



ANNUAL REPORT

SEDANIA INNOVATOR BHD 2019

FINANCIAL
TECHNOLOGY



GREEN
TECHNOLOGY



INTERNET
OF THINGS



SHARING
PLATFORM



WE ARE INNOVATORS.
WE IMPROVE LIVES IN A
SUSTAINABLE MANNER.



Cover Rationale

Our 2018 cover was shaped by our focus on new product ideas as well as our new emphasis on GreenTech.

In 2019, we completed most of our internal R&D work and we now stand tall, eyeing the horizon as we plot our path forward.



CONTENTS

Corporate Milestones	2
Our Story	4
Our Journey	6
Corporate Information	8
Corporate Structure	9
Financial Calendar & Share Performance	12
Financial Highlights	13
Key Performance Highlights	14
Board of Directors	15
Key Management	22
Management Discussion & Analysis	26
Sustainability Statement	46
Corporate Governance Overview Statement	50
Audit & Risk Management Committee Report	71
Statement on Risk Management & Internal Control	75
Other Additional Compliance Information	81
Directors' Responsibility Statement for The Audited Financial Statement	83
Financial Statements	84
List of Properties	151
Analysis of Shareholdings	152
Notice of The Sixth Annual General Meeting	156
Proxy Form	163

CORPORATE MILESTONES

2004

Incorporation of IDOTTV Sdn. Bhd. to develop media content.

Ventured into mobile technology and innovation.

Collaboration Agreement with Celcom for the provision of Celcom Airtime Sharing services.

2005

Commercially launched Celcom Airtime Request services.

2006

Granted MSC Malaysia status company by MDEC.

2008

Airtime Sharing service with Celcom reaches 300,000 daily transactions.

2009

Renewal of agreement with Celcom for the provision of our Celcom Airtime Sharing services.

2011

Conceptualised the eco-friendly GreenBilling© mobile application

Winner of The International Arch of Europe Awards (Frankfurt) by Arch of Europe for Quality and Technology in Gold Category.

2012

Winner of Corporate Social Responsibility Leadership Awards at Asia Pacific Young Business Conference.

Winner of WITSA Global ICT Excellence Awards (Montreal) – Sustainable Growth Awards for GreenBilling© Application.

2013

Selected for the TERAS program under TERAJU.

Signed agreement with Rayyan Global for provision of Airtime Sharing Solutions to Maxis subscribers.

Founded Sedania Innovator Bhd. (SIB), investment holding company.

Entered into an agreement with SIB for provision of Airtime Sharing Solutions to subscribers of Robi Axiata in Bangladesh.

2014

Commercially launched Airtime Sharing with Robi Axiata and Maxis.

Received award from Celcom Digital Service for Highest Growth Service for Airtime Sharing Celcom 2013.

Conceptualised and introduced Application based Airtime Sharing for multiple MNOS.

Launched GreenBilling© Beta version.

Launched Credit SOS with Celcom.

2015

Selected under Syarikat Skim Jejak Jaya Bumiputera (SJJJB) programme.

Supplemental Agreement with Celcom for the provision of Celcom Airtime Sharing and Request services until 2020.

2016

IDOTTV signed a Strategic Partnership Agreement with Matrix Energy Sdn. Bhd. (MESB) for the provision of Green Technology Solutions for 100 sites located in MESB client, with a contract value of RM8.4 million for a period of four (4) years.

IDOTTV received a certificate of grant of patent from Perbadanan Harta Intelek Malaysia (MyIPO) for the invention titled "Telecommunication Airtime Transfer and Request System And Method" (Patent Number MY-159743-A).

2016

IDOTTV signed a Strategic Partnership Agreement with Iscada Net Sdn. Bhd. for delivery of Internet of Things (IoT) Fire Safety Solutions under Sistem Pengawasan Kebakaran Automatik for Jabatan Bomba dan Penyelamat Malaysia for a period of five (5) years.

2017

The Group ventured into the provision of financial technology services by acquiring 100% equity interest in Sedania As Salam Capital Sdn. Bhd. (SASC). SASC offers As-Sidq™ platform as its core product, a Tawarruq commodity trading system that utilises prepaid telecommunication airtime credit as the traded commodity based on Shariah principles.

2018

IDOTTV signed a Strategic Partnership Agreement with MESB to design, install, and commissioning of Energy Saving Devices and provision of other solutions designed to reduce energy consumption for a telecommunication company in Malaysia.

2019

IDOTTV changed its company name to Sedania Technologies Sdn. Bhd. (STSB).

Acquired 44.29% equity interest in Vast Meridian Sdn. Bhd. (VMSB) and 42.55% equity interest in Esports Pte. Ltd (ESPL).

OUR STORY

SEDANIANS SHAPING TOMORROW

“Innovations that Empower Life Sustainably” is our mission, guiding us in what and how we do things. We Sedanians, are here to use innovations to shape our community’s tomorrow because we believe in technology that empowers and improves life. To fulfil this mission, we encompass a certain set of values - the Sedania DNA. Spirit, Strategy, Strength, Speed, Stamina, and Style. These are the values that all of us exemplify to inspire and have enabled each of our company’s innovations.

Our business origins were rooted in **Strategy** - identifying needs and implementing ingenuity in mapping out plans to see the solution in operation. The demand for our Airtime Sharing Platform by the telecommunication industry was recognised early back in 2004 and remained an important service until today. The digital platform has helped over 20 million users, to share mobile credit and stay connected.

Since 2015, true to carrying the Sedanians’ **Spirit**, we uphold the notion that all endeavours begin with attaining passion and harnessing positive energy towards a pain point. We developed and supplied IoT devices for Malaysia’s nation-wide new SPKA system to improve the alarm effectiveness



and response time for fire the Airtime Sharing in commercial buildings. To date, our fire-alert monitoring system has connected over 7,000 buildings to Malaysia's Fire Department (Bomba) and eliminated up to 80% of false alarms.

Our **Stamina** was bearing its fruits in 2016 when our continuous effort in striving for sustainable energy consumption led to a strategic partnership with a well-established energy service company and successful execution of energy-saving projects. We have invested in GreenTech to adopt technology and science to create products that save up to 30% of everyday energy consumption. Despite initial delays, our Stamina has enabled our current projects to achieve savings of over RM100 million worth of energy over the next 10 years.

In 2017, leveraging on the company's financial **Strength** and the strengths of others through collaboration, Sedania Innovator acquired 100% of Sedania As Salam Capital Sdn. Bhd. ("SASC"), which owns and operates the As-Sidq™ platform, giving us not only an entry into the growing FinTech market but also making us a leader in Islamic B2B digital banking platforms. Today, As-Sidq™ has traded digital commodities on behalf of Financial Institutions worth over RM35 billion for Personal Finance.

As we advance in developing and innovating technologies, **Speed** in reacting, adapting and executing is crucial. Thus, our venture into the eSports industry immediately followed by partnership agreements and platform development speaks of our commitment to cater to fast-evolving needs, such as the rise of digitalised behaviour amongst the younger community.

...and whatever we do, we do it in **Style**.

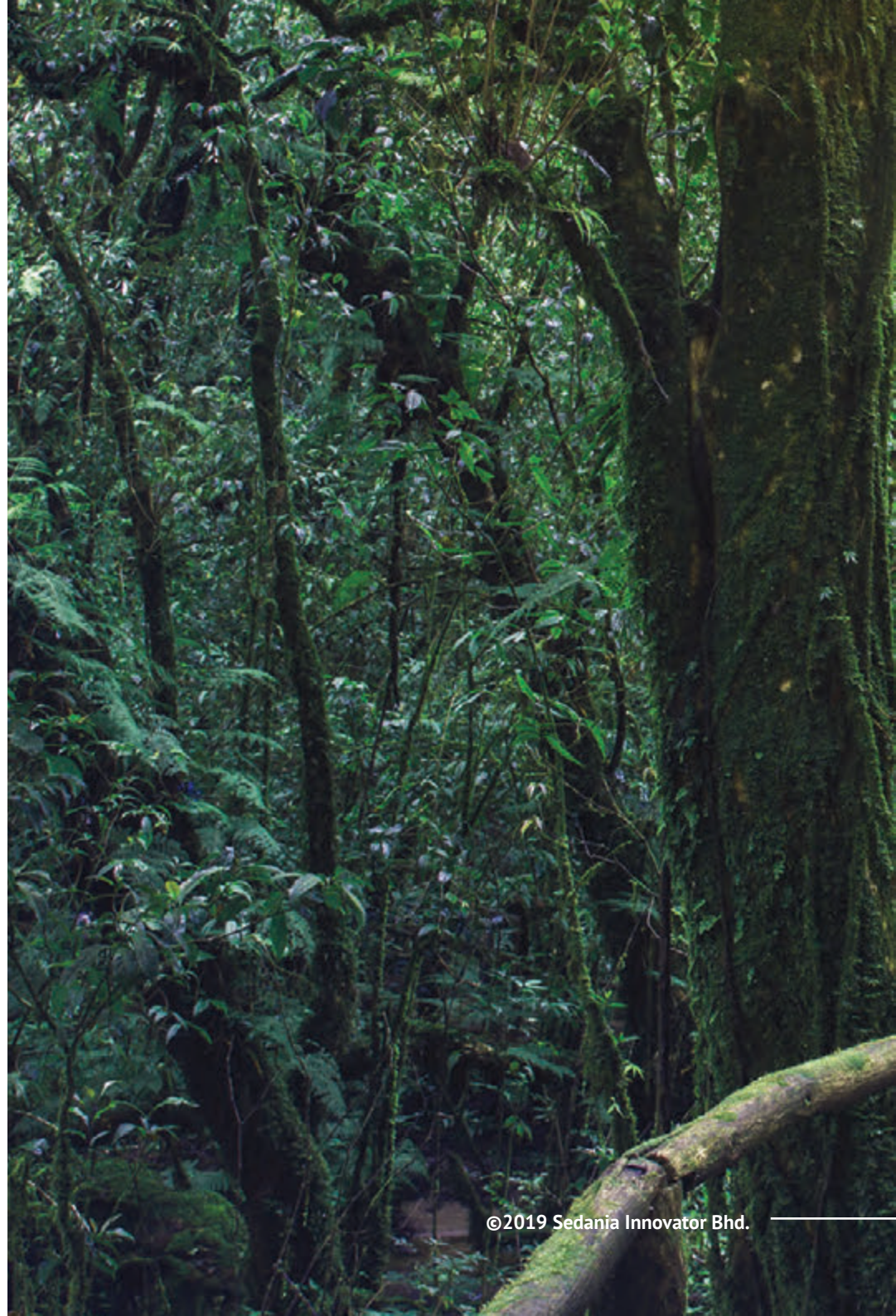
OUR JOURNEY

Founded in 2013, Sedania Innovator is a Malaysia-based investment holding company. Our innovation portfolio includes technologies and digital platforms grouped in 5 Verticals, namely Financial Technology (FinTech), Green Technology (GreenTech), Internet of Things (IoT), Sharing Platform, and Big Data Analytics.

Technology and user behaviour constantly evolves, and the list of challenges shifts follow through, given the dynamism of this highly competitive market space. Being in the business of technology is not for the faint-hearted as we encountered various challenges that had impacted our financial performance and share price throughout 2019.

In 2019, sustainability remains the common denominator of our verticals which guides and drives us to improve and innovate for better lives. As such, we embarked on several new pursuits in transforming our business models to remain adaptable amid heightened competition from key industry players. On 4 April 2019, the Company entered into a shares subscription and shareholders' agreement with Vast Meridian Sdn. Bhd. ("VMSB") to acquire up to 44.29% equity interest in VMSB. On 7 July 2019, VMSB became an associate company of Sedania Group. On 3 October 2019, Sedania also embarked onto yet another exciting venture with iCandy Interactive Limited and Mr. Michael Broda, where we venture into electronic sports ("eSports") businesses through Esports Pte. Ltd. ("ESPL") to launch a global eSports tournament and media network. The Company invested a sum of SGD100,000 to own up to 42.55% equity interest in ESPL. In our IoT segment, we have developed and launched the new ASAP product range to the global market which features smart devices combined with powerful business performance analytics and building automation features.

We are confident that with our strategic initiatives, we will be able to create more value through innovative ICT solutions to expand the Group's current business portfolio, enhance our competitive edge, and maximise long-term shareholder value.





CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Abdul Halim Bin Ali
Senior Independent Non-Executive Chairman

Datuk Noor Azrin Bin Mohd Noor
Managing Director

Noor Syafiroz Bin Mohd Noor
Executive Director

Datuk Syed Izuan Bin Syed Kamarulbahrin
Independent Non-Executive Director

Norliza Binti Kamaruddin
Independent Non-Executive Director
(Appointed on 16 May 2019)

Lau Kin Wai
Independent Non-Executive Director

Tan Sri Nuraizah Binti Abdul Hamid
Independent Non-Executive Director
(Retired on 16 May 2019)

COMPANY SECRETARIES

Chua Siew Chuan
(SSM PC No.: 201908002648/ MAICSA 0777689)
Cheng Chia Ping
(SSM PC No.: 202008000730/ MAICSA 1032514)

AUDIT & RISK MANAGEMENT COMMITTEE

Datuk Syed Izuan Bin Syed Kamarulbahrin (Chairman)
Tan Sri Abdul Halim Bin Ali
Norliza Binti Kamaruddin
(Appointed on 30 May 2019)
Tan Sri Nuraizah Binti Abdul Hamid
(Retired on 16 May 2019)

NOMINATION COMMITTEE

Tan Sri Abdul Halim Bin Ali (Chairman)
Datuk Syed Izuan Bin Syed Kamarulbahrin
Norliza Binti Kamaruddin
(Appointed on 30 May 2019)
Tan Sri Nuraizah Binti Abdul Hamid
(Retired on 16 May 2019)

REMUNERATION COMMITTEE

Norliza Binti Kamaruddin (Chairperson)
(Appointed on 30 May 2019)
Tan Sri Abdul Halim Bin Ali
Datuk Syed Izuan Bin Syed Kamarulbahrin
Tan Sri Nuraizah Binti Abdul Hamid
(Retired on 16 May 2019)

REGISTERED OFFICE

Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights 50490 Kuala Lumpur
Wilayah Persekutuan

Tel : (603) 2084 9000
Fax : (603) 2094 9940

CORPORATE OFFICE

Level 10, Kelana Parkview Tower
Jalan SS6/2, 47301 Petaling Jaya
Selangor Darul Ehsan

Tel : (603) 7880 2001
Fax : (603) 7880 6001

AUDITORS

BDO PLT
(LLP0018825-LCA & AF 0206)
Level 8, BDO @ Menara CenTARa
360, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Wilayah Persekutuan

Tel : (603) 2616 2888
Fax : (603) 2616 3190

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite Avenue 3
Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Wilayah Persekutuan

Tel : (603) 2783 9299
Fax : (603) 2783 9222

PRINCIPAL BANKERS

RHB Islamic Bank Bhd

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Bhd.
Listing Date: 29 June 2015
Stock Code: 0178
Stock Name: SEDANIA

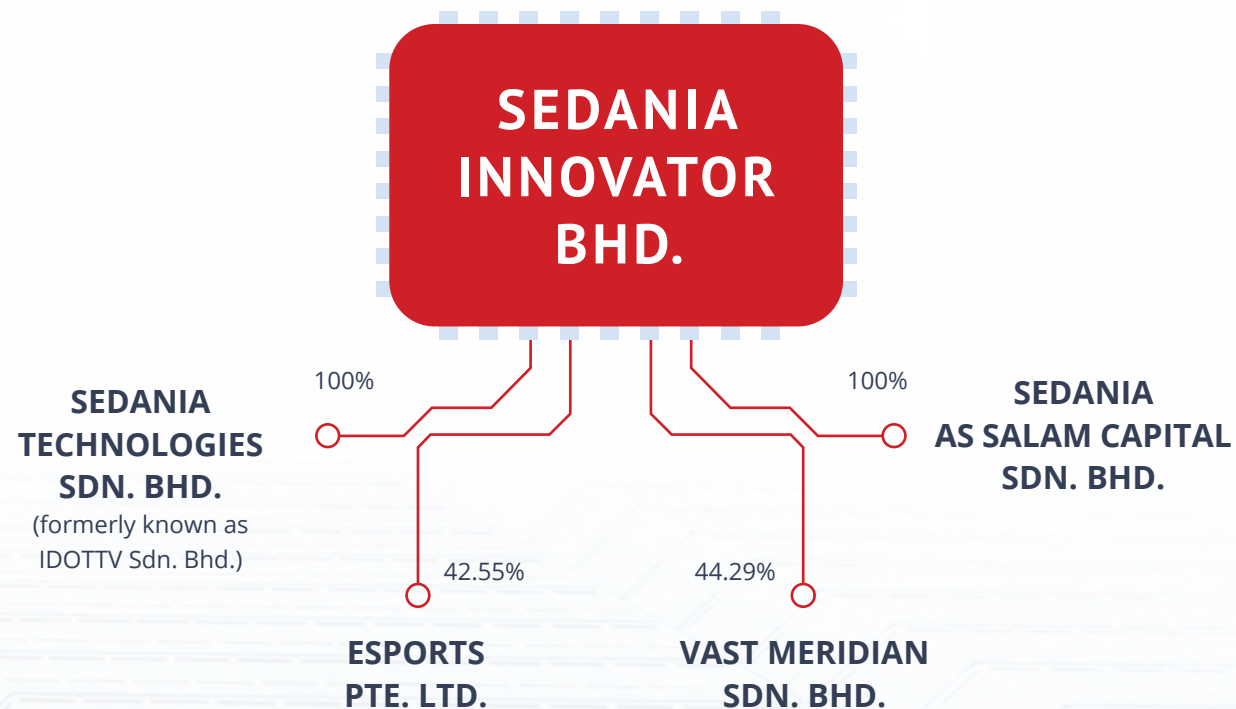
WEBSITE

www.sedaniainnovator.com

EMAIL

info@sedaniainnovator.com

CORPORATE STRUCTURE



OUR DIRECTORS



Lau Kin Wai

Independent
Non-Executive Director

**Noor Syafiroz
bin Mohd Noor**

Executive
Director

**Tan Sri Abdul
Halim bin Ali**

Senior Independent
Non-Executive Chairman

**Datuk Noor Azrin
bin Mohd Noor**

Managing
Director

**Norliza binti
Kamaruddin**

Independent
Non-Executive Director

**Datuk Syed
Izuan bin Syed
Kamarulbahrin**

Independent
Non-Executive Director

The profile of the Directors are disclosed on page 15 of the Annual Report.

