Staff training, seminars and conference	345,246	-
EPF and Socso contribution	166,205	-
	1,881,032	-

21. TAXATION

	Group		Company	
	1.1.2019 to 31.12.2019 RM	22.5.2018 (Date of incorporation) to 31.12.2018 RM	1.1.2019 to 31.12.2019 RM	22.5.2018 (Date of incorporation) to 31.12.2018 RM
Income tax:				
Current year	17,045	-	-	-

The significant differences between the tax expense and accounting loss multiplied by statutory tax rate are due to the tax effects arising from the following items:

21. TAXATION (CONTD.)

	Group		Company	
	1.1.2019 to 31.12.2019 RM	**22.5.2018 (Date of incorporation) to 31.12.2018 RM**	**1.1.2019 to 31.12.2019 RM**	**22.5.2018 (Date of incorporation) to 31.12.2018 RM**
Loss before tax	(1,772,285)	(30,055)	(454,649)	(30,055)
Income tax calculated at tax rate of 24% (2018:24%)	(425,348)	(7,213)	(109,116)	(7,213)
Tax effects of:				
Expenses not deductible for for tax purpose	442,393	7,213	109,116	7,213
	17,045	-	-	-

22. LOSSES PER SHARE

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

	Company	
	2019 RM	**2018 RM**
Loss for the year attributables to owners of the Company (RM)	(1,719,268)	(30,055)
Weighted average number of ordinary share in issue	238,529,600	5,451,695
Basic/Diluted earnings per share (sen)	(0.72)	(0.55)

The Company does not have any outstanding convertible equity instrument as at the reporting date. Accordingly, the diluted earnings per share is presented as equal to the basic earnings per share.

23. RELATED PARTY DISCLOSURE

23.1 Control Relationship

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

Key management personnel comprise of members of the senior management team who are directly responsible for the financial and operating policies and decision of the Group and of the company.

23.2 Related party disclosure

Significant transaction with related parties during the financial year were as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
Purchase from	**RM**	**RM**	**RM**	**RM**
ET Mandarin Academy Sdn. Bhd.	311,121	-	-	-
Loan to:				
Equistiestracker International Sdn. Bhd.	2,428,851	-	2,428,851	-
ET Mandarin Academy Sdn. Bhd.	200,000	-	-	-
Payment on behalf				
ET Smart Wealth Sdn. Bhd	6,360	-	-	-
ET Digital Sdn. Bhd.	6,360	-	-	-
Equistiestracker International Sdn. Bhd.	38,695	-	-	-
Non-trade related balance				
Amount due to a director	36,486	454,286	3	3

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are measured on an on-going basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

24. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTD.)

	Group		Company	
	2019	**2018**	**2019**	**2018**
Financial assets	**RM**	**RM**	**RM**	**RM**
Amortised cost				
Trade and other receivables	2,262,156	1,924,470	-	-
Amount due from subsidiaries	-	-	2,494,447	-
Cash and cash equivalents	479,784	391,926	230,388	2
	2,741,940	2,316,396	2,724,835	2
At fair value				
Other investment	4,053,502	-	4,053,502	-
	6,795,442	2,316,396	6,778,337	2
Financial liabilities				
Amortised cost				
Other payables and accruals	830,277	607,234	123,039	30,055
Lease liabilities	658,926	-	-	-
Amount due to a director	36,486	454,286	3	3
	1,525,689	1,061,520	123,042	30,058

The following methods and assumptions are used to estimate the fair value of each item of financial instruments:

(a) Cash and bank balances, other investment and other short-term receivables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these instruments.

(b) Amount due from subsidiaries

The Company does not anticipate the carrying amount recorded at the reporting date to be significantly different from the value that would eventually be paid or settled.

25. FINANCIAL RISK MANAGEMENT AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk.

The Board of Directors reviews and agrees policies and procedures for management of these risks, which are executed by the management.