OUR MANAGEMENT



**Razam bin
Mohd Rashid**

Chief Technology
Officer

**Daniel Bernd
Ruppert**

Chief Executive
Officer

**Rizalzin Hashim
bin Mohammed**

Chief Financial
Officer

**Khairul Nisa
binti Ismail**

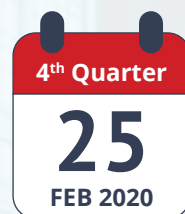
Chief Executive
Officer, SASC

The profile of the Key Management are disclosed on page 22 of the Annual Report.

FINANCIAL CALENDAR

For Financial Year Ending 31 December 2019

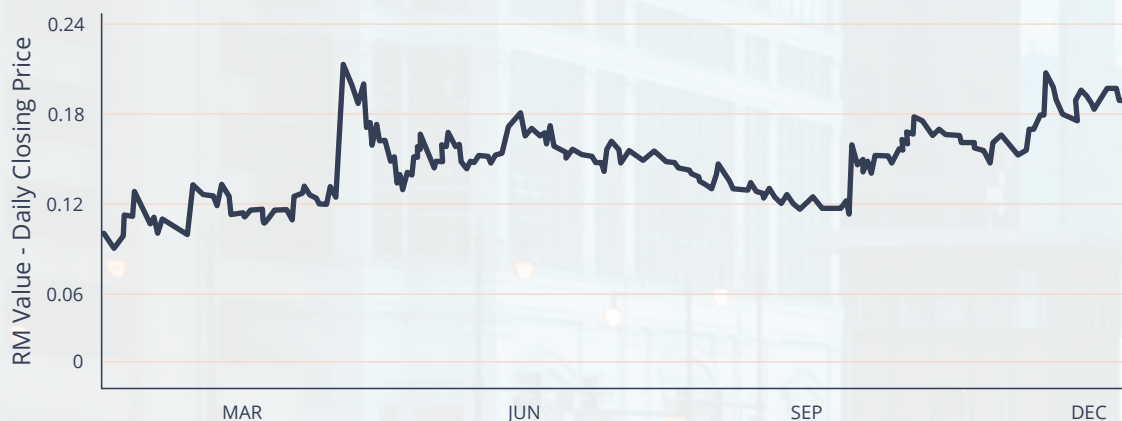
ANNOUNCEMENT OF RESULTS



ANNUAL GENERAL MEETING



SHARE PERFORMANCE



Year High : RM0.23 on 12 April 2019
Year Low : RM0.09 on 4 January 2019
Highest Trading Volume : 42,563,000 on 12 April 2019
Year End Close : RM0.20
Market Capitalisation As At 31 December 2019: RM49.68 Million

FINANCIAL HIGHLIGHTS

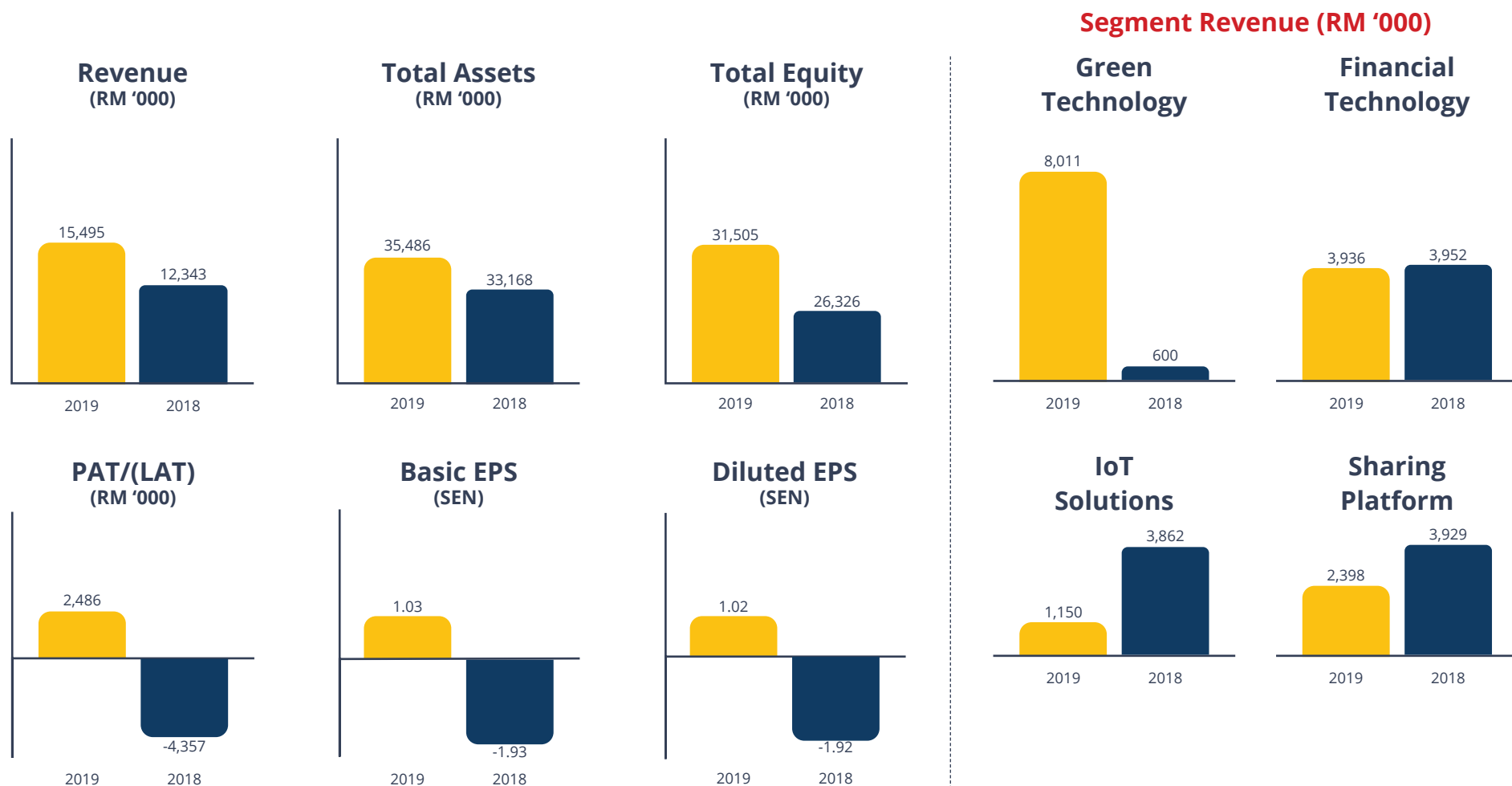
Highlights of our Group's financial information for the past five (5) financial years

RESULTS (RM'000)	2015	2016	2017	2018	2019
Revenue	8,704	17,553	27,297	12,343	15,495
Profit/(Loss) Before Taxation	1,309	(735)	2,157	(4,313)	2,949
Profit/(Loss) After Taxation	1,847	(1,002)	1,567	(4,357)	2,486
Profit / (Loss) For The Year Attributable to Equity Holders	1,847	(1,002)	1,567	(4,357)	2,486

STATEMENT OF FINANCIAL POSITION (RM'000)	2015	2016	2017	2018	2019
Total assets	43,7230	40,224	43,351	33,168	35,486
Total shareholders' equity	40,323	25,163	32,729	26,326	31,505
Total liabilities	3,407	15,061	10,622	6,842	3,981

FINANCIAL STATISTICS	2015	2016	2017	2018	2019
PBT Margin (%)	15.04	(4.19)	7.90	(34.94)	19.03
PAT Margin (%)	21.22	(5.71)	5.74	(35.30)	16.05
Number of Shares (Units)	200,000,000	200,000,000	225,806,452	225,806,452	248,387,052
Basic Earnings Per Share (RM)	0.011	(0.005)	0.007	(0.019)	0.010

KEY PERFORMANCE HIGHLIGHTS



BOARD OF DIRECTORS

TAN SRI ABDUL HALIM BIN ALI

Senior Independent Non-Executive Chairman

Malaysian, 76 years of age, Male

Tan Sri Abdul Halim Bin Ali was appointed to the Board as the Senior Independent Non-Executive Chairman on 25 July 2014. He is also the chairman of the Nomination Committee and the Employee's Share Option Scheme (ESOS) Committee, and a member of the Remuneration Committee and the Audit & Risk Management Committee.

In 1966, he graduated from University of Malaya, with a Bachelor of Arts (Honours) in History, and to date, has almost fifty-two (52) years of working experience. Upon graduation, he joined the Ministry of Foreign Affairs in 1966, where he held several appointments at home as well as at Malaysian Diplomatic Missions overseas.

From 1982 to 1985, he was the Malaysian Ambassador to Vietnam followed by his appointment as Deputy Secretary General III (Administration) of the Ministry of Foreign Affairs from 1985 to 1988. He then served as the Malaysian Ambassador to Austria from 1988 to 1991 and as Deputy Secretary General I (Political Affairs) from 1991 until his promotion in 1996 to Secretary General of the Ministry.

In September 1996, he was appointed as the Chief Secretary to the Government of Malaysia until his retirement in 2001. After his retirement, he was appointed as the Chairman of the Employees Provident Fund until January 2007.

He is the Chairman of the Malaysia Building Society Bhd., MBSB Bank Bhd. and Universiti Teknologi Malaysia.

Tan Sri Abdul Halim does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has no conviction of any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Tan Sri Abdul Halim attended all seven (7) Board Meetings of the Company held during the financial year ended 31 December 2019.



DATUK NOOR AZRIN BIN MOHD NOOR

Managing Director

Malaysian, 50 years of age, Male

Datuk Noor Azrin Bin Mohd Noor was appointed to the Board as the Managing Director on 25 July 2014.

In 1994, he graduated with a Bachelor of Law (Honours) from University of Wolverhampton, United Kingdom. He is the founder of the Group and has more than twenty-six (26) years of working experience, with twenty-one (21) years in media and telecommunication industry and the remainder in legal and corporate banking.

Datuk Noor Azrin began his career upon obtaining his law degree as a legal executive, following which he joined D&C Bank as Corporate Banking Officer in 1993.

In 1995, he joined MEASAT, now known as Astro, as the Head of Entertainment and Sports, pioneering acclaimed shows namely "Roda Impian", MTV Music Television Lip Service, Who Wants to be a Millionaire, as well as, illustrious sports entertainment, the English Premier League, Italian

Serie A, FIFA World Cup and the UEFA Champions League among others, earning him the nickname "Father of Football".

In 2004, armed with the experiences gained in intellectual property and media where he is an undisputed expert, Datuk Noor Azrin established IDOTTV Sdn. Bhd. ("IDOTTV") (which currently known as Sedania Technologies Sdn. Bhd.), a wholly-owned subsidiary of Sedania Innovator Bhd., through which he spearheads the development and implementation of next-generation products and services.

In 2015, Datuk Noor Azrin was appointed as an Advisor Commissioner of the Malaysian Communications and Multimedia Council (MCMC), where he played a key role in forming national policies to champion the interests of mobile users, and actively engaged with telecommunications players to push the telecommunications sector forward.



Datuk Noor Azrin's outstanding achievements have earned him numerous accolades from notable industry captains. His accomplishments have been recognized through the bestowment of various awards, including Top Nominee in the Master Category by Ernst & Young Entrepreneur of the Year 2011, Winner of the Technology Sector by Global Leadership Awards 2012, Winner of the Best Brands in ICT-Content & Media by The BrandLaureate SME Best Brands Awards 2012, Winner of the Outstanding Entrepreneur Category by Asia Pacific Entrepreneurship Awards (AREA) 2014, Masterclass Excellence Award for Bumiputera Entrepreneur of the Year by Utusan Business Awards 2015, and Most Promising Entrepreneur of the Year by Global Leadership Awards 2016.

His vast experience, coupled with his desire to inspire and shape the mindsets of the current and next generations, has led him to publish five (5) books, the first of them MPH's number 1 bestseller, "Non-Conforming", the second published and co-authored in 2015 with his father, Yg. Arif Dato' Mohd Noor, "Unplugged, #WillYouStillBeAMalaysianIn10Years?", and the third "Stories For Our Children", the fourth "Stories of Trials, Tribulations and Hope", and the fifth "Stories of Life: It All Starts With The Heart". Datuk Noor Azrin is also a regular contributor in The Edge Monthly.

At the same time, Datuk Noor Azrin believes in giving back to the community and enhancing the well-being of the needy. To this end, he founded Yayasan Rosni Noor, a charitable organization that undertakes various initiatives toward alleviating the needs of the underprivileged.

Datuk Noor Azrin does not hold any directorship in any other public corporation.

Datuk Noor Azrin is the brother of Noor Syafiroz, the Executive Director of the Group.

Save as disclosed herein, he does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has no conviction of any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Datuk Noor Azrin attended all seven (7) Board Meetings of the Company held during the financial year ended 31 December 2019.

***"IF IT'S MAN-MADE
IT'S MEANT TO BE
IMPROVED."***

- Datuk Azrin Mohd Noor,
Non Conforming,
29 Aug 2013

NOOR SYAFIROZ BIN MOHD NOOR

Executive Director

Malaysian, 43 years of age, Male

Noor Syafiroz Bin Mohd Noor was appointed to the Board as the Executive Director on 25 July 2014.

In 1998, he graduated from La Trobe University, Australia with a Bachelor of Commerce. He has over five (5) years of audit and over sixteen (16) years in business and business management experience.

He started his career with Messrs. Ernst and Young in 1998 as an auditor. Subsequently in 2002, he left and joined Silacom Sdn. Bhd. as General Manager. In 2005, he joined Sedania Corporation Sdn. Bhd. ("SCSB") as the General Manager for the business management group, where he was involved in acquiring content rights for Internet Protocol television platforms. He was subsequently promoted to Director of Operations in 2006. He has held various positions within the SCSB group serving as Executive Director of IDOTTV from 2004 onwards and CEO of IDOTTV from 2008 to 2010. He was also appointed as the CEO of Sedania As Salam Capital Sdn. Bhd. in 2012.

Noor Syafiroz does not hold any directorship in any other public corporation. Noor Syafiroz is the brother of Datuk Noor Azrin, the Managing Director of the Group.

Save as disclosed herein, he does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has no conviction of any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Noor Syafiroz attended all seven (7) Board Meetings of the Company held during the financial year ended 31 December 2019.



DATUK SYED IZUAN BIN SYED KAMARULBAHRIN

Independent Non-Executive Director

Malaysian, 50 years of age, Male

Datuk Syed Izuan Bin Syed Kamarulbahrin was appointed to the Board as an Independent Non-Executive Director on 21 January 2015. He is the Chairman of the Audit & Risk Management Committee and a member of the Remuneration Committee, the Nomination Committee and the ESOS Committee.

A graduate from Emile Woolf College of Accountancy, London, he is a Fellow Member of the Association of Chartered Certified Accountants UK, a Member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

He started his career with Price Waterhouse in 1993, carrying out statutory audit on private and public limited companies. Currently, he is attached to The Weststar Group, which is primarily involved in the automotive, aviation, construction & property, defense and engineering sectors, as the Financial Adviser to the Group's Executive

Chairman. In all, he has more than twenty-six (26) years of experience in corporate financing, accounting and advisory.

Datuk Syed Izuan does not hold any directorship in any other public corporation.

Datuk Syed Izuan does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has no conviction of any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Datuk Syed Izuan attended six (6) out of the seven (7) Board Meetings of the Company held during the financial year ended 31 December 2019.



NORLIZA BINTI KAMARUDDIN

Independent Non-Executive Director

Malaysian, 54 years of age, Female

Norliza Binti Kamaruddin was appointed to the Board as an Independent Non-Executive Director on 16 May 2019. Norliza is the Chairperson of the Remuneration Committee, a member of the Audit and Risk Management Committee, Nomination Committee and ESOS Committee.

Norliza graduated from University Teknologi MARA with a Bachelor of Arts and Design and continued to obtain her Professional Certificate in Corporate Public Affairs (CPA) from The Center of Corporate Public Affairs, Melbourne Business School, Australia.

Norliza is an award winning communications expert and has more than twenty-five (25) years of experience in various communications practices.

Among her notable past involvements was being the Global Head of Strategic Communications for Petroliam Nasional Bhd. (PETRONAS). Prior to that, she was also the Country Head of Corporate Affairs at Standard Chartered in Malaysia and served as the Chairman for the Prime Ministers Hibiscus Award and was the President for the Business Council for Sustainability Responsibility Malaysia from 2011-2013.

Norliza is currently the Managing Director in the Strategic Communications practice of FTI Consulting Inc., a global business consultancy firm listed on the New York Stock Exchange (NYSE). She currently also serves on the Industrial Advisory Panel for Strategic Communications at Multimedia University Malaysia since 2016 and as the Board of Trustee for the Standard Chartered Foundation from 2010.

Currently, Norliza is also an Independent Non-Executive Director in Kumpulan Perangsang Selangor Bhd.

Norliza does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. She has no conviction of any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Norliza attended three (3) out of the four (4) Board Meetings of the Company held during the financial year ended 31 December 2019 (appointed on 16 May 2019).



LAU KIN WAI

Independent Non-Executive Director

Malaysian, 43 years of age, Male

Lau Kin Wai was appointed to the Board as an Independent Non-Executive Director on 16 November 2016.

Kin Wai received his Masters degree from the University of Oxford and a Bachelor of Engineering degree with first class Honours from the University of Manchester. He was also a faculty member and PhD candidate at the Imperial College London.

Kin Wai is a tech investor and entrepreneur with broad experience across Asia and Europe. Since founding his first company at the age of 23, he has since occupied himself with building companies across Internet media, software and biotechnology. He was named by the media as one of the youngest Managing Directors of a publicly traded firm in Southeast Asia when he took his first company to a successful IPO at the age of 28.

He has to date founded half a dozen of technology companies with 4 of them being listed on major stock exchanges in the Asia Pacific region. More recently, he co-founded the Fatfish Internet Group ("Fatfish"), a Singapore-headquartered regional venture builder that focuses on building Internet businesses in Southeast Asia and Australia. Fatfish is among the first of its kind to be listed on the Australian Securities Exchange ("ASX").

Kin Wai sits on the board of Abelco Investment Group AB, publicly traded investment company in Sweden. He currently serves as the Chairman of iCandy Interactive Ltd. (ASX:ICI), the first smartphone game company to go public from Southeast Asia. He also sits on the Board of various public and private tech companies across the Southeast Asia region e.g. Lunch Actually Group and iFashion Group.

More recently Kin Wai takes on a developmental role in the global esports arena with his position as the President of Esports Players League (ESPL), a global esports tournament network.

Kin Wai does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company, save for disclosed in the non-material co-investment transaction that involves ESPL. He has no conviction of any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Kin Wai attended six (6) out of the seven (7) Board Meetings of the Company held during the financial year ended 31 December 2019.



KEY MANAGEMENT

DANIEL BERND RUPPERT

Chief Executive Officer

German, 44 years of age, Male

Date of Appointment:	09 January 2018
Years of Experience:	19 Years
Field:	<ul style="list-style-type: none">• Banking• Retail
Business Ventures:	<ul style="list-style-type: none">• Presto Group (2015)
Academic / Professional Qualification(s):	<ul style="list-style-type: none">• Bachelor in Computer Science from James Madison University, VA, USA (1995)• Master in Business Administration from the European Business School (EBS) (1999)
Career:	<ul style="list-style-type: none">• Investment Banking Analyst, Jefferies Investment Banking, London• Investment Banking Associate, Westlb Panmure Ltd., London• Managing Director in A.D. ARIF Solutions Sdn. Bhd., Malaysia• Managing Director in Presto Group of Companies, Malaysia
Achievements / Awards:	<ul style="list-style-type: none">• Founded and scaled technology businesses into various markets• Developed and implemented purpose-built digital platforms for notable events in Malaysia• Expanded www.presto.my to second largest online retail platform in Malaysia• Established and grew Presto Group to annual turnover of RM30 million.

As Key Management Personnel, Daniel and Rizalzin do not hold any directorship in any public corporation. Daniel and Rizalzin has no family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. Daniel and Rizalzin has no conviction of any offences within the past five (5) years.



RIZALZIN HASHIM BIN MOHAMMED

Chief Financial Officer

Malaysian, 43 years of age, Male

Date of Appointment: 01 January 2007

Years of Experience 21 Years

Field:

- Hospitality & Services
- Plantation & Manufacturing
- Media, Engineering & Telecommunications Services

Academic / Professional

- Bachelor of Business, majoring in Accounting from University of Technology Sydney, Australia (1998)

Qualification(s):

- Chartered Accountant with the Malaysian Institute of Accountants
- Certified Practicing Accountant with CPA Australia Ltd.

Career:

- Accounts Executive, Perhentian Island Resort, Terengganu (1998)
- Assistant Manager of Finance and Administration, Inch Kenneth Kajang Rubber PLC (2000)
- Group Accountant, Sedania Corporation Sdn. Bhd. (2005)

Achievements / Awards:

- Managed the financial operations of SEDANIA Group
- Awarded Best CFO for Investor Relations in a Micro-Cap Company by the Malaysian Investor Relations Association in 2017.



RAZAM BIN MOHD RASHID

Chief Technology Officer

Malaysian, 50 years of age, Male

- Date of Appointment:** 17 August 2017
- Years of Experience:** 27 Years
- Field:**
- Technology, especially Mobile Solutions & Value-added Services
- Business Ventures:**
- Iridea (M) Sdn. Bhd. (1999)
- Academic / Professional Qualification(s):**
- Bachelor of Science in Engineering from the University of Evansville, Indiana, USA (1992)
- Career:**
- Robotics Engineer, Motorola USA (1992)
 - Head of Operation - ISP and Value Added Services, Celcom (2000)
 - Vice President, Technology / CTO of AtlasONE Malaysia Sdn. Bhd. (2001)
 - Chief Executive Officer, Iridea Sdn. Bhd. (2004)
 - Member of the Board of Directors / Investor / Asia Pacific Business Development Director, PRYTE Oy
- Achievements / Awards:**
- Bullseye Award, Motorola (1992)
 - Bronze Medal, National Productivity Centre, Malaysia (1992)
 - Developer Challenge Winner, Celcom (2008)
 - Winner of Creative VAS Solution, Indosat (2010)
 - Successful exit from PRYTE Oy (acquired by Facebook in 2014)
 - Winner at The League of Extraordinary Developer's Challenge and Best Social Network Services, Celcom (2015)

As Key Management Personnel, Razam and Nisa do not hold any directorship in any public corporation. Razam and Nisa has no family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. Razam and Nisa has no conviction of any offences within the past five (5) years.



KHAIRUL NISA BINTI ISMAIL

Chief Executive Officer, Sedania As Salam Capital Sdn. Bhd.

Malaysian, 45 years of age, Female

Date of Appointment: 16 April 2019

Years of Experience: 22 Years

Field:

- Integrated Brand & Digital Marketing in IT, Telco, Banking and Market Research
- Aviation/Airlines Experience in Loyalty & Customer Engagement
- Ancillary Business Development & Marketing

Academic / Professional

- Bachelor of Law (LLB), Oxford Brookes University (1997)

Qualification(s):

Career:

- Associate Marketing & Communications, Lester Technology Group (1997)
- Head of Marketing and Communications, JobsDB Malaysia Sdn. Bhd. (1999)
- Regional Marketing Executive, South Asia, DataOne Asia (M) Sdn. Bhd. (2000)
- Regional Manager, Asia Pacific, Kantar Malaysia Sdn. Bhd. (Part of Kantar TNS Global) (2003)
- Senior Manager, Retail Development, Commercial, DiGi Telecommunications Sdn. Bhd. (2008)
- Senior Manager, Branch Remodelling & Transformation, Hong Leong Bank Bhd. (2009)
- Head of Communications, Air Asia Group Bhd. (2010)
- Head of Marketing, Ancillary Products, Air Asia Group Bhd. (2010 - 2012)
- Head of Loyalty & Enrich, Malaysia Airlines (2013)
- Project Head Aireward Loyalty Program, Air Arabia PJSC, Dubai (2017)
- Marketing Head (Malaysia) & Regional Partnerships, BankBazaar Malaysia (2018)

Achievements / Awards:

- Bronze Medal for Best Regional Partnership Program for Asia Pacific Loyalty and Engagement (2015)
- Runner Up for the Loyalty Campaign of the Year in World Airline Loyalty Conference, San Diego (2015)
- Silver Medal for Excellence in Loyalty Marketing with Tourism Australia for Malaysia Marketing Effectiveness Awards (2016)
- Gold for Regional Partnership Program (Co- Brand Card) for Asia Pacific Loyalty & Engagement (2017/2018)



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF GROUP'S BUSINESS

Sedania Innovator Bhd. ("Sedania" or "the Company") is an investment holding company with five (5) core activities undertaken by its wholly-owned subsidiaries (collectively, "the Group"). Our value creation strategy focuses on providing innovations that empower lives sustainably through businesses that are consistently rendering maximum values to the community we serve while satisfying fast-changing user behavior, turning it into our competitive edge. We specialise in innovations in the following business verticals:

1. Financial Technology ("FinTech")

We offer a Tawarruq commodity trading system for financial services companies ("FSC") to process and facilitate disbursement of personal Islamic financing by utilising telco airtime as the traded commodity. Our proprietary, patented FinTech software platform, is called As-Sidq. The FinTech platform is robust and scalable, with a proven track record of over 400,000 transactions worth RM35 billion. The fully-Shariah compliant service, which is easily integrated into any existing systems and processes via Application Programming Interface ("API"), is currently being utilised by over 50 financial institutions and 5 banks in Malaysia.

2. Internet of Things ("IoT") solutions

Our Group provides solutions for the inter-networking of connected devices for infrastructure management. Smart devices and the internet are becoming a more integral part of life as they will be better at identifying user needs and developing

situational awareness. We offer IoT solutions, in particular for fire safety monitoring, fleet management, and intelligent passenger transit system.

3. Green Technology ("GreenTech") solutions

Our GreenTech portfolio of solutions and services includes design, management, installation, and maintenance of energy-saving solutions. We focus on energy-saving solutions for corporations with multiple locations nationwide, in particular in the telecommunications, financial, and healthcare industries.

4. Sharing Platform

Our principal product is a mobile sharing solution for the transfer of airtime credit from either prepaid or post-paid mobile subscribers to another prepaid subscriber within the same network at any time and place. Our Sharing Platform solutions are available on two (2) Mobile Network Operators ("MNO") and one (1) Mobile Virtual Network Operator ("MVNO") in Malaysia.

5. Big Data Analytics (“BDA”)

Our Group provides Big Data analytics services and related activities. At the moment, we focus on analytic solutions for human capital management to empower corporate customers to gain useful insights about the psychometric profile of their employees to effectively do talent acquisition, talent retention, team optimisation, right-sizing, and succession planning.

The businesses of IoT, GreenTech, Sharing Platform, and BDA are carried out via Sedania Technologies Sdn. Bhd. (formerly known as IDOTTV Sdn. Bhd.) (“STSB”) while FinTech is carried out via Sedania As Salam Capital Sdn. Bhd. (“SASC”).

In addition to focusing on our core businesses in STSB and SASC, we also seek to develop other strategic investment projects to enhance income stream and maximise shareholder value. In 2019, the Company invested in owning 44.29% equity interest in Vast Meridian Sdn. Bhd. (“VMSB”) and 42.55% in Esports Pte. Ltd. (“ESPL”).

Our strategic objective is to build a sustainable organisation where we will continue to drive operational efficiencies to remain relevant to the agenda of our clients while creating growth opportunities for our employees and generating profitable returns for our investors.



SUMMARY RESULTS

The following table shows a summary of the results of operations for the year ended 31 December 2019 as compared with the same period in 2018 as derived from the accompanying audited consolidated financial statements.

RM'000	FYE 2019	FYE 2018	Change (+/-)
Revenue	15,495	12,343	25.53%
Other income	7,709	1,575	>100%
Cost of sales	(8,214)	(5,454)	50.61%
Administrative and operating expenses	(10,620)	(11,551)	(8.06%)
EBITDA	4,370	(3,087)	(>100%)
Depreciation	(1,176)	(1,100)	6.91%
Profit/(Loss) from operations	3,194	(4,187)	(>100%)
Finance costs	(74)	(126)	(41.28%)
Share of results in associate, net of tax	(171)	-	100.00%
Profit/(Loss) before taxation	2,949	(4,313)	(>100%)
Taxation	(463)	(44)	>100%
Profit /(Loss) after tax	2,486	(4,357)	(>100%)

The Group recorded a net profit of approximately RM2.49 million for FYE 2019, reversing a net loss of RM4.36 million in the previous year.

(i) Group's Revenue and Other Income

Total revenue was RM15.50 million, an increase of RM3.15 million or 25.53% against FYE 2018 of RM12.34 million, largely attributable to higher revenue contributions from GreenTech, as indicated below:

RM'000	FYE 2019	FYE 2018	Change (+/-)
FinTech	3,936	3,952	(0.40%)
IoT Solutions	1,150	3,862	(70.22%)
GreenTech Solutions	8,011	600	>100%
Sharing Platform	2,398	3,929	(38.97%)
Big Data Analytics	-	-	0.00%
Total revenue	15,495	12,343	25.53%

Our other income for the FYE 2019 increased more than 100% as compared to FYE 2018. This was mainly attributable to litigation settlements received during the year, waiver of creditor balances, reversal of impairment loss arising from collections from trade receivables and higher interest income from finance lease.

RM'000	FYE 2019	FYE 2018	Change (+/-)
Development project	-	20	(100%)
Finance lease interest income	1,158	865	33.89%
Gain/(Loss) on disposal of fixed asset	-	200	(100%)
Gain/(Loss) on foreign exchange	-	(130)	(99.69%)
Interest income	348	466	(25.27%)
Litigation settlement	1,961	-	100%
Other income	7	15	(54.58%)
Penalty for late payment	75	-	100.00%
Reversal of impairment loss on receivables	1,798	-	100.00%
Unrealised gain / (loss) on foreign exchange	-	139	(>100%)
Waiver of creditor balance	2,362	-	100%
Total other income	7,709	1,575	>100%

(ii) Cost of sales

We defined cost of sales as the amount we pay to third parties for expenses associated with development, production and delivering our solutions.

RM'000	FYE 2019	FYE 2018	Change (+/-)
Cost of sales	8,214	5,454	50.61%

(iii) Administrative and Operating expenses

The below table shows the breakdown of administrative and operating expenses for FYE 2019 and FYE 2018

RM'000	FYE 2019	FYE 2018	Change (+/-)
Advertisement and promotions	386	126	>100%
Directors remuneration	1,868	1,897	(1.54%)
Employee benefits expenses	5,265	4,756	10.70%
Share option expense	141	83	68.49%
Impairment loss on receivables	523	2,826	(81.51%)
Other operating expenses	2,437	1,863	30.78%
Total operating expenses	10,620	11,551	(8.06%)



Our total administrative and operating expenses decreased by 8.06% to RM10.62 million in FYE 2019 as compared to RM11.55 million in the prior year.

The movements in the total administrative and operating expenses were mainly due to the following key drivers:

1. Advertising and promotions increased by more than 100% in FYE 2019 largely due to investment in new FinTech product and digital marketing spending;
2. Directors remuneration is comparable with the previous year, but decreased marginally by 1.54% in FYE 2019. Directors remuneration includes directors' fees, non-executive directors' meeting allowances, executive directors' salaries and contribution to defined contribution plans;
3. Employee benefit expenses include salaries, wages, bonuses, allowances, defined contribution plan and related benefits. Employee benefits expenses are comparable with the previous year, but increased marginally by 10.70% in FYE 2019. The increase was attributed to higher staff salaries on increased talent pool to support mainly FinTech and GreenTech segments; and
4. Other operating expenses increased by 30.78% from prior year. This was also largely contributed from increase in legal fees, consultation fees, information technology-related costs, and general offices expenses.

During the year, we recognised the following non-cash expenses:

1. Share option expense arises from the Employee's Share Option Scheme (ESOS) granted to eligible employees of the Group and the Company. In FYE 2019, the share option expense was 68.49% higher than FYE 2018. The fair value of options granted is estimated at the time of the grant using the Black-Scholes option pricing model which uses various assumptions. At the end of FYE 2019, total of 5,280,000 options have been granted to the eligible employees of the Group as compared to 3,164,000 options granted in FYE 2018; and
2. As a prudent practice, the Group made an impairment on certain trade and finance lease receivables in compliance to MFRS 9. Impairment loss on receivables decreased 81.51% to RM0.52 million as compared to RM2.83 million in FYE 2018.

(iv) Depreciation

RM'000	FYE 2019	FYE 2018	Change (+/-)
Depreciation of fixed assets	846	1,100	(23.09%)
Depreciation of Right-of-Use assets	330	-	100%
Total depreciation	1,176	1,100	6.91%

Depreciation in FYE 2019 increased 6.91% compared to FYE 2018 after the impact of MFRS 16 – Leases, where the depreciation of Right-of-Use Assets of RM0.33 million had been accounted for under total depreciation expense.

v) Finance costs

Our Group's finance costs consist predominantly of interest on term loan, secured by a first legal charge against the Company's office premises and interest on hire purchase liabilities for Group's motor vehicles.

Our finance cost decreased by 41.28% from RM0.13 million in FYE 2018 to RM0.74 million in FYE 2019.

The weighted average effective interest rate of borrowings of the Group is 4.45% (2018: 4.45%) per annum for term loan and 4.37% (2018: 4.37%) for hire purchase.

(vi) Share of results in associate, net of tax

Share of results in associate, net of tax in 2019 includes the Group's share in net loss of VMSB.

There have been no transactions that have occurred in ESPL since its acquisition by the Company in October 2019.

All these associates are accounted for using the equity method in the consolidated financial statements.

(vii) Profit before tax (PBT) and Profit after tax (PAT)

PBT and PAT for FYE 2019 were RM2.94 million and RM2.49 million respectively, as compared to pre and post-tax loss of RM4.31 million and RM4.36 million in the FYE 2018.

The improved results in FYE 2019 were driven by the increased in revenue and other income and decreased non-cash impairment loss on receivables during the year as compared to FYE 2018.

STATEMENTS OF FINANCIAL POSITION

RM'000	FYE 2019	FYE 2018	Change (+/-)
Total current asset	24,063	26,228	(8.26%)
Total non-current asset	11,423	6,940	64.60%
Total Assets	35,486	33,168	6.99%
Total current liabilities	3,056	5,870	(47.94%)
Total non-current liabilities	925	972	(4.84%)
Total Liabilities	3,981	6,842	(41.81%)
Total Shareholders' Equity	31,505	26,326	19.67%
Total number of shares issued, '000	248,387	225,806	10.00%
Net tangible assets per share (RM)	12.68	11.66	8.79%

(i) Assets

Our total assets increased by 6.99% to RM35.49 million from RM33.17 million as at 31 December 2019 mainly due adoption of MFRS 16 – Leases for recognition of Right-of-Use Assets during the year.

Trade and other receivables decreased by 8.27% to RM11.20 million during the financial year mainly due to higher collection in the financial year, in particular from Sharing Platform, IoT and GreenTech segment.

Likewise, finance lease receivables increased more than 100% to RM9.77 million from RM4.27 million in FYE 2018 due to the fresh roll-outs of GreenTech solutions

contract with the existing partner in FYE 2019, in tandem with higher revenue contributions from this segment.

(ii) Liabilities

Our total liabilities decreased by 41.81% to RM3.98 million from RM6.84 million as at 31 December 2019. The reduction in total liabilities is mainly driven by reduction in trade and other payables of RM2.82 million as compared to previous year.

In addition, during the FYE 2019, we had made a payment of RM1.57 million to Sedania Corporation Sdn. Bhd. being release of retention sum in respect of the FYE 2018 guaranteed profit and accrued interest for the purchase of SASC shares. SASC had on 31 December 2018, achieved an audited PAT of RM1.54 million and this has met its guaranteed amount for the FYE 2018. Sedania Corporation Sdn. Bhd. has guaranteed and undertaken to the us that the actual profit after tax of SASC for each of the financial years ended 31 December 2017 and 31 December 2018 shall not be less than RM1.5 million respectively.

As at 31 December 2019, our Group had outstanding borrowings of approximately RM1.33 million (2018: RM1.17 million) as a result of an increase in lease liabilities arising from adoption of MFRS 16.

(iii) Shareholders' equity

Total equity attributable to owners of the Company as at 31 December 2019 increased to RM31.51 million as compared to RM26.33 million as at 31 December 2018. During the year, the Company completed a listing and quotation of up to 10% of the total issued shares of the Company through a private placement. The new issued shares had resulted in an increase in the share capital from RM42.00 million to RM44.56 million.