25. FINANCIAL RISK MANAGEMENT AND POLICIES (CONTD.)

It is, and has been throughout the current period, the Group's and the Company's policy that no derivative shall be undertaken for hedging and speculative purposes. The Group and the Company do not apply hedge accounting.

The following sections provide the details regarding the exposure of the Group and the Company to the above-mentioned financial risks and the objectives, policies and processes for management of these risks.

The Group and the Company are not exposed to price risk as it does not hold listed securities.

(a) *Credit Risk*

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The exposure of the Group and the Company to credit risk arises principally from trade receivables and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The objective of the Group and of the Company is to seek continual revenue growth while minimising losses incurred due to increase in credit risk exposure. The Group and the Company trade with all third parties but will only provide credit terms upon approval of the management.

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

Exposure to Credit Risk

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

Recognition and Measurement of Impairment Loss

In managing credit risk of trade receivables, the Group and the Company manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The Group and the Company use an allowance matrix to measure expected credit loss (ECLs) of trade receivables for all segments. Consistent with the debt recovery process, invoice which are past due 365 days will be considered as credit impaired.

25. FINANCIAL RISK MANAGEMENT AND POLICIES (CONTD.)

The Group and the Company are not exposed to price risk as it does not hold listed securities.

(a) *Credit Risk (Contd.)*

Loss rates are calculated using a ‘roll rate’ method based on the probability of a receivable progressing through successive states of delinquency to 365 days past due.

Recognition and Measurement of Impairment Loss (Contd.)

Loss rates are based on actual credit loss experience over the past two years. The Group and the Company also consider differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group’s and the Company’s view of economic conditions over the expected lives of the trade receivable.

As at the end of the reporting, the Group and the Company did not recognise any allowance for impairment losses.

Exposure to Credit Risk, Credit Quality and Collateral

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

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

(b) *Liquidity Risk*

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The exposure of the Group and the Company to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

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

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

25. FINANCIAL RISK MANAGEMENT AND POLICIES (CONTD.)

(b) *Liquidity Risk*

Analysis of Financial Liabilities by Remaining Contractual Maturity Obligations

The table below summarises the maturity profile of the Group's and the Company's liabilities at the statement of financial position based on contractual undiscounted repayment obligations.

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Not later than 1 year				
Other payables and accruals	830,277	607,234	123,039	30,055
Amount due to a director	36,486	454,286	3	3
	866,763	1,061,520	123,042	30,058

26. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the ability of the Group and of the Company to continue as a going concern and to maintain a capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group and the Company may adjust the amount of dividend payment, return capital to shareholder, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on gearing ratio. The ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and bank balances. Total capital is calculated as total equity plus net debt.

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Other payables and accruals	830,277	607,234	123,039	30,055
Lease liabilities	658,926	-	-	-
Amount due to a director	36,486	454,286	3	3
	1,525,689	1,061,520	123,042	30,058
Less: Cash and cash equivalents	(479,784)	(391,926)	(230,388)	(2)
Net debt	1,045,905	669,594	(107,346)	30,056
Total equity	7,410,932	2,026,172	8,690,592	2,005,241
Gearing ratio	14%	33%	-1%	1%

The Group or the Company is not subject to any externally imposed capital requirement.

27. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The fair values of the assets and liabilities are analysed into level 1 to 3 as follows:-

Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

28. COMPARATIVE FIGURE

On 26 December 2018, the Company acquired the entire issued share capital of Equitiestracker International Sdn Bhd comprising 5,088,235 ordinary shares, which was paid by way of issuance and allotment of an aggregate 203,529,600 new ordinary shares to the shareholders of Equitiestracker International Sdn Bhd.

On 30 November 2018, the Company acquired the entire issued share capital of ET Digital Insights Sdn Bhd and ET Smart Wealth Sdn Bhd for a total consideration of RM3.00.