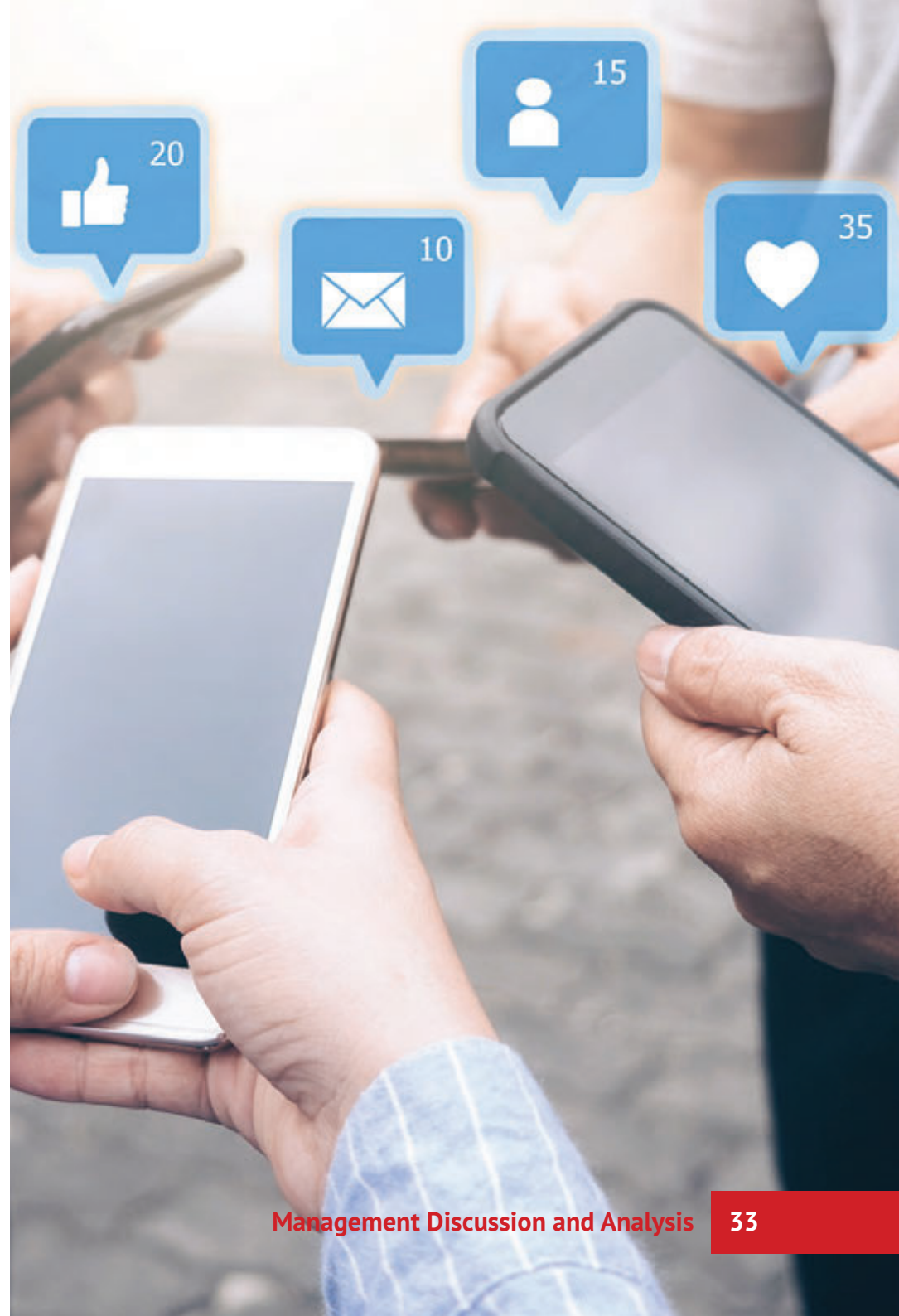
Total equity was also partly offset by the recognition of ESOS share-based payments expense allocated to the employees of the Group of RM0.22 million.

(iv) Net Tangible Assets (NTA) per share

NTA per share as at 31 December 2019 was RM0.13, a 8.79% increase from the NTA of RM0.12 per share in the prior year.

LIQUIDITY

CASH & CASH EQUIVALENTS AT YEAR END, RM'000



Cash and cash equivalent of the Group decreased by 17.57%, equivalent to RM2.32 million during the year as compared to a decrease of RM2.60 million in 2018, culminating from the following cash flow activities:

RM'000	FYE 2019	FYE 2018	Change (+/-)
Operating activities	(2,241)	(1,711)	30.98%
Investing activities	(2,186)	(740)	>100%
Financing activities	2,108	(150)	(>100%)
Decreased in cash and cash equivalents	(2,319)	(2,601)	(10.84%)
Cash & cash equivalent at end of financial year	10,877	13,196	(17.57%)

The movements in cash and cash equivalents are due to the following:

1. Net cash used in operating activities was RM2.24 million in FYE 2019 compared with RM1.71 million in FYE 2017. The 30.98% increase was primarily due to higher cash used for working capital compared to FYE 2018.
2. Net cash used in investing activities was RM2.19 million in FYE 2019 as compared to RM0.74 million in FYE 2018. During the year the Company had released the second tranche retention sum of RM1.57 million, inclusive of interest, to Sedania Corporation Sdn. Bhd. for FYE 2018 in respect of the acquisition of SASC. In addition, the Company had also invested a total sum of RM0.92 for acquisition of equity interest in two associate companies during the year. These increases were partially offset by lower income distribution received from short term funds in FYE 2019 as compared to the prior year as a result of lower average cash balances.

3. Net cash from financing activities was RM2.11 million in FYE 2019 compared to net cash used in financing activities of RM0.15 million in FYE 2018. The major increase was due to cash received from the private placement of RM2.55 million, offset by repayments of term loan, hire purchase creditor and lease liabilities from the MFRS 16 adoption.

On the basis of current cash and cash equivalents, and our ability to generate cash from operations, we believe we have the capital resources and liquidity necessary to meet our commitments, support operations, finance capital expenditures and support growth strategies.

DIVIDEND

Despite declaring interim dividends every year for 2015, 2016 and 2017 respectively, our Group does not have any formal dividend policy.

The declaration of interim dividends and the recommendation of any final dividends are subject to the discretion of our Board and any final dividend proposed is subject to our shareholders' approval.

Our ability to pay future dividends to our shareholders is subject to various factors including but are not limited to, our financial performance, cash flow requirements, availability of distributable reserves, and capital expenditure plans.

REVIEW OF OPERATING SEGMENTS

We monitor the operating results of our business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

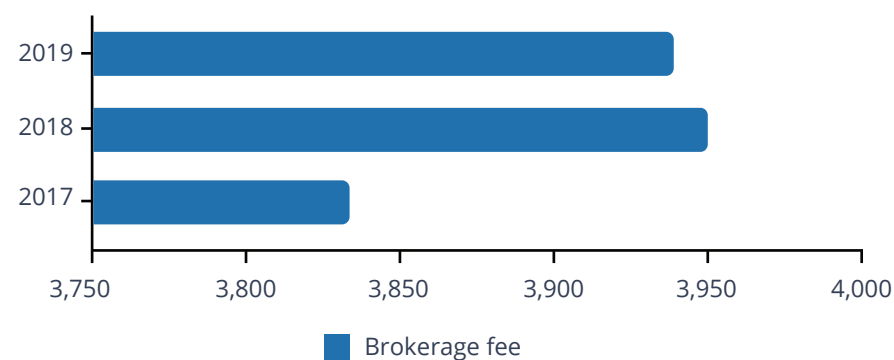
RM'000	FYE 2019	FYE 2018	Change (+/-)
Segment revenue			
FinTech	3,936	3,952	(0.40%)
IoT Solutions	1,150	3,862	(70.22%)
GreenTech Solutions	8,011	600	>100%
Sharing Platform	2,398	3,929	(38.97%)
Big Data Analytics	-	-	-
Total revenue	15,495	12,343	25.53%
Segment operating profit / (loss) before tax			
FinTech	829	2,153	(61.49%)
IoT Solutions	3,729	(3,097)	(>100%)
GreenTech Solutions	775	(1,539)	(>100%)
Sharing Platform	801	770	4.04%
Big Data Analytics	(1,457)	(1,222)	19.20%
Share of results in associate, loss	(171)	-	100.00%
Others	(1,557)	(1,378)	12.99%
Operating profit / (loss) before tax	2,949	(4,313)	(>100%)

Common operating expenses/indirect cost are allocated on a reasonable basis to each segment for whose benefit the expense was incurred. Cost and expenses incurred in the holding company are managed on group basis and are allocated to "Others".

FinTech

FinTech revenue marginally declined by 0.40% to RM3.94 million from RM3.95 million in FYE 2019.

FinTech REVENUE, RM'000



In FYE 2019, the segment processed 105,979 successful commodity trade performed under its As-Sidq platform, as compared to 98,587 successful commodity trade performed in FYE 2018. Despite processing more successful transactions, total revenue was lower by 0.40% due to lower fee average.

	FYE 2019	FYE 2018
Total number of successful transactions	105,979	98,587
YoY Change (+/-)	+7.50%	-

The segment recorded a lower operating profit before tax of RM0.83 million as compared to segment operating profit before tax of RM2.15 million in FYE 2018.

This was largely due to higher general and administrative expenses from its investment in new product called Assidq.com and core-banking integrations. For this purpose, we engaged consumers on multiple digital channels – leveraging Facebook, Instagram, etc – in innovative ways to produce compelling content, drive engagement and increase As-Sidq brand awareness.

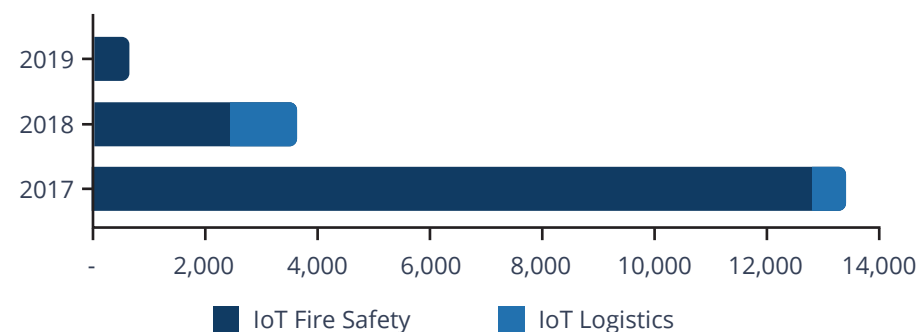
IOT

The IoT segment recorded a lower revenue of RM1.15 million in the FYE 2019 (FYE 2018: RM3.86 million), representing a decline of 70.22% mainly due to lower sales contributions from its fire safety solutions.

Since FYE 2018, the Group focuses its resources into R&D developments of new IoT solutions for domestic fire safety device using home network infrastructure (routers, extenders and other home networking devices) and is expected to go-to market in the future.

The segment recorded segment operating profit before tax of RM3.73 million. This was largely contributed from litigation settlement received amounting to RM1.96 million and waiver of creditor balance of RM2.04 million from its legal suit against a creditor during the year, recognised as other income in FYE 2019.

IoT REVENUE, RM'000



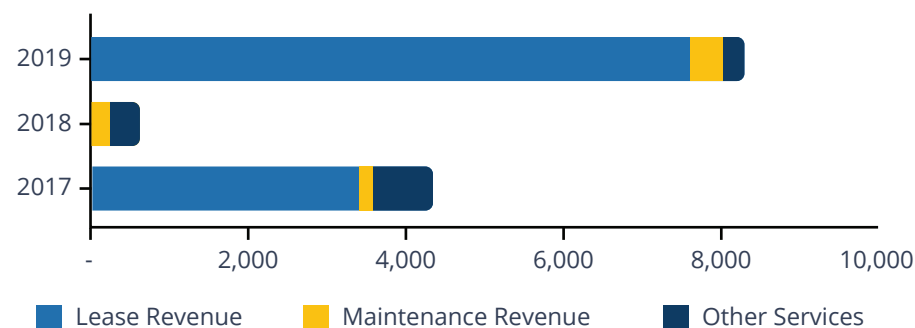
GreenTech

GreenTech recorded a revenue of RM8.01 million in FYE 2019 as compared to RM0.6 million in FYE 2018.

The GreenTech's business is largely project-based and is dependent on winning tenders/awards for the provision of energy-saving solutions. Two fresh roll-outs of GreenTech solutions contributed in FYE 2019 that resulted to a higher finance lease income. On the contrary, the GreenTech revenue in FYE 2018 comprises revenue from service payments, i.e maintenance and other services, associated with the upfront lease revenue recognised in FYE 2016 and FYE 2017.

Due to common operating expenses/indirect cost allocated to this segment, GreenTech recorded a segment operating profit before tax of RM0.78 million as compared to segment operating loss before tax of RM1.54 million in FYE 2018.

GreenTech REVENUE, RM'000

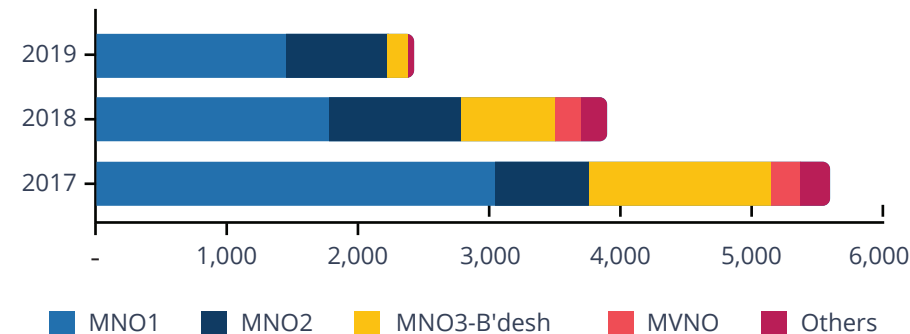


Sharing Platform

In 2019, Sharing Platform revenue declined 38.97% to RM2.40 million compared to FYE 2018. This was mainly attributed to lower Airtime Sharing service ("Airtime Sharing") revenue contributions across all MNOs and MVNO in Malaysia. During the year, the Group had decided to discontinue its technical support to its Sharing Platform partner for the MNO in Bangladesh, resulting in zero revenue contribution from this overseas client.

The segment continues to experience lower average number of daily transactions as a result of an overall decline in prepaid market and a lower average revenue per user ("ARPU").

Sharing Platform REVENUE, RM'000



	FYE 2019	FYE 2018	FYE 2017
Total number of successful transactions	17,510,597	31,223,925	42,963,081
YoY Change (+/-)	(43.92%)	(27.32%)	(25.53%)

The segment recorded segment operating profit before tax of RM0.80 million as compared to segment operating profit before tax of RM0.77 million in the previous year. To sustain the declining traffic, more joint campaigns with telco partners were undertaken during the year to encourage potential customers to use our sharing as compared to the previous year.

Big Data Analytics

Big Data Analytics recorded an operating loss of RM1.46 million in the FYE 2018 on the back of zero revenue contribution for this segment.



RISKS RELATING TO OUR BUSINESS AND OPERATIONS

We are exposed to a variety of continually changing risks that have the potential to affect our business and financial condition. We have established policies and procedures for managing our business risks arising from our core business segments covering FinTech, IoT, GreenTech, Sharing Platform and BDA.

Our plan and strategies to mitigate the following top and emerging risks are disclosed below:

We are subject to the risk of non-collectability of our trade receivables

We are exposed to credit risk from operating activities, the maximum exposure of which is represented by the carrying amounts reported in the statements of financial position. We are exposed to credit risk if counterparties to our trade receivables are unable to meet their obligations. Non-collectability will adversely affect our cash flow, financial position, results of operations and business prospects.

We acknowledge the importance of sound credit control and seek to mitigate the risk by monitoring the outstanding trade receivables of the Group and undertaking relevant measures to ensure our trade receivables are maintained at a manageable level at all times. We also continuously monitor our cash flow and maintain an action plan for any receivable beyond its credit term.

We are dependent on the performance of our strategic partners

Our provision of solutions for GreenTech and IoT are in collaboration with independent strategic partners. We are dependent on these strategic partners to successfully maintain their business relationship with their respective clients in order to secure and maintain our contracts for the provision of our solutions.

In the event that one or more relationship(s) of our strategic partners or our relationship with our strategic partner is terminated, curtailed or renewed on terms that may be unfavourable to the Group, our business, results of operations and financial conditions may be adversely affected. Also, the progress of project delivery for GreenTech and IoT is, in part, commensurate with the status and speed of site handovers to the project teams.

We endeavour to mitigate such risks by employing a number of measures, which include aligning the project/business to key performance indicators, and regularly monitoring our credit risk and exposure.

Our business is concentrated in Malaysia, which may result in a higher level of risk compared to other competitors whose transactions are spread over diverse locations.

As at 31 December 2019, all of our operating revenue was derived from within Malaysia and all of the assets of the Group were employed within Malaysia. The concentration of revenue streams and asset locations in Malaysia may entail a higher level of risk as compared to other competitors which have revenue streams and/or assets spread over different countries. As a result, the Group's revenue depends on the debt levels and continued strength of Malaysia's economy, which in turn, affected by general economic and business conditions in the Asian region and globally.

The Group seeks to closely analyse and monitor the economic strength of our home country and endeavour to maintain a healthy financial position to ensure that should our country's economy experience an adverse economic development, the Group has the financial strength to weather the storm.

Supply chain - Significant raw material shortages, supplier capacity constraints, supplier or customer production disruptions, supplier quality and sourcing issues or price increases can increase our operating costs and adversely impact the competitive positions of our products and solutions

We rely on third-party suppliers, contract manufacturers and service providers to secure raw materials, parts, components and sub-systems used in our GreenTech and IoT solutions, exposes us to volatility in the prices and availability of these materials, parts, components, systems and services.

Disruptions in deliveries from our third-party suppliers, contract manufacturers or outsourced and/or other service providers, capacity constraints, production disruptions, price increases, or decreased availability of raw materials or commodities, including as a result of war, natural disaster, health pandemic or other business continuity events, adversely affect our operations and, depending on the length and severity of the disruption, can limit our ability to meet our commitments to customers or significantly impact our operating profit or cash flows.

For example, we are monitoring the impact across our businesses of the recent coronavirus outbreak, which has already caused disruption to production facilities and activities in China, and the severity of the operational and financial impact will depend on how long and widespread the disruption proves to be.

**“FOCUS ON COMMONALITIES
NOT ON DIFFERENCES.”**

- Datuk Azrin Mohd Noor, *The Edge Malaysia*, 1 July 2019

We are subject to operational and infrastructure risks

We are exposed to many operational risks that can lead to significant business interruption. Such risks include the risk of fraud by employees or others, unauthorised transactions by employees and operational or human error. Given the large volume of transactions we process on a daily basis for Sharing Platform and FinTech segments, certain errors may be repeated or compounded before they are discovered and rectified.

Shortcomings or failures of our internal processes, employees or systems, or of services and products provided by third parties, including any of our financial, accounting or other data processing systems, could lead to financial loss and damage our reputation. In addition, despite the contingency plans we have in place, our ability to conduct business may be adversely affected by a disruption to the infrastructure that supports both our operations and the communities in which we do business, including but not limited to disruption caused by public health emergencies or terrorist acts.

The obvious near and long-term consequences of an operational risk event are financial loss, legal costs, regulatory fines and reputational damage that can affect how customers, shareholders, regulators and counterparties view us.

The rapid evolution in the technology sector also renders us susceptible to the risk of obsolescence and irrelevancy with the emergence of breakthrough technologies and/or methodologies, which may erode our competitiveness in the sectors we operate in. Our business will suffer if we fail to anticipate and develop new services and enhance existing services in order to keep pace with rapid changes in technology and in the industries on which we focus.

We seek to mitigate operational and infrastructure risks by anticipating and proactively deterring risks events. Within our Group, each operating segment is

responsible for controlling its respective operational and infrastructure risks by assessing, managing and mitigating the risks arising from changes in business volumes and cost structures, among other factors.

Introduction of new or changes to existing accounting estimates, accounting standards, regulations and laws

New and changing corporate governance and public disclosure requirements add uncertainty to our compliance policies and increase our costs of compliance.

We prepare our financial statements in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the provision of Companies Act 2016. Changes that the International Accounting Standards Board and Malaysian Accounting Standards Board make from time to time to these standards, which govern the preparation of our financial statements, can be difficult to anticipate and may materially affect how we record and report our financial results. Significant accounting policies and future changes in accounting policies are discussed in Note 33 on page 146 of the financial statements.

The application of MFRS and IFRS requires management to make significant judgments and estimates that can affect the dates on which certain assets, liabilities, revenues and expenses are recorded in our financial statements, as well as their recorded values. In making these judgments and estimates, we rely on the best information available at the time. However, it is possible that circumstances may change or new information may become available.

Notwithstanding the above, we will take necessary actions to comply with any new standards, law and regulations, and any changes to the existing standards, law and regulations. However, there is no assurance that in doing so, our operational and financial results would not be adversely affected.





OUTLOOK, TRENDS AND PROSPECTS

FinTech

We are embarking on efforts to get more clients to adopt our As-Sidq platform as part of our promise to create value through innovations. The Financial Institution sectors in Malaysia are now focusing on enhancing better customer experience from a digital perspective, especially in meeting the demands of customers in today's consumerism standards. Hence, with our Straight Through Processing of As-Sidq Platform combined with digital akad and proven track records, we are closer to delivering the objectives.

To complement our As-Sidq platform, we have embarked on launching Assidq.com, a one-stop platform for Islamic financial products. It is the first in this region that solely focuses on Islamic financial products. The platform is set to help match potential applicants with the best Shariah-compliant financing offers from our banking and financial partners. To date, we have live consumer data (PDPA complied) that is currently being matched with our participating Financial Institution partners on suitable Islamic financial products.

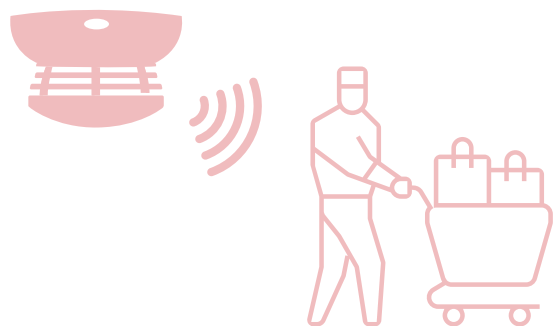


IoT

According to Gartner, the global IoT Market has reached globally 4.8 billion endpoints in 2019 (up 21.5% from 2018) and is expected to grow to 5.8 billion endpoints by the end of this year.

The Group's IoT product portfolio serves the safety and building automation segments, which are the 2nd and 6th largest sub-segments of the global IoT industry, according to Gartner.

While our existing products are currently serving the Malaysian B2B markets only, our new ASAP product range that was successfully launched at the Marina Bay Convention Center in Singapore on 20 November 2019, together with MDEC and MATRADE, is global market-ready. We are confident that this new undertaking will positively contribute to the Group's financial performance in 2020 and beyond.

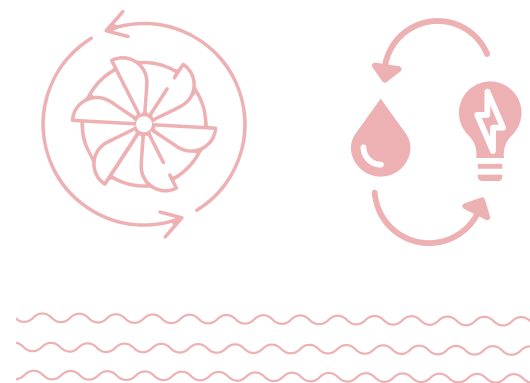


GreenTech

As industry models continue to evolve, our digital strategy and investments in technical innovation will position us in adding value for customers considering efficient energy consumption.

Based on the existing portfolio of projects and unbilled sales for GreenTech segment, the Group is positive that the segment will continue to contribute positive results in 2020 and beyond.

We will continue to closely monitor our execution during this period, including risks of delivery delays due to customer site readiness issues and possible project postponements.





Sharing Platform

Malaysia's domestic market is expected to remain challenging in the wake of our political uncertainty, which directly impacts our economic growth, given the relatively weak consumer confidence, coupled with intense competition.

This is especially prominent in the Sharing Platform segment where market factors such as a decline in the prepaid demand and decreasing telco subscriber base continues to impact how we evaluate long term market supply.

We will continue to invest in new product development, including upgrades to the existing Sharing Platform solutions, as these are vital to our telco clients and paramount to the sustenance strategy of our business.



GENERAL OUTLOOK

We expect to navigate through a challenging 2020 due to the impact of global Coronavirus outbreak topped with oil price crash. Since the Coronavirus epidemics have already reflected a sluggishness in Malaysia's consumer and service sectors, prolongation of the outbreak will further disrupt the existing supply chain and its underlying demand, affecting market growth.

To tackle these unfavourable calamities, we are embarking on efforts from multiple fronts to ensure maximum returns for our business segments. We have and will continue to take actions to right-size our business for the current market conditions. Our long term outlook includes restructuring our operations to dispose of non-performing businesses, resizing our remaining businesses to better align with market demands, and driving these businesses with operational rigor and discipline that is focused on our customers' lifecycle experience.

We will continue to seek opportunities for business growth, and look for new segments and markets to penetrate, to deliver maximum value to the Group's stakeholders.



SUSTAINABILITY STATEMENT

True to the spirit of amalgamating sustainability into our core business, we have always emphasised on the act of balancing long-term interests of the economy, environment, and society as our value creation formulas. To further enhance our competitive advantage, we concentrate on investing in R&D and talent development to build integrated and innovative ICT solutions for the governmental, commercial, and financial markets.

In 2019, we made progress in the areas of enhancing our innovation capabilities, caring for the environment, and community empowerment through various exercises. We also continuously engage with our shareholders and stakeholders to reach out to them in improving information flow and promoting transparency. This process helps us to manage and prioritize our sustainability impacts as a corporate body while enhancing our relationships with our shareholders and stakeholders.

In 2019, we identified Goals 8 (Decent Work and Economic Growth), Goals 11 (Sustainable Cities and Communities) and Goals 13 (Climate Change) as the key Sustainable Development Goals ("SDGs") that Sedania would be able to contribute through its core business activities.




***"IF WE AS A COMMUNITY DON'T
STEP UP TO HELP EACH OTHER,
THEN WHO WILL?"***

- Datuk Azrin Mohd Noor, *Non Conforming*, 29 Aug 2013





The following table displays a list of the three (3) SDGs that we believe Sedania could have the greatest impact on:

Sustainable Developmental Goals	Sedania's Contribution
 <p>Promote sustained, inclusive and sustainable economic growth, while providing full and productive employment and decent work</p>	<p>At Sedania, we encourage diversity and ensure the Group's workforce has a suitable blend of skills, competencies, experience, gender, and age. We believe that our dedication to creating a sustainable and enjoyable workplace will continue to nurture and uplift our talents. We offer rewards to all eligible employees, which includes benefits such as health and welfare, various types of leaves, and service awards. We provide competitive salaries and benefits packages to our employees in addition to training opportunities for growth and career development.</p> <p><u>Activities:</u> Town Hall sessions to share the Group's direction and performance.</p> <p>Team Building Programs - Organised out-of-office activities including team-bonding, treasure hunt, and paintball competitions to develop strengths, foster collaborativeness, and keep our workforce motivated.</p>
 <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<p>As a responsible corporate entity, we strive to be not only economic and intellectual, but also a social asset to our communities in which we operate. Our engagement in community-related programs is driven by our pledge to share what we have achieved and give back to society.</p> <p><u>Activities:</u> We participated in the MDEC Digital Ninja program which has helped provide industry exposure and to develop interest in the technology industry for SPM leavers from SMK Taman Megah Ria. The students were attached to us for three (3) weeks under the Development team's supervision, where they were taught basic programming language.</p> <p>Buka Puasa Charity Event - In the spirit of Ramadhan, Sedania and its NGO, Yayasan Rosni Noor Foundation hosted 15 underprivileged children from the Pusat Jagaan Cahaya Kasih Bestari, Kampung Melayu Subang to a Buka Puasa feast at the Kelab Golf Negara, Subang. Together with Yayasan Rosni Noor, we gave cash donations to ensure the orphanage benefit as much as possible from our support.</p>
 <p>Take urgent action to combat climate change and its impacts</p>	<p>We take mother nature seriously, as we conduct our business in an ethically and environmentally responsible manner. We focus on the reduction of energy consumption and paper consumption while reusing them where possible. We have also ventured in the areas of environmentally-responsible products where we aim to minimize the environmental impact on our carbon footprints.</p> <p><u>Activities:</u> Our GreenTech business for our clients are investment for the future. We made progress toward steering our GreenTech portfolio to encourage corporations to adopt energy saving initiatives. In total we had installed over 219 buildings with our energy saving devices and solutions with average electricity saving ranges from 18% to 25%. This resulted in cumulative reduction of 33GWh, equivalent to 23,244 Metric Tons of Carbon Dioxide Equivalent.</p> <p>Pledge and Plant a Tree - Completed our ten (10) years challenge on the Pledge to Plant a Tree Program initiated in 2009. Self-committed in another ten (10) years pledge and planted fifteen (15) trees at Cyberjaya to help our future generations absorb carbon emission generated by our daily economic activities, in our attempt to contribute to the reduction of global warming.</p> <p>Plogging - Organized a "gotong-royong" to clean up at Taman Bandaran Kelana Jaya, located next to our main office on 14 April 2019 in collaboration with MDEC's Digital Ninja team of 45 people.</p>

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

Corporate governance is ... holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources.

(Sir Adrian Cadbury, 20 September 1999)

The Board's Commitment

Echoing Sir Cadbury's elaboration on corporate governance ("CG"), the Board of Directors ("the Board") of Sedania Innovator Bhd ("Sedania" or "the Company") and its subsidiaries ("the Group" or "Sedania Group") are committed towards ensuring that good CG is observed throughout the Group. Upholding integrity and professionalism in its management of the affairs of the Group, the Board aims to enhance business prosperity and corporate accountability with the ultimate objective of realising longterm shareholders' value and safeguarding interests of other stakeholders.

As part of this commitment, the Board is pleased to present this CG Overview Statement ("Statement") to provide stakeholders with an overview of the extend of compliance with the Practices as set out in the Malaysian Code on Corporate Governance ("MCCG") under the stewardship of the Board. This Statement takes guidance from the three (3) key CG principles as set out in the MCCG, which are:

Principle A

Board Leadership & Effectiveness

Principle B

Effective Audit & Risk Management

Principle C

Integrity in Corporate Reporting & Meaningful relationship with Stakeholders

This Statement also serves as a compliance with Rule 15.25(1) of the ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and should be read together with the CG Report 2019 of the Company, which is available on the Company's website at www.sedaniainnovator.com/overview

The CG Report 2019 provides the detailed explanations on how Sedania Group has applied each Practice as set out in the MCCG during the financial year ended 31 December 2019 ("FYE 2019") and/or up to the latest practicable date (where applicable) (hereinafter referred to as "Applicable Period").

Sedania's CG Framework

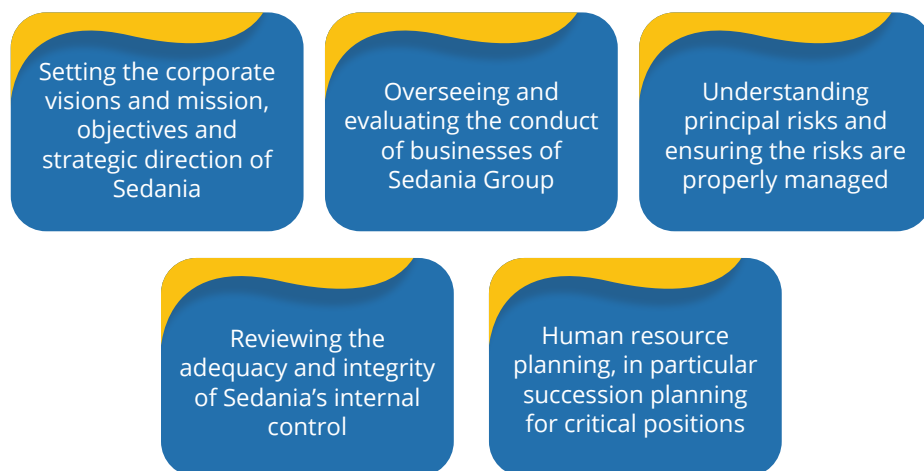
The Board is pleased to provide an update to the CG practices of Sedania Group in Applicable Period. The Board wishes to re-iterate that CG remains as one of Sedania's key pillars amid the constant changes in our volatile operating environment.

During the Applicable Period, the Company Secretary has tabled to the Board the letter dated 16 October 2019 issued by Bursa Malaysia Bhd. in relation to the key observations on CG Reports and CG Overview Statements of Listed Corporations as well as the CG Monitor 2019 (issued by Securities Commission Malaysia in May 2019). The Company Secretary has briefed the Board on the findings of the CG Monitor in order for the Board to deliberate and review the performance of Sedania as compared to the levels reported in the CG Monitor 2019, and identify areas for improvement.

Sedania's Key Focus Area for CG

For the Applicable Period, Sedania's key focus areas for CG are as follows:

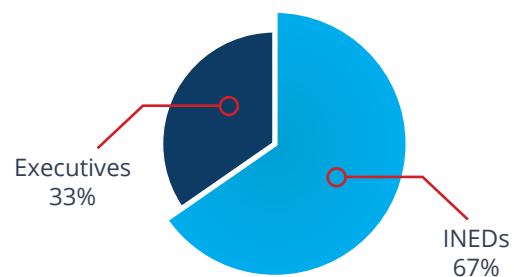
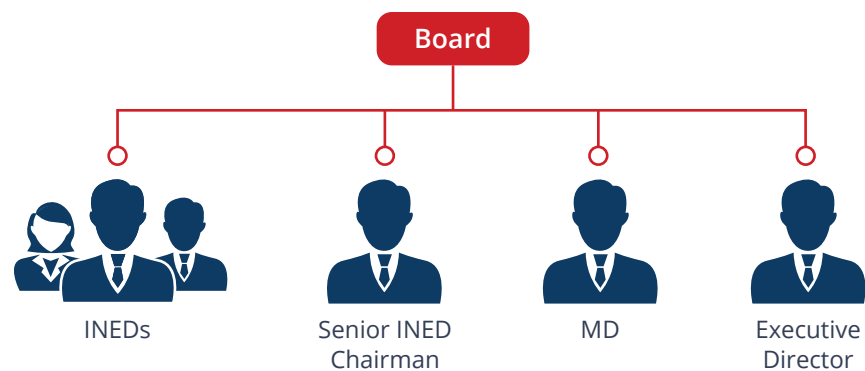
Practice 1.1 Key Responsibilities of The Board



Practice 1.3 Chairman and Managing Director (MD) are separate person



Practice 4.1 Independent Board Composition



- Rule 15.02(1) of the ACE LR, one-third (1/3) Independent Directors
- Practice 4.1 of the MCCG, at least half of the Board comprises Independent Directors

Step Up Practice 8.4 Independent Audit Committee



Practice 9.0 Risk Management and Internal Control



PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. Duties and responsibilities of the Board

The Board is responsible for the leadership, oversight and long-term success of the Group. The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the principal responsibilities in discharging its fiduciary and leadership functions, as guided by the Board Charter. For the Applicable Period, the Board undertakes the:

- (a) reviewing and adopting a strategic plan for the Company, including its goals and ensuring that the strategic business plan of the Company supports long-term value creation and includes strategies on economic, environment and social considerations underpinning sustainability;
- (b) overseeing the conduct of the Group's business and evaluating whether or not its businesses are being properly managed;
- (c) understanding principal risks, set the risk appetite within which the Board expects the Management to operate and ensuring the implementation of appropriate systems to manage the significant financial and non-financial risks and ensuring there is a sound framework for internal controls and risk management;
- (d) ensuring that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board;
- (e) overseeing the development and implementation of a shareholder communications policy;
- (f) reviewing the adequacy and integrity of the Group's internal control and management information systems; and
- (g) ensuring that the Company adheres to high standards of ethics and corporate behavior.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit and Risk Management Committee ("**ARMC**"), Nomination Committee ("**NC**"), Remuneration Committee ("**RC**") and Employees' Share Option Scheme ("**ESOS**") Committee to examine specific issues within their respective terms of reference ("**TOR**") as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

2. The Chairman of the Board

Tan Sri Abdul Halim Bin Ali, the Chairman of the Board, leads the Board with a keen focus on governance and compliance. His key responsibilities as a Chairman of the Board, include but not limited to the following:

- (a) Building a high-performance Board by leading the evaluation of the Board's performance and ensuring that succession planning is considered on an ongoing basis;
- (b) Setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;
- (c) Leading Board meetings to ensure robust decision making;
- (d) Encouraging active participation and allowing dissenting views to be freely expressed by Board members to tap the wisdom of all the Board members and to promote consensus building as much as possible;
- (e) Facilitating the Board and Management interface by acting as the conduit between the two parties;
- (f) Leading the Board in establishing and monitoring good corporate governance practices in the Company;
- (g) Facilitating the selection and appointment of a successor to the Managing Director; and
- (h) Acting as a spokesperson for the Board and the Company.

3. Separation of the position of Chairman and Managing Director

The position of the Board Chairman and the Managing Director are held by separate individuals and they are not related to each other. Their roles are kept separate to ensure a clear division of responsibilities and an appropriate balance of power and authority. In this regard, no one individual can influence the Board's discussions and decision-making.

Generally, the Chairman will lead the Board in its collective oversight of Management, while the Managing Director has overall responsibilities over the Group's operational and business units, organisational effectiveness and implementation of Board policies, directives, strategies and decisions. The Chairman has never assumed an executive position in the Company. In addition, the Managing Director by virtue of his position as a Board member, also functions as the intermediary between the Board and Management.

4. Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries, i.e. Ms. Chua Siew Chuan FCIS and Mr. Cheng Chia Ping ACIS. Being members of the Malaysian Institute of Chartered Secretaries and Administrators, both of them are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. Further, both of them have also obtain their practicing certificates, respectively from the Companies Commission of Malaysia pursuant to Section 241(1) of the Companies Act 2016.

Further details on the qualifications and experiences of the Company Secretaries are outlined in the CG Report 2019, which are available for viewing on the Company's corporate website at www.sedaniainnovator.com.

The Board have unrestricted access to the advice and support of the Company Secretaries in relation to the Board policies and procedures, compliance of applicable rules and regulations by the Group and CG related practices.

5. Timely circulation of meeting materials

Board Meetings and Board Committees meetings are scheduled in advance of the new financial year to facilitate the Directors in planning their meeting schedule for the year. Special Meetings of the Board and Board Committees are convened between the scheduled meetings to consider urgent matters that require expeditious decision or deliberation by the Board and Board Committees.

The Notice of the Board and Board Committees meetings were served to the members of the Board and Board Committees at least seven (7) days prior to the Meeting unless there is an exceptional case.

In order for the Board and Board Committees meetings to be more effective and in-depth deliberations of matters are achieved, the meeting agenda are sequenced in such a way taking into consideration the complexity of the proposal and/or whether they are items for approval, discussion or notation by the Board and Board Committees. A full agenda and comprehensive Board papers are circulated to all Directors at least five (5) business days prior to the meetings.

6. Board Charter

The Board has a Board Charter which clearly outlines the respective roles and responsibilities of the Board, Board Committees, individual directors and Management, as well as issues and decisions reserved for the Board, membership and operation of the Board, adopting principles of good CG and practice, in accordance with applicable laws in Malaysia.

The Board Charter is applicable to all Directors of the Company and, amongst other things, provides that all Directors must avoid conflicts of interest between their private financial activities and their part in the conduct of company business.

The Board Committees in performing their responsibilities delegated by the Board would be guided by the TOR of each of the Board Committees as approved by the Board.

The Board Charter shall be reviewed periodically and may be amended by the Board from time to time to ensure that the practices of the Board are consistent with the prevailing code of corporate governance, laws and/or regulations and reflects the Board's commitment to best practice in corporate governance.

The Board Charter is available for viewing under the "Investor Relations" section of the Company's website at www.sedaniainnovator.com.

7. Code of Conduct and Ethics

The Board has formalised a Code of Conduct and Business Ethics (“**the Code**”) for its Directors and employees to promote an ethical framework, policies and conduct throughout the Group. The Code serves as guidance on the standard of behaviour expected of all employees in the discharge of their duties and/or dealings with the Company to maintain high standards of business ethics and integrity.

The guiding principles of the Code are as follows:

- Core values and culture;
- Duties of good faith, fidelity, diligence and integrity;
- Workplace culture and environment; and
- Discipline, disciplinary process and sanctions.

All employees have been provided with the Code. As part of the enforcement process, all employees are required to declare that they will adhere to the provisions of the Code.

The Code is available for viewing under the “Investor Relations” section of the Company’s website at www.sedaniainnovator.com.

8. Whistleblowing Procedures

The Group has in place a whistleblowing policy (“**Policy**”) which provide an avenue for all employees of the Group and members of the public to report genuine concerns or issues including but not limited to, reporting of fraudulent financial information, actual or suspected fraud, misappropriation of monies, misrepresentation, concealment of facts or information with the intention to mislead, violation of laws and regulations, endangerment of employees or public health and safety, violation of Company policies, taking or giving kickbacks, bribes, favours, privileges, criminal offences, blackmailing, amongst others.

Any employee who has reasonable belief that there is serious malpractice relating to the matter disclosed, may direct such complaint and report to the designated person as outlined in the Policy through verbal communication or in writing. The Management will ensure that any employee of the Group who raises a genuine complaint in good faith shall not be penalised for such disclosure and the identity of such complainant shall be kept confidential.

The Policy is available for viewing under the “Investor Relations” section of the Company’s website at www.sedaniainnovator.com.

For the Applicable Period, no whistleblowing report has been received by the designated person.

PART II – BOARD COMPOSITION

1. Size and Composition of the Board

For FYE 2019, the Board comprises six (6) members, of which, four (4) were Independent Non-Executive Directors (“**INEDs**”) and the remaining two (2) were Executive Directors (“**EDs**”).

This composition fulfils the requirement as set out in Rule 15.02 of the ACE LR of Bursa Securities, which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are independent directors.

This also applies to Practice 4.1 of the MCCG where at least half of the Board comprises independent directors. This independent element brings an objective and independent judgement to the decision-making process of the Board.

The Board members comprise high calibre individuals with diverse professional backgrounds, skills and extensive experience and knowledge in their respective fields. Together, the directors with their wide range of competencies, capabilities, technical skills and relevant business experience add value in governing the strategic direction of the Company.

The EDs are generally responsible for making and implementing operational decisions whilst the INEDs support the skills and experience of the EDs, contributing to the formulation of policy and decision-making with their knowledge and experience in other business sectors to ensure that proper check and balances are in place in Board decisions and implementation of policies.

The Board is of the view that the current composition is appropriate given the nature of business and scale of operations of the Group.

The profiles of the members of the Board are provided in the 2019 Annual Report as set out on pages 15 to 21.

2. Tenure of Independent Directors

The NC assessed the independence of the INEDs annually and is satisfied with the level of independence demonstrated by all the independent directors and their ability to act in the best interest of the Company.

The tenure of the INED should not exceed a cumulative term of nine (9) years. Should the Board intend to retain the INED as independent director after serving beyond nine (9) years, then the Board would justify and seek shareholders’ approval before the said independent director can continue to act in such capacity. If the Board continues to retain the independent director after twelfth (12th) year, the Board may seek annual shareholders’ approval through a two-tier voting process.

None of the INEDs has exceed the tenure of a cumulative term of nine (9) years in the Company as at 31 December 2019.

3. Procedures for Appointment of Directors and Senior Management

The Board has entrusted the NC with the duty to review candidates for the Board and key senior management positions taking into consideration the candidates' skills, knowledge, expertise and experience, time commitment, character, competence, professionalism, integrity and with due regards to gender diversity as well. While the RC is responsible to determine the appropriate remuneration packages for these appointments.

In the event that candidate is required for the appointment of Director, the NC would use variety of approaches and sources to ensure that it identifies the most suitable candidates and will not limit themselves by solely rely on the recommendations from existing Board members, management or major shareholders.

During the FYE 2019, Puan Norliza Binti Kamaruddin was appointed as new INED of the Company while Puan Khairul Nisa Binti Ismail was appointed as the new Chief Executive Officer of Sedania As Salam Capital Sdn. Bhd., a wholly owned subsidiary of the Company.

Save as disclosed above, there was no new Director and key senior management personnel being appointed to the Company and the Group during the FYE 2019.

4. Boardroom Diversity

The Board is cognisant of the gender diversity recommended by MCCG and believes that diversity in the Board's composition will bring values to Board deliberation.

The Board does not have specific policy on gender, ethnicity and age group for candidates to be appointed to the Board and does not have specific policy on setting target for female candidates in the workplace. The Board is of the view that all candidates shall be given fair and equal treatment.

The Board recognises the benefit of gender diversity and hence gender diversity will be one of the criteria to be considered by the NC during their evaluation process on potential candidate(s) for Board memberships. The Board currently has one (1) woman Director, equivalent to 16.67% women representation on Board.

The Board is satisfied with the current composition of its member and is of the view that the Board is able to discharge its duties effectively with the current mix of skills, knowledge, experience and strength.

5. Board Committees

The Board has delegated certain responsibilities to the Board Committees to assist it in discharging its fiduciary duties. All the Board Committees operate within clearly defined TOR.

- **Nomination Committee**

The NC is chaired by Tan Sri Abdul Halim Bin Ali, a Senior INED. For FYE 2019, the NC comprises exclusively INEDs and the composition of the NC is as follows:

Name	Designation	Directorate
Tan Sri Abdul Halim Bin Ali	Chairman	Senior Independent Non-Executive Director
Datuk Syed Izuan Bin Syed Kamarulbahrin	Member	Independent Non-Executive Director
Norliza Binti Kamaruddin (Appointed on 30 May 2019)	Member	Independent Non-Executive Director
Tan Sri Nuraizah Binti Abdul Hamid (Retired on 16 May 2019)	Member	Independent Non-Executive Director

The NC is governed by its TOR which outlines its remit, duties and responsibilities and the same is available for viewing under the “Investor Relations” section of the Company’s website at www.sedaniainnovator.com.

Summary of Works

During the financial year under review, the NC held one (1) meeting to deliberate on matters including the following:

- (a) Evaluated the contribution and performance of each individual director;

- (b) Reviewed and assessed the annual performance and effectiveness of the Board and the Board Committees as a whole;
- (c) Reviewed the term of office and performance of the ARMC and each of its members;
- (d) Reviewed and assessed the annual independence assessment of the Independent Directors;
- (e) Reviewed and assessed the composition of the Board Committees;
- (f) Reviewed and assessed the performance and making recommendations to the Board regarding the Directors who are seeking for re-election at the AGM;
- (g) Reviewed and assessed the candidate as the successor of the Chief Executive Officer of one (1) of its subsidiary company;
- (h) Reviewed and assessed the curriculum vitae of two (2) candidates as Board members and recommended to the Board for approval; and
- (i) Reviewed the appointment of Board Committees and recommended to the Board for approval.

- **Remuneration Committee**

The membership of the RC and summary of the works carried out by the RC to discharge their duties during the FYE 2019 is stated in **Principle A, Section II Paragraph (8)** of this Statement.

- **Audit and Risk Management Committee**

The membership, a summary of the activities of the ARMC and Internal Audit Function and Activities in respect of the FYE 2019 are stated in the **ARMC Report** of this Annual Report.

• Employees' Share Option Scheme Committee

The ESOS Committee is formed to administer the ESOS established by the Company with effect from 5 November 2015. The composition of the ESOS Committee during the FYE 2019 are as follows:

Name	Designation	Directorate
Tan Sri Abdul Halim Bin Ali	Chairman	Senior Independent Non-Executive Director
Datuk Syed Izuan Bin Syed Kamarulbahrin	Member	Independent Non-Executive Director
Lau Kin Wai	Member	Independent Non-Executive Director
Norliza Binti Kamaruddin (Appointed on 30 May 2019)	Member	Independent Non-Executive Director
Rizalzin Hashim Bin Mohammed	Member	Chief Financial Officer
Daniel Bernd Ruppert	Member	Chief Executive Officer
Tan Sri Nuraizah Binti Abdul Hamid (Retired on 16 May 2019)	Member	Independent Non-Executive Director

The following works were undertaken by the ESOS Committee during the FYE 2019:

- (i) Administer the ESOS Scheme;
- (ii) Reviewed and assessed the proposed ESOS Scheme for the Executive Directors and Group Chief Executive Officer of the Company; and
- (iii) Reported to the ARMC and the Board at every quarterly meeting if there is any offer of ESOS Options to the eligible persons.

The ESOS Committee is governed by its TOR which outlines its remit, duties and responsibilities and the same is available for viewing under the "Investor Relations" section of the Company's website at www.sedaniainnovator.com.

6. Annual Assessment

The NC would conduct annual Board evaluation to review the skills and experience of each individual Director and assess the effectiveness of the Board and Board Committee as a whole.

The Board evaluation comprises Board and Board Committees' assessments, assessment of independence of Independent Directors and the contribution of each individual Director. The evaluations involve individual Directors and Committee members completing a set of evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered by the Company. The criteria for assessing the independence of an Independent Director include the relationship between the respective Independent Director and the Group, and his involvement in any significant transaction with the Group. The Board also undertook a self-assessment in which they assessed their own performance.

All assessments and evaluations carried out by the NC were properly documented.

7. Time Commitment and Directors' Training

The Board reviewed the results of the Directors' performance evaluation in the Board meeting held in 3 April 2020 and is generally satisfied with the current size, composition as well as the mix of skill sets and independence of its INEDs. During the financial year under review, the Board held seven (7) meetings to review the Group's operations, strategy and business plans, review and approve the quarterly financial results and annual financial statements and other matters requiring the Board's approval.

All Directors complied with the minimum requirement of 50% attendance at board meetings as stipulated in Rule 15.05(3)(c) of the ACE LR of Bursa Securities. The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities.

The meeting attendance of the Board and Board Committees during the financial year under review is as follows:

General Meetings

Directors	Number of meetings attended/held in FYE 2019	%
Tan Sri Abdul Halim Bin Ali (Chairman)	1/1	100.00
Datuk Noor Azrin Bin Mohd Noor	1/1	100.00
Datuk Syed Izuan Bin Syed Kamarulbahrin	1/1	100.00
Noor Syafiroz Bin Mohd Noor	1/1	100.00
Lau Kin Wai	1/1	100.00
Norliza Binti Kamaruddin (Appointed on 16 May 2019)	N/A	N/A
Tan Sri Nuraizah Binti Abdul Hamid (Retired on 16 May 2019)	1/1	100.00

Board Meeting

Directors	Number of meetings attended/held in FYE 2019	%
Tan Sri Abdul Halim Bin Ali (Chairman)	7/7	100.00
Datuk Noor Azrin Bin Mohd Noor	7/7	100.00
Datuk Syed Izuan Bin Syed Kamarulbahrin	6/7	85.71
Noor Syafiroz Bin Mohd Noor	7/7	100.00
Lau Kin Wai	6/7	85.71
Norliza Binti Kamaruddin (Appointed on 16 May 2019)	3/4	75.00
Tan Sri Nuraizah Binti Abdul Hamid (Retired on 16 May 2019)	3/3	100.00

NC Meeting

Directors	Number of meetings attended/held in FYE 2019	%
Tan Sri Abdul Halim Bin Ali (Chairman)	1/1	100.00
Datuk Syed Izuan Bin Syed Kamarulbahrin	1/1	100.00
Norliza Binti Kamaruddin (Appointed on 30 May 2019)	N/A	N/A
Tan Sri Nuraizah Binti Abdul Hamid (Retired on 16 May 2019)	1/1	100.00

RC Meeting

Directors	Number of meetings attended/held in FYE 2019	%
Norliza Binti Kamaruddin (Chairperson) (Appointed on 30 May 2019)	N/A	N/A
Tan Sri Abdul Halim Bin Ali	1/1	100.00
Datuk Syed Izuan Bin Syed Kamarulbahrin	1/1	100.00
Tan Sri Nuraizah Binti Abdul Hamid (Retired on 16 May 2019)	1/1	100.00

The attendance of the ARMC Meetings held during the FYE 2019 is stated in the **ARMC Report** in this Annual Report.

Prior to accepting new directorships, the Director will notify the Chairman and inform him of the expected time commitment for the new appointment accordingly. The Directors are also required to submit a timely update on their other relevant directorship and shareholdings to the Company Secretaries, who will update the Board. Such information is used to monitor the number of directorships held by the Directors and to notify the Companies Commission of Malaysia accordingly, if so required.

None of the Directors of the Company held more than five (5) directorships in public corporations listed on Bursa Securities.

In order for the Group to remain competitive, the Board ensures that the Directors continuously enhance their skills and expand their knowledge to meet the challenges faced by the Board. The Directors are also encouraged to

attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge. Directors are kept informed of available training programs on regular basis.

For the Applicable Period, the Directors had attended various training programmes, conferences and workshops, which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors. The list of trainings/ conferences/ seminars and/or workshops attended by each of the Directors are set out in page 63.

Directors	List of Trainings / Conferences / Seminars / Workshops Attended / Participated
Tan Sri Abdul Halim Bin Ali	<ul style="list-style-type: none"> • The Islamic Finance for Board of Directors Programme (ISRA) • “Driving Digital Strategy” • “A Paradigm Shift in Foreign Policy: Humanitarian Approach” • Bank Negara Malaysia Annual Report 2018/Financial Stability and Payment Systems Report 2018 Briefing Session • Constructing and Financing Affordable Housing across Asia • Rethinking Strategy • Corporate Governance Monitor 2019 • MyFinTech Week 2019 • IJM Senior Management Forum 2019 • Digital Upskilling for Boards • MBSB Bank Bhd Shariah Advisory Committee, Board and MANCO Session 2019 • “Climate Change Risk and Opportunities: Respond, Not React” • ICDM’s Inaugural International Directors Summit 2019 • Session on Corporate Governance & Anti-Corruption
Datuk Noor Azrin Bin Mohd Noor	<ul style="list-style-type: none"> • Why Governance Matters for Startups
Datuk Syed Izuan Bin Syed Kamarulbahrin	<ul style="list-style-type: none"> • ICDM’s inaugural International Directors SUMMIT 2019 • Persidangan FinTech Syariah Koperasi 2019 • J.P. Morgan Malaysia Economic Outlook • Governance Convention 2019 - Rising Beyond Principles and Policies • Bank of America Merrill Lynch Malaysia
Noor Syafiroz Bin Mohd Noor	<ul style="list-style-type: none"> • Why Governance Matters for Startups
Lau Kin Wai	<ul style="list-style-type: none"> • Echelon Asia Summit 2019
Norliza Binti Kamaruddin (Appointed on 16 May 2019)	<ul style="list-style-type: none"> • The Role of Audit Committee in Ensuring Organizational Integrity, Risk Governance • Corporate Liability Provision & ii. Governance, Risk & Controls • Financial Language in the Boardroom • ICDM International Directors Summit 2019 • Cyber Security Risks – “Who Should Be Managing Them”?

In addition, the Company Secretaries and external auditors update the Board on a regular basis the respective changes and amendments to the regulatory requirements and laws and accounting standards to help Directors keep abreast of such developments.

2020 Training Needs

During the Applicable Period, the NC has conducted a review of the training needs of the Directors for year 2020. Upon reviewed, the NC encouraged the Directors to attend at least one (1) continuing education programme in year 2020, whereby it should be in relation to the corporate governance, sustainability, or any other applicable topics which would aid in their discharge of fiduciary/ statutory duties as Directors.

8. Remuneration Committee

The members of the RC comprise exclusively of INEDs that assist the Board in reviewing and recommending the proposed remuneration packages of Directors and senior management of the Company. The composition of the RC is as follows:

Name	Designation	Directorate
Norliza Binti Kamaruddin (Appointed on 30 May 2019)	Chairperson	Independent Non-Executive Director
Tan Sri Abdul Halim Bin Ali	Member	Senior Independent Non-Executive Director
Datuk Syed Izuan Bin Syed Kamarulbahrin	Member	Independent Non-Executive Director
Tan Sri Nuraizah Binti Abdul Hamid (Retired on 16 May 2019)	Member	Independent Non-Executive Director

The RC's authority and duties as well as functions are clearly defined in the TOR of the RC, which is available for viewing under the "Investor Relations" section of the Company's website at www.sedaniainnovator.com.