	As at date of acquisition RM
Property, plant and equipment	222,683
Intangible assets	600,000
Total current assets	2,358,106
Total liabilities	(1,417,996)
	1,762,793
Goodwill on consolidation	272,504
Purchase consideration	2,035,297
Acquisition of a subsidiary, net of cash and cash equivalents acquired	(1,643,373)
Cash and cash equivalents acquired	391,924

29. SUBSEQUENT EVENTS

Events to the reporting date are as follows:

The Coronavirus disease 2019 "COVID-19" pandemic has interrupted the movement of people and goods throughout the world, and many levels of government are instituting restrictions on individuals and business, including Malaysia, where majority of the Group's are located. In relation to this, the Government of Malaysia issued a Federal Government Gazette on 18 March 2020 imposing a Movement Control Order ('MCO') effective from 18 March 2020 to 31 March 2020 arising from the COVID-19 pandemic. The MCO was extended for two (2) weeks consecutively on 23 March and 10 April 2020 until 14 April 2020 and 28 April 2020 respectively, followed by another announcement on 23 April 2020 on further extension of the MCO for another two (2) weeks until 12 May 2020.

Since these developments occurred subsequent to the end of the reporting period, the COVID-19 pandemic is treated as a non-adjusting event in accordance with MFRS 110 Events after the Reporting Period and therefore, judgements and assumptions used in the preparation of the financial statements of the Group for the financial year ended 31 December 2019 do not reflect the effects arising from this non-adjusting event.

Not with standing that, the Group anticipates that the effects of COVID-19 would be recognised in the financial statements for the financial year ending 31 December 2020. The effects of COVID-19 would potentially impact the judgements and assumptions used in the preparation of the financial statements for the financial year ending 31 December 2020, such as expected credit losses of financial assets, fair value measurements of financial instruments, impairment assessments of assets (property, plant and equipment and goodwill).

As at the date of the authorisation of the financial statements, the COVID-19 pandemic and the MCO since 18 March 2020 have significant financial impact to the Group. In view of the lack of visibility on the end date of the COVID-19 pandemic and the MCO, the Group is not able to estimate the full potential financial impact as at the date of the authorisation of the financial statements. The Group will only recognise the financial impact in the financial statements for the financial year ending 31 December 2020.

Registration No: 201801018969 (1280985-X)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUITIESTRACKER HOLDINGS BERHAD (Incorporated in Malaysia)

Opinion

We have audited the financial statements of EQUITIESTRACKERS HOLDINGS BERHAD which comprise the statements of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 53.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUITIESTRACKER HOLDINGS BERHAD (Incorporated in Malaysia)

Key Audit Matters (Contd.)

Key audit matters	How our audit addressed the key audit matters
1) Revenue recognition As set out in Note 2.19 and 17 to the financial statements, the Group's revenue for the year ended amounted to RM4,109,556 where it mainly earned from investment. Given its magnitude and significant volume of transactions involved, revenue recognition is identified as a key audit matter in our audit. There is a risk that revenue could be subject to misstatement, particularly in respect of the timing and amount of revenue recognised. As described in the Significant Accounting Policies in Note 2.19 to extent that is probable the economic benefits will flow to the Group and the revenue can be reliable measured. Revenue is measured at the fair value of consideration received or receivable.	Our procedures included, amongst others: • We obtained an understanding of the Group's relevant internal controls and tested the controls over timing and amount of revenue recognised; • We reviewed the sales transactions, which include the inspection of the documents related to the delivery of the goods to the customer and acceptance from the customer to ascertain the occurrence of the sales transaction and to ensure appropriate recognition of revenue; and • We tested the recording of sales transactions close to the year end to establish whether the transactions were recorded in the correct accounting period.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUITIESTRACKER HOLDINGS BERHAD (Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUITIESTRACKER HOLDINGS BERHAD (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Contd.)