Summary of Works

The following works were undertaken by the RC during the financial year under review:

- (i) Reviewed and confirmed the Minutes of the RC Meeting held in year 2018;
- (ii) Reviewed the Directors' fees to the Non-Executive Directors and recommended the same to the Board for consideration; and
- (iii) Reviewed the benefits payable to the Non-Executive Directors and recommended the same to the Board for consideration.

9. Directors' Remuneration

Details of the aggregate remuneration of the Directors during the FYE 2019 are set out in page 65.

Company

	Fees	Salaries	Statutory Contributions	Meeting allowance	Benefits in-kind	Total
	RM	RM	RM	RM	RM	RM
Executive Directors:						
Datuk Noor Azrin bin Mohd Noor	-	756,000	91,643	-	6,667	854,310
Noor Syafiroz bin Mohd Noor	-	415,200	50,748	-	6,667	472,615
Non-Executive Directors:						
Tan Sri Abdul Halim bin Ali	60,000	-	-	12,500	6,667	79,167
Tan Sri Nuraizah Binti Abdul Hamid (Retired on 16 May 2019)	13,750	-	-	6,500	2,500	22,750
Datuk Syed Izuan bin Syed Kamarulbahrin	32,500	-	-	11,000	6,667	50,167
Lau Kin Wai	30,000	-	-	7,000	6,667	43,667
Norliza Binti Kamaruddin (Appointed on 16 May 2019)	18,750	-	-	4,500	4,165	27,415
Total	155,000	1,171,200	142,391	41,500	40,000	1,550,091

Group

	Fees	Salaries	Statutory Contributions	Meeting allowance	Benefits in-kind	Total
	RM	RM	RM	RM	RM	RM
Executive Directors:						
Datuk Noor Azrin bin Mohd Noor	48,000	756,000	91,643	-	6,667	902,310
Noor Syafiroz bin Mohd Noor	-	415,200	50,748	-	6,667	472,615
Nor Khairi bin Khalil	-	240,000	29,723	-	-	269,723
Non-Executive Directors:						
Tan Sri Abdul Halim bin Ali	60,000	-	-	12,500	6,667	79,167
Tan Sri Nuraizah Binti Abdul Hamid (Retired on 16 May 2019)	13,750	-	-	6,500	2,500	22,750
Datuk Syed Izuan bin Syed Kamarulbahrin	32,500	-	-	11,000	6,667	50,167
Lau Kin Wai	30,000	-	-	7,000	6,667	43,667
Norliza Binti Kamaruddin (Appointed on 16 May 2019)	18,750	-	-	4,500	4,165	27,415
Total	203,000	1,411,200	172,114	41,500	40,000	1,867,814

For the FYE 2019, the aggregate remuneration of the Senior Management members is not disclosed as the Board feels that it is inappropriate to disclose them and has opt not to do so in view of the competitive nature of the human resource market and to support the Company's efforts in attracting and retaining executive talents.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PART 1 – AUDIT COMMITTEE

1. Separation of the positions of the chair of the ARMC and the Board

In compliance with Practice 8.1 of the MCCG, the ARMC is chaired by Datuk Syed Izuan Bin Syed Kamarulbahrin, who is a separate person from the chair of the Board.

The membership, a summary of the activities of the ARMC and Internal Audit Function and Activities in respect of the FYE 2019 are stated in the **ARMC Report** of this Annual Report.

2. No appointment of former key audit partners as member of the ARMC

In compliance with Practice 8.2 of the MCCG, the TOR of the ARMC has been updated accordingly to formalise the Company's policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the ARMC.

None of the members of the Board or Board Committees were former key audit partners and notwithstanding the above provision and in order to uphold the utmost independence, the Board and Board Committees have no intention to appoint any former key audit partner as a member of the Board and Board Committees.

3. Assessment on external auditors

In compliance with Practice 8.3 of the MCCG, the ARMC has policies and procedures to assess the suitability, objectivity and independence of external auditors taking into account relevant professional and regulatory requirements and the relationship with the auditors as a whole, including the provision of any non-audit services. The outcome of the assessment would form a basis of the ARMC in making recommendation to the Board on the re-appointment of the external auditors for the ensuing year at the AGM.

The ARMC meets the external auditors concurrently three times a year to discuss their audit plan, audit findings and the Company's financial statements. The ARMC also had meeting with the external auditor without the participation of the Management team of the Group. This encourages independence and open dialogue between both parties.

Upon completion of its assessment, the ARMC was satisfied with Messrs. BDO PLT's competency i.e. suitability and independence during the financial year under review and recommend to the Board the re-appointment of Messrs. BDO PLT as external auditors for the financial year ending 31 December 2020. The Board had in turn, recommended the same for shareholders' approval at the forthcoming Sixth Annual General Meeting ("**6th AGM**") of the Company.

4. Skillsets of ARMC

The ARMC has conducted self and peer evaluation to assess the performance and skillsets of the individual ARMC members and their peers. The evaluation results were compiled by the Company Secretaries and tabled for the NC's review. Based on the results of the assessments, all members of the ARMC are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities.

Updates on developments in accounting and governance standards are presented by the external auditors at the ARMC meetings. The members of the ARMC have attended various continuous training and development programs as detailed in **Principle A, Section II Paragraph (7)** in this Statement.

PART 2 – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

1. Risk Management and Internal Control Framework

In compliance with Practice 9.1 of the MCCG, the Board has established a framework for risk management and internal control. Set out in this Annual Report, the Board's Statement on Risk Management and Internal Control ("**SORMIC**") for the FYE 2019, outlines the nature and scope of risk management and internal control of the Group and covers all the Group's operations.

On 29 February 2016, the Audit Committee was renamed to **Audit and Risk Management Committee** with an enhanced role of risk management oversight.

The Board has delegated to the ARMC the task of undertaking a periodic review of the effectiveness, adequacy and integrity of the Group's risk management framework and internal control systems.

The ARMC is responsible to assess that proper processes exist for determining, monitoring and reviewing the risk profile of the Groups and the effective communication to the relevant business units.

2. Key Features of Risk Management and Internal Control Framework

The key features of the Company's risk management and internal control framework, which covers their adequacy and effectiveness are disclosed under the SORMIC on pages 75 to 80 of this Annual Report.

3. Internal Audit Function

The Group's internal audit ("**IA**") function is outsourced to an independent professional consulting firm and reports independently to the ARMC.

The IA Consultant has unrestricted access to all functions, records, documents, personnel, or any other resources or information, at all levels throughout the Group. Being an independent third party, the IA Consultant is able to perform the internal audit function with impartiality, proficiency and due professional care.

The IA's review of the Group's operations encompasses an independent assessment of the Company's compliance with its internal controls and recommendations are made for further improvement.

The ARMC and the Board are satisfied with the performance of the outsourced Internal Auditors and have in the interest of greater independence and continuity in the IA function, taken the decision to continue with the outsourcing of the IA function.

Further details of the IA Function have been disclosed under the **ARMC Report** in this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I – COMMUNICATION WITH STAKEHOLDERS

1. Communication with Stakeholders

The Company is committed to ensure that all information such as corporate announcements, circulars to shareholders and financial results are disseminated to the general public in a timely and accurate manner.

The Company releases all announcements, material and price sensitive information in a timely manner to Bursa Securities as required under the ACE LR of Bursa Securities as well as releases the Company's updates to the market and community through the Company's website, media releases and other appropriate channels. The EDs authorise and are responsible for approving the release of all major communications to the regulators, shareholders and stakeholders.

To further enhance communication with investors and shareholders, the Company has an "Investor Relations" section on the Company's website which provides a platform for the shareholders and potential investors to direct their enquiries on the Company.

Another key avenue of communication with its stakeholders is the general meeting of the Company, which provides a useful forum for shareholders to engage directly with the Company's Directors. During the general meeting, shareholders or proxies appointed by the shareholders are at liberty to raise questions or seek clarification on the agenda items of the general meeting from the Company's Directors.

The Chairman and/or any Directors will avail themselves to provide responses to any questions raised by shareholders at the general meetings.

PART II – CONDUCT OF GENERAL MEETINGS

1. Notice of Annual General Meeting

The Notice of the 6th AGM of the Company was circulated and published on 12 May 2020, which was more than 28 days prior to the date of AGM scheduled to be held on 29 June 2020. The Notice of the 6th AGM, which sets out the businesses to be transacted at the 6th AGM, was also published in a major local newspaper.

The notes to the Notice of the 6th AGM also provide detailed explanation for better understanding on the resolutions proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make informed and proper decisions in exercising their voting rights.

2. Directors' Commitment

All the Directors were present at the 5th AGM of the Company held on 16 May 2019 to engage directly with the shareholders and be accountable for their stewardship of the Company.

The proceedings of the AGM included the presentation of financial statements to the shareholders, and a question and answer session in which the Chairman of the AGM would invite shareholders to raise questions on the Company's financial statements and other items for adoption at the AGM, before putting a resolution to vote.

The EDs ensure that sufficient opportunities are given to shareholders to raise issues relating to the affairs of the Company and that adequate responses are given.

The Chairmen of the Board Committees were also readily available to address the questions posted by the shareholders at the general meetings.

3. Voting Format

Rule 8.31A of the ACE LR of Bursa Securities requires that any resolution set out in the notice of general meetings, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting be voted by poll. The Company had conducted its voting on all resolutions at the 5th AGM held on 16 May 2019 by polling in line with the requirement of the ACE LR of Bursa Securities. An independent scrutineer was also appointed to scrutinise the polling process.

The Board will consider and explore the suitability and feasibility of adopting electronic voting to facilitate greater shareholders participation at general meetings and to ensure accurate and efficient outcomes of the poll voting process.

Subject to budget constraints, the Board will also explore the use of technology to allow voting in absentia or remote shareholders' participation. The Board will assess the necessity and viability for such facility taking into consideration the number of shareholders, the reliability of the technology and cost-benefits to the Company.

Key CG future priorities for financial year ending 31 December 2020 ("FYE 2020")

1. Anti-corruption and Whistleblowing Practices

In line with global trends in anti-corruption legislations, amendments to the Malaysian Anti-Corruption Commission Act 2009 ("**MACC 2009**") have been passed by the Parliament earlier, which will come into force on 1 June 2020 to introduce the concept of corporate liability for corruption in Malaysia.

The Board noted that the Guidelines on Adequate Procedures issued by the Prime Minister's Department in December 2018 pursuant to Section 17A(5) of the MACC 2009 ("**Guidelines**") for commercial organisations (which include Sedania Group) in minimising/ preventing the occurrence of corrupt practices.

Stand guided by the five principles as illustrated in the Guidelines, the Board would be taking steps and actions to prevent/ minimise the occurrence of corrupt practices:

- Top Level Commitment;
- Risk Assessment;
- Undertake Control Measures,
- Systematic Review, Monitoring and Assessment; and
- Training and Communication.



2. Outbreak of Coronavirus Disease (“Covid-19”) pandemic

Following the Movement Control Order (“MCO”) imposed by the Government due to outbreak of Covid-19 pandemic, the immediate priority of the Board is to work with Management to focus on implementation of business contingency plan to salvage the lost time due to MCO, in order to minimise the financial impact to Sedania Group.

CONCLUSION

The Board is satisfied that, it complies substantially with the Practices of the MCCG during the Applicable Period.

This CG Overview Statement and the CG Report were approved by the Board of Directors via a Circular Resolution passed on 30 April 2020.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“**the Board**”) of Sedania Innovator Berhad (“**the Company**”) is pleased to present the Report of the Audit and Risk Management Committee (“**ARMC**”) for the financial year ended 31 December 2019 (“**FYE 2019**”) which provides insights to the manner in which the ARMC had discharged its functions, in compliance with Rule 15.15(1) of the ACE Market Listing Requirements (“**ACE LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the Malaysian Code on Corporate Governance (“**MCCG**”).

1. COMPOSITION

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. This complies with Rules 15.09(1)(a) and (b) of the ACE LR of Bursa Securities and Practice 8.4 under Principle B of the MCCG. All members of the ARMC are financially - literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities.

The members of the ARMC during the financial year are as follows:

Name	Designation	Directorship
Datuk Syed Izuan Bin Syed Kamarulbahrin	Chairman	Independent Non-Executive Director
Tan Sri Abdul Halim Bin Ali	Member	Senior Independent Non-Executive Director
Norliza Binti Kamaruddin (Appointed on 30 May 2019)	Member	Independent Non-Executive Director
Tan Sri Nuraizah Binti Abdul Hamid (Retired on 16 May 2019)	Member	Independent Non-Executive Director

The Audit Committee of the Company was established on 25 July 2014 and subsequently renamed as Audit and Risk Management Committee on 29 February 2016, to incorporate the additional oversight on risk management activities of the Company and its subsidiaries (“**the Group**”).

The Chairman of the ARMC, Datuk Syed Izuan Bin Syed Kamarulbahrin is a Chartered Accountant by profession and a Member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. The ARMC therefore, meets the requirements of Rule 15.09(1) (c) of the ACE LR of Bursa Securities which stipulates that at least one (1) member of the ARMC must be a qualified accountant.

2. MEETINGS

For the FYE 2019, six (6) ARMC meetings were held. Details of attendance of each member at the ARMC meetings are as follows:

Members	Number of Meetings attended in 2019
Datuk Syed Izuan Bin Syed Kamarulbahrin	5/6*
Tan Sri Abdul Halim Bin Ali	6/6
Norliza Binti Kamaruddin (Appointed on 30 May 2019)	3/3
Tan Sri Nuraizah Binti Abdul Hamid (Retired on 16 May 2019)	2/2

* Note: During the FYE 2019, Datuk Syed Izuan Bin Syed Kamarulbahrin was absent from the Special Meeting of the ARMC held on 27 September 2019. In the absence of the Chairman of the ARMC, the remaining members had elected Tan Sri Abdul Halim Bin Ali to chair the Meeting pursuant to Clause 5.2(c) of the Terms of Reference of the ARMC.

The Chairman of the ARMC reports to the Board on principal matters deliberated at the ARMC meetings. Minutes of each ARMC meeting were recorded by the Company Secretaries and tabled for confirmation at the following ARMC meeting and subsequently presented to the Board for notation.

In addition, the Group Executive Director, the Group Chief Executive Officer and the Group Chief Financial Officer, key management, External Auditors and outsourced Internal Auditors also attended the meetings when invited by the ARMC to provide and present reports or information during the deliberation of matters pertaining to their respective areas, in the meetings.

The ARMC also had meetings with the External Auditors without the presence of Management where they are given the opportunity to raise any concern or professional opinion and thus, to be able to exert its functions independently.

3. TERMS OF REFERENCE

The Terms of Reference (“**TOR**”) of the ARMC is available for reference under the “Investor Relations” section of the Company’s website at www.sedaniainnovator.com.

4. SUMMARY OF ACTIVITIES IN 2019

During the FYE 2019, the main activities undertaken by the ARMC in discharging its responsibilities as set out in its TOR are as follows:

(a) Financial reporting review

- (i) Reviewed the unaudited quarterly financial results and the annual audited financial statements, before recommending them to the Board for deliberation and approval for announcement to Bursa Securities, focusing particularly on:

- a. The overall performance of the Group;
 - b. The prospects of the Group;
 - c. The changes in and implementation of major accounting policies and practices; and
 - d. Compliance with Malaysian Financial Reporting Standards (“MFRS”), the ACE LR and other legal requirements.
- (ii) Reviewed the financial performance of the Group on quarterly basis;
- (iii) Reviewed the identified significant matters pursuant to Rule 15.12(1)(g)(ii) of the ACE LR of Bursa Securities; and
- (iv) Reviewed and monitored any related party transactions and conflict of interest situation that may arise within the Group.

(b) External Auditors

- (i) Reviewed and approved the External Auditors’ Audit Planning Memorandum for FYE 2019 outlining the engagement and reporting responsibilities, audit approach, materiality and performance materiality, areas of significant auditor attention, engagement team as well as reporting timetable, deliverables and audit fees;
- (ii) Reviewed and approved the External Auditors’ scope of the statutory audit of the Company and the Group’s financial statements for the FYE 2019;
- (iii) Evaluated and assessed the performance and effectiveness of the External Auditors and made recommendations to the Board on re-appointment and remuneration of the External Auditors;

- (iv) Reviewed the draft audit report and annual audited financial statements of the Company and issues arising from the financial statements, together with the External Auditors' management letter and management's responses;
- (v) Updated by the External Auditors on changes to relevant accounting standards, regulatory and statutory requirements;
- (vi) Convened a meeting with the External Auditors without the presence of the Executive Directors and Management to discuss any issues that may have arose from the external audit and obtain feedbacks from the External Auditors;
- (vii) Reviewed the ARMC Report and Statement on Risk Management and Internal Control to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval and inclusion in the Company's Annual Report; and
- (viii) Reported to the Board on its activities, any significant issues and results.

(c) Internal Audit

- (i) Reviewed and approved the Internal Audit Plan for FYE 2019 outlining the Internal Auditors' scope of work, annual audit plan and budget for the year to ensure adequacy of resources, competencies and the scope of coverage;
- (ii) Reviewed the status report and recommendations for corrective action plans submitted by Internal Auditors on their risk-based internal audit assignments (where appropriate, the ARMC instructed management to rectify and improve the systems of internal controls based on the Internal Auditors' recommendations and suggestions to ensure control lapses are addressed); and

- (iii) Addressed the objectivity, performance and independence of the Internal Auditors.

(d) Risk Management Oversight

- (i) Examined the risk element of the various proposed investments/ joint ventures to be undertaken by the Management and sought clarification/assurance from the Management on risk mitigation measures to the identified risks.

The Board is satisfied that the ARMC has carried out their responsibilities and duties in accordance with the ARMC's TOR.

5. INTERNAL AUDIT FUNCTION

The Group appointed Talent League Sdn. Bhd. ("**Internal Auditors**"), as independent professional internal audit service provider to carry out its internal audit function. A team of three (3) people completes the Internal Audit structure helmed by Mr. Hong Cheong Liang, CA(M), CPA(AUS), CMIIA. The Internal Auditors were engaged to conduct regular reviews and appraisals of the effectiveness of the internal control system, governance and risk management within the Company and the Group in accordance to a structured and recognised framework.

The Internal Auditors report directly to the ARMC and are provided full access to all the documents relating to the Company and the Group's Governance, Financial and Operational aspect divisions.