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUITIESTRACKER HOLDINGS BERHAD (Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we also report that:

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Group and the Company have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts of the subsidiary company that have been consolidated with the financial statements of the Group, and we have received satisfactory information and explanations as required by us for those purpose; and

(c) The auditors' report on the account of the subsidiary company were not subject to any qualification and did not include any adverse commend made under Sub-section (3) of Section 266 of the Act.

Other matters

The financial statements of the Group and the Company for the financial period from 22 May 2018 (Date of incorporation) to 31 December 2018 were audited by other auditors whom have expressed an unmodified opinion on these statements on 24 April 2019.

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

AL JAFREE SALIHIN KUZAIMI PLT	**AHMAD ALJAFREE BIN MOHD RAZALLI**
(AF 1522)	**NO. 01768/05/2021 (J)**
CHARTERED ACCOUNTANTS	**CHARTERED ACCOUNTANT**

Dated: 29 June 2020.

Selangor, Malaysia

EQUITIESTRACKER HOLDINGS BERHAD
(Registration No. 201801018969 (1280985-X))
(Incorporated in Malaysia)

ADDITIONAL INFORMATION ACCOMPANYING THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED (“FYE”) 31 DECEMBER 2019

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY EQUITIESTRACKER HOLDINGS BERHAD (“ETH” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

PART A: ADDITIONAL INFORMATION REQUIRED UNDER PART B OF APPENDIX 6A OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

1. Review of performance

For information purposes, ETH and its subsidiaries ("**Group**")'s revenue by business segments, gross profit ("**GP**") as well as profit/(loss) before taxation ("**PBT/(LBT)**") based on combined financial statements basis are as follows:

Combined Income Statements

		Cumulative 12 months ended	
		31/12/2019	**31/12/2018**
		RM'000	**RM'000**
(i)	Revenue	4,110	4,452
(ii)	GP	2,369	3,054
(iii)	PBT/(LBT)	(1,772)	1,012

(i) Revenue by business segments

	FYE			
	31/12/2019		**31/12/2018**	
	RM'000	**%**	**RM'000**	**%**
Equity investment research platforms				
- Corporate	401	9.8	444	10.0
- Retail	560	13.6	517	11.6
	961	23.4	961	21.6
Investment training services				
- Corporate	1,175	28.6	1,579	35.5
- Retail	1,972	48.0	1,902	42.7
	3,147	76.6	3,481	78.2
Others	2	*	10	0.2
Total	**4,110**	**100.0**	**4,452**	**100.0**

Note:

* *Less than 0.1%.*

The Group's revenue recorded from equity investment research platforms was RM0.96 million in the FYE 31 December 2019, which is similar to the previous financial year.

The Group's revenue derived from investment training services reduced by RM0.33 million or approximately 9.6% to RM3.15 million in the FYE 31 December 2019 as compared to the previous financial year, which was mainly attributable to lower engagement by corporate clients for education service due to a less promising market outlook in 2019.

(ii) GP

The Group's GP decreased by RM0.69 million or approximately 22.4% to RM2.37 million in the FYE 31 December 2019 as compared to the previous financial year mainly due to the decrease in corporate sales as mentioned above.

(iii) PBT/(LBT)

The Group's PBT decreased by RM2.78 million to a loss of RM1.77 million in the FYE 31 December 2019 mainly due to listing related expenses, commencement of business operations of ET Mandarin Academy Sdn Bhd, impairment of goodwill, increase in staff costs as well as additional expenses incurred in relation to the marketing and advertising activities as part of the Group's future business expansion.

2. Prospects

In line with the Group's future plans and strategies, the Group continues to further expand its business which are focused in the following areas:

(i) Enhancement of its existing equity investment research platforms

The Group continues to embark on enhancements to its platforms with the intent of reducing the time for its clients to gain insights from analytical tools in its Proprietary Equity Research Platform and is making good progress with backend updates.

(ii) Upgrading of its back-end systems to accommodate future business expansion

a) The Group continues to convert its existing back-end systems to Cloud-native applications. The back-end systems continue to operate on both on-premise & cloud-based systems as the migration takes place.

b) The Group believes that operating on Cloud-native applications will ease its business expansion as it will facilitate the sharing of information and workflow efficiencies, while ensuring built-in business continuity planning (BCP).

(iii) Expand its presence in the investment training services industry in Malaysia

a) Since January 2019 the Group has embarked on online digital marketing initiatives by creating a new department currently staffed by 4 full time employees focusing on marketing its products digitally.

b) On 15 January 2020, the Group moved into its education premise in Symphony Square, Petaling Jaya which is expected to enhance its delivery of customer experience. Whereas for Penang, as the Group has arrangements with venue providers (i.e. hotels) that are charging economically feasible rates, the Board of Directors of the Company ("**Board**") is of the opinion that there is no urgency to relocate to new education premises.

To-date, the implementation of these plans is in progress within the management's control.

In addition, following the outbreak of Coronavirus Disease ("**COVID-19**"), the Group has also undertaken other new initiatives as mentioned below.

Due to the outbreak of COVID-19, the Board expects the current year to be challenging as the Group's revenue has been predominantly derived from the face-to-face seminars and classes which were prohibited during the movement control orders ("**MCO**") (including the subsequent conditional MCO and recovery MCO). Even after the MCO is lifted, the Board anticipates that the lingering sentiment of COVID-19 and a global recession as declared by the Managing Director of the IMF (International Monetary Fund) will have lasting adverse effects. As a result, the Group anticipates a decline in overall customers' demand not only in the Business-to-Consumers (B2C) business but also Business-to-Business-to-Consumers (B2B2C) business, i.e. equity investment research platforms and investment training service businesses.

As the Group continues through this uncertain and challenging environment, the Group has had to revise the approach in conducting its business accordingly. The Group will continue to tap on its expertise to provide financial literacy programmes and capitalising on digital platforms. *"Investor Kopitime"* and *"ET Online Campus*" was established to provide continuous engagement and touchpoints with the investing public. For access to the existing platforms, the *"ET Genius"* package will have new features and *"Investors Studio"*, a service to assist public listed companies with their investor relations, were launched in first half 2020.

The Board remains cautious of the prospects of the Group. Nevertheless, the Board is confident that the Group's strategy to enhance market attractiveness through initiatives that the Group have put in place which includes efforts to broaden the product and service offerings will be able to mitigate the effects from COVID-19.

PART B: OTHER INFORMATION

1. Status of corporate proposals

There were no corporate proposals announced but pending completion as at the date of this report.

2. Utilisation of proceeds

The status of the utilisation of the gross proceeds arising from the excluded issue amounting to RM7.14 million are as follows:

Purpose	Proposed Utilisation RM'000	Reallocation of Proceeds (1) RM'000	Actual Utilisation (2) RM'000	Deviation RM'000	Balance RM'000	Estimated timeframe for utilisation upon listing
Information technology	4,000	(1,630)	370	-	2,000	Within 48 months
Education premises	1,000	-	828	-	172	Within 24 months
Marketing	500	-	469	-	31	Within 24 months
Working capital	640	1,630	601	(39)	1,630	Within 24 months
Estimated listing expenses	1,000	-	1,039	39(3)	-	Immediate
Total	7,140	-	3,307	-	3,833	

Notes:

(1) Part of the proceeds previously earmarked for information technology was reallocated to the Group's working capital to reimburse the working capital spent in the use of cloud infrastructure as part of the Group's effort to go cloud-native.

(2) Utilisation of proceeds as at 31 March 2020.

(3) The shortfall of the amount allocated for listing expenses was reallocated from the amount earmarked for working capital.

3. Material events subsequent to the end of the current financial year

On 3 April 2020, the Board announced that the Company proposed to vary the utilisation of proceeds raised from the Company's excluded issue in conjunction with its listing on the LEAP Market of Bursa Securities on 7 March 2019, as mentioned above.

Dated 29 June 2020