A summary of work of the internal audit function for the FYE 2019 are as follows:-

1. Formulated the internal audit plan and presented the plan to the ARMC for review and approval;
2. Performed internal audit work in the following areas in accordance with the approved internal audit plan:-
 - Q1 2019: Business Development & Marketing and Credit Risk Management;
 - Q2 2019: Management Information System and Research & Development;
 - Q3 2019: Financial Reporting & Treasury and Procurement; and
 - Q4 2019: Corporate Governance and Fixed Assets Management.
3. Based on the audit reviews carried out, the Internal Auditors reported the results of the audit reviews to the ARMC. The reports highlighted internal control weaknesses or deficiencies identified and corresponding recommendations for improvements; and
4. Followed up on the status of implementation of Management action plans carried out and reported the same to the ARMC.

The total cost incurred for the internal audit function of the Group for the FYE 2019 was RM69,000 (FYE 2018: RM48,000).

The ARMC and the Board are satisfied with the performance of the outsourced Internal Auditors and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue with the outsourcing of the internal audit function.

Further details of the internal audit function are set out in the Statement on Risk Management and Internal Control on pages 75 to 80 of this Annual Report.

The ARMC Report was presented and approved at the meeting of the Board of Directors held on 3 April 2020.



STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

1. INTRODUCTION

The Board of Directors ("**Board**") of Sedania Innovator Berhad ("**Company**") and its subsidiaries ("**Group**") is pleased to present the Statement on Risk Management and Internal Control ("**Statement**") which outlines the nature and scope of risk management and internal control system of Sedania Innovator Berhad and its subsidiaries ("**the Group**") for the financial year ended 31 December 2019 pursuant to Rule 15.26(b) of Bursa Malaysia Securities Berhad ACE Market Listing Requirements, Malaysian Code on Corporate Governance ("**MCCG**") issued in 2017 and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("**Guidelines**") issued on 31 December 2012.

2. RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its overall responsibility for maintaining a sound risk management framework and internal controls system, and reviewing the adequacy and integrity of those processes. It also provides risk oversight, sets the tone at the top, develops risk culture and reviews the business objectives to be in line with Group's risk profile.

The Board recognises that due to inherent limitations, the Group's system of internal control is designed to manage the Group's risks within an acceptable risk profile, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the Board is also of the view that the Group's system of internal control can only provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board believes that the review on the adequacy and effectiveness of the system of internal control and risk management is a concerted and continuous process. Such reviews are conducted through the various committees established by the Board and Management. The Board has, through the Audit and Risk Management Committee, carried out the process of identifying, evaluating, monitoring and managing the key operational and financial risks affecting the achievement of its corporate objectives throughout the period.

The Board is of the view that system of internal controls in place for the year under review is sound and adequate after taking into consideration of the costs and benefits to safeguard the Group's assets and protect the stakeholders' interests in ensuring achievement of the business objectives and enhancing shareholder value.

3. RISK MANAGEMENT

The Board affirms that effective risk management is an essential and indispensable part of corporate management. The Group strives to manage risk effectively with a view to protect assets and stakeholders, ensuring achievement of the business objectives and enhancing shareholder value.

The Board further acknowledges that risk management is an ongoing process and business risks are embedded and forms an important part of the internal control system of the Group. As such, continuous efforts are made to improve the policies, processes, people and structures within the Group.

The Board, assisted by the Audit and Risk Management Committee, approves the overall risk management framework, reviews and approves the Group's risk profiles against the agreed risk appetite. Responsibility for risk management resides at all levels within the organisation from the executive to the operational level at all business units and business support functions.

Weekly meetings attended by Heads of Department and key management team are held to discuss key operational issues, business performance matters, new business ventures and appropriate mitigating risk response strategies and controls.

The above risk management framework facilitates and enhances the ability of the Board and Management to manage risks within defined risk parameters and risk standards at the acceptable tolerance level.

4. INTERNAL AUDIT FUNCTIONS AND EFFECTIVENESS OF INTERNAL CONTROL

The Group's internal audit function is outsourced to an independent professional consulting firm, Talent League Sdn. Bhd. The duty of the internal audit is to examine and evaluate major processes of operations of the Group in order to assist the Board in the effective discharge of the Board's responsibilities.

The Internal Audit ("IA") Consultant aims to advise management on areas for improvement, highlight on significant findings in respect of any non-compliance and subsequently perform follow-up reviews to determine the extent to which the recommendations have been implemented.

IA Consultant reports independently to the Audit and Risk Management Committee. In the course of performing its duties, IA Consultant has unrestricted access to all functions, records, documents, personnel, or any other resources or information, at all levels throughout the Group. Being an independent third party, the IA Consultant is able to perform the internal audit function with impartiality, proficiency and due professional care.

The IA Consultant adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the Group. The performance of the internal audit function is carried out as per the annual audit plan approved by the Audit and Risk Management Committee. The internal control findings, weaknesses and recommendations as well as the management responses and action plan were deliberated during the quarterly reviews with the Audit and Risk Management Committee. The key management team is responsible to address and resolve areas with control weaknesses within the required time frame, and that the control procedures are in place and being followed.

During the financial year under review, four cycles of risk-based internal audit assignments were carried out for the Group and the Company as follows:

Q1 2019 : Business Development and Marketing; Credit Risk Management
Q2 2019 : Management Information System and Research & Development
Q3 2019 : Financial Reporting, Treasury And Procurement
Q4 2019 : Corporate Governance and Fixed Asset Management

5. OTHER KEY INTERNAL CONTROLS

The Board is committed in maintaining a strong control structure and environment to facilitate the proper conduct of the Group's businesses and operations. The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls are as stated below:

- **Organisational Structure**

The Group has in place an organisational structure that is aligned to business efficacy and operational requirements, with clearly defined lines of accountability, responsibility and delegated authority. The Board is the pinnacle of the corporate governance structure of the Group. The Board is assisted not only by the key management team, but also by delegation of authority to the independent board committees such as the Audit and Risk Management, Nominating and Remuneration Committees in specific areas for enhanced internal control and corporate governance. These Board Committees are all governed by clearly defined terms of reference.

- **Executive Review and Management Meetings**

There has been active participation by the Executive Directors in the day-to-day running of business operations, and regular dialogue with senior management of the respective business units.

Management Meetings, attended by the Group Chief Executive Officer and respective Head of Department are held on a weekly basis to identify, discuss and report on operational performance, business strategy, financial and key management issues for effective monitoring and decision making. In addition to the regular meetings, other ad hoc meetings are convened as and when necessary to stay on course of achieving the Group's goal and objectives.

- **Policies, Procedures and Financial Authority Limits**

The Group has in place documented policies and procedures to govern the financial and operational functions, and internal control system of the Group. The objectives of the policies and procedures are to ensure ethic, compliance with applicable laws and regulations, internal control principles and mechanisms are embedded in operations and that there is a clear line of responsibility and accountability among the business units of the Group. Some of the key policies and procedures implemented within the Group are:

- (a) **Group's Authority Manual**

The Group's Authority Manual assigns authority to the Board and to the appropriate level of Management staff to exercise control on the Group's commitment of both capital and operational expenditures. It provides limits to enable decisions to be taken timely and at the same time provides check and balance on the amounts and types of commitments that Management can undertake on behalf of the Group. The Authority Manual is approved by the Board and is regularly updated as and when is necessary in line with the changes in the organisation.

- (b) **Operational Manuals**

Operational manuals for business units are available within the Group and set out policies and procedures for day-to-day operations and act as guidance to employees on the necessary steps to be taken in a given set of circumstances. The manuals enable tasks to be carried out with minimal supervision.

(c) IT Policies and Procedures

The IT Security Policy incorporates the Corporate Policy on among others, the usage of personal computer software, E-mail and internet; management of IT assets, security implementation for the antivirus level protection and hardware systems support procedures. It is established to achieve and maintain confidentiality, integrity, availability, authenticity and reliability of information and data processing.

(d) Whistle-blowing Policy

The Group's whistle-blowing policy guides employees of the Group in communicating and reporting instances of illegal or immoral conduct to the appropriate parties within the Group and at the same time protecting these employees against victimisation, discrimination or being disadvantaged in any way arising from such communications. Arrangements are in place for the proportionate and independent investigations on all allegations or reports from within or outside the Group with appropriate follow up actions. The policy builds into the Group's culture, abhorrence for fraud, and that any conduct of this nature will not be tolerated. It also promotes a transparent and open environment for fraud reporting within the Group.

(e) Group Communication Policy

The Board has also adopted a Communication Policy to ensure that all decisions made are communicated promptly to all staff at all levels within the Group and to enable the Group to communicate effectively with its shareholders, major investors, other stakeholders and public generally with the intention of giving them a clear picture of the Group's performance and operations.

(f) Human Resource Policy

The Group has implemented a Human Resource Policy and Code of Conduct that sets out general employment terms and conditions and sets the tone for control consciousness and employee conduct. It is designed to provide guidelines to employees with the objective of ensuring issues and matters during the tenure of their employment are properly understood by all employees. It is a written guideline which clearly defines the organisation's DNAs, values, policies, company's expectations of employees and employee's expectations toward the Company.

The Group has also incorporated Talent and Succession Management policies and procedures within the Human Resource Policy. This is part of the Group's organisational development initiative to ensure leadership and talent continuity for all key positions and to enhance the Group's capability to systematically identify, evaluate, develop, deploy and retain those who are qualified, eligible and suitable to be potential successors for Senior Level Mission Critical Positions.

In addition, internal control procedures have been set out in a series of other standard operating practice manuals and business process manuals to serve as guidance for proper measures to be undertaken and are subject to regular review, enhancement and improvement to ensure that they stay relevant and to align with the best practices.

- **Strategic Business Planning, Budgeting and Reporting**

A Group strategic business planning process is in place where the financial planning is correlated to the Group's strategic business plans. The Group performs an annual budgeting and forecasting exercise including development of business strategies and establishment of key performance indicators against which units within the Group can be evaluated. The Group's strategic direction is also reviewed annually in light of the prevailing market conditions and significant market risks.

Financial performance and Monthly Management Accounts which serve as a monitoring tool are circulated to key management staff and regularly compared against budget, with detailed explanations provided for material variances, reviews of internal and external factors contributing to performance, and management actions taken to improve the results. Variances against budget are analysed and reported internally on a monthly basis in Management meetings.

- **Performance Reporting and Monitoring**

On a quarterly and annual basis, the financial performance and progress of key projects are reported, and reviewed by the Board to enable them to gauge the Group's achievement of its annual targets and review any key financial and operational issues.

The Audit and Risk Management Committee reviews the quarterly financial statements with the Chief Financial Officer and Group Chief Executive Officer before it recommends to the Board for approval to release the financial results to Bursa Malaysia. The audited accounts are reviewed with the external auditors before recommending them to the Board for tabling them to the shareholders at the annual general meeting.

- **Investment Appraisal**

Major investment proposals on mergers and acquisitions as well as long-term business investments are thoroughly reviewed and appraised by the Audit and Risk Management Committee, before recommending them to the Board.

- **Insurance and Physical Safeguards**

Adequate insurance provision and security measures on major assets of the Group are provided to ensure that it sufficiently safeguards against any mishap that will result in material losses to the Group.

- **Human Resource Management System**

A structured Performance Management System has been developed as a means to instil a performance culture within the Group and to align operations with corporate objectives as well as employees' interest with the shareholders.

To assess and reward staff, the Group carries out formal appraisals on an annual basis to maintain high competency and capability levels.

In addition, compensation is a critical area of human resource management, and one that can greatly affect employee behaviour. As such, the Company has established a grading and compensation structure comparable to market as part of the commitment to attract and retain good talents in the Group.

Manpower planning, selection, recruitment and promotion guidelines are established and carried out to ensure that key positions within the Group, are filled by staff with the appropriate calibre and the relevant competencies to support the achievement of the Group's objectives and to effectively manage the risks to ensure achievement of these objectives. A computerised Human Resource Management System provides a comprehensive employee database and an efficient support system for managing human resource functions. In addition, all new hires are required to attend a New Hire Orientation / Induction program when they join the Group.

6. WEAKNESS IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

The Management identified minor internal control weaknesses during the period, all of which are being addressed. No major internal control weaknesses were identified nor did any of the reported weaknesses result in material losses or contingencies requiring disclosure in the Group Annual Report. Management continues to take measures to strengthen the control environment.

7. ASSURANCE STATEMENT BY KEY MANAGEMENT TEAM

The Executive Directors, Group Chief Executive Officer and Chief Financial Officer (“**Key Management Team**”) have provided assurance to the Board, to their best knowledge and believe, that the Group’s risk management and internal control system were operating adequately and effectively in all material aspects, and there were no material losses incurred as a result of any weaknesses in internal controls that would require disclosure in this Annual Report.

8. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Rule 15.23 of the Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the said review procedures were performed in accordance with the Audit and Assurance Practise Guide 3: Guidance for Auditors On Engagements To Report On The Statement On Risk Management and Internal Control Included in the Annual Report (“**AAPG 3**”) issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system. AAPG 3 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in this Annual Report will, in fact, remedy the problems.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement in Risk Management and Internal Control: Guidelines for Directors of Listed Issuer, nor is factually inaccurate.

9. CONCLUSION

The Board has reviewed the adequacy and effectiveness of the Group’s risk management processes and system of internal control for FYE 2019 and up to the date of this Statement and is of the view that the risk management processes and system of internal control are in place for the period covered by this Statement for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group.

The Board will continue to monitor all major risks affecting the Group and take necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the risk management and internal control systems of the Group.

This Statement was approved by the Board of Directors on 30 April 2020.

OTHER ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

During the financial year, the Company raised a net sum of RM2.552 million through a private placement of 22,580,600 new ordinary shares at an issue price of RM0.1130 per share and as at 15 April 2020, the details of the proceeds raised from the private placement were utilised as follows: -

Purpose	Proposed utilisation	Amount Utilised as at 15 April 2020	Intended Timeframe for Utilisation	Deviation	%	Explanations (if the deviation is 5% or more)
	RM'000	RM'000		RM'000		
Capital Expenditure	500	496	Within 12 months	4	0.8%	(1)
Working capital	1,802	1,933	Within 12 months	(131)	-	(a) & (b)
Private Placement expenses	250	119	Within 1 month	131	-	(b)
Total gross proceeds	2,552	2,548		4	0.16%	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Announcement made by the Company dated 23 October 2017.

Explanation:

(1) The Group's FinTech online retail financing application portal and mobile application are still in progress.

Notes:

(a) The actual working capital incurred for GreenTech and IoT were higher than the amount allocated.

(b) The actual expenses incurred for the Private Placement was lower than the estimated expenses for the said exercise. The Company had incurred RM0.12 million for the Private Placement expenses, which was lower due to smaller placement proceeds received. Hence the balance of unutilised Private Placement proceeds of RM0.13 million has been re-allocated to working capital of the Group.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS" or "Scheme") of the Company was implemented on 16 November 2015 and shall be in force for a duration of ten (10) years.

The total number of options granted, exercised and outstanding under the ESOS during the financial year ended 31 December 2019 ("FYE 2019") are set out in the table below:-

Description	Number of Options	
	All Eligible Employees	Executive Directors
(a) Total number of options granted	5,280,000	-
(b) Total number of options exercised	-	-
(c) Total options outstanding	5,280,000	-

Percentage of options applicable to Directors and Senior Management under the ESOS:-

Directors and Senior Management	During the FYE 2019	Since commencement up to FYE 2019
(a) Aggregate maximum allocation	50.00%	50.00%
(b) Actual granted	0.67%	1.92%

During the FYE 2019, none of the ESOS Options was offered to the Non-Executive Directors.

AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors by the Group and the Company for the FYE 2019 are as follows:

Item	Group RM'000	Company RM'000
Audit Fees	133,000	49,000
Non-audit fees	8,000	5,000
Total	141,000	54,000

The Company incurred non-audit fees amounting to RM8,000 for services rendered by External Auditors to the Group during the FYE 2019 in relation to the review of the Statement on Risk Management and Internal Control and review of return of net revenue for submission to Malaysia Digital Economy Corporation ("MDEC").

MATERIAL CONTRACTS INVOLVING DIRECTORS AND/OR MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and/or its subsidiaries involving the interest of Directors and/or major shareholders, either subsisting at the end of the FYE 2019 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS

There were no material recurrent related party transactions entered into by the Group during the FYE 2019.

DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENT

In preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible to ensure that these financial statements have been prepared to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the results and cash flows of the Group and the Company in accordance with applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016 and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the financial year ended 31 December 2019 set out on pages 85 to 150 of this Annual Report, the Directors have applied appropriate accounting policies on a consistent basis and made judgments and estimates that are reasonable and prudent.

The Directors have responsibility for ensuring that proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have overall responsibility for taking such steps as is reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement was approved by the Board of Directors via Circular Resolution passed on 30 April 2020.





FINANCIAL STATEMENTS

Directors' Report	85
Statement by Directors	90
Statutory Declaration	90
Independent Auditors' Report	91
Statements of Financial Position	95
Statements of Profit or Loss and Other Comprehensive Income	97
Consolidated Statement of Changes in Equity	98
Statement of Changes in Equity	100
Statements of Cash Flows	101
Notes to the Financial Statements	105

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities and details of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	2,486,272	(1,597,947)

DIVIDENDS

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM42,005,304 to RM44,556,912 by way of issuance of 22,580,600 new ordinary shares at an issue price of RM0.113 each pursuant to a private placement exercise, representing not more than ten percent (10%) of the issued share capital of the Company.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

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

EMPLOYEES' SHARE OPTION SCHEME ('ESOS')

The Company implements an ESOS, which is in force for a period of ten (10) years until 16 November 2025 ("the option period"). The main features of the ESOS are as follows:

- The ESOS is made available to eligible employees and full-time Executive Directors who are confirmed employees ("Eligible Persons") of the Company and its subsidiaries as defined in the Companies Act 2016 in Malaysia, as amended from time to time, and any re-enactment thereof;
- The total number of shares offered under the ESOS shall not, in aggregate, exceed 30% of the issued and paid-up share capital of the Company at any time during the existence of the ESOS;
- The option price under the ESOS shall be the five (5)-day weighted average market price of the shares as quoted on the ACE Market of Bursa Malaysia Securities Berhad at the time the option is granted with a discount of not more than 10% if deemed appropriate;

EMPLOYEES' SHARE OPTION SCHEME ('ESOS') cont'd

- (d) The actual number of shares, which may be offered to any Eligible Persons shall be at the discretion of the ESOS Committee provided that the number of shares offered are not less than 1,000 shares and in multiples of 1,000 shares and are subject to the following:
- (i) not more than 10% of the shares available under the ESOS shall be allocated in aggregate to Executive Directors;
 - (ii) not more than 40% of the shares available under the ESOS shall be allocated in aggregate to senior management of the Company and its subsidiaries;
 - (iii) not more than 50% of the shares available under the ESOS shall be allocated to eligible employees of the Company and its subsidiaries; and
 - (iv) not more than 10% of the new shares available under the ESOS to be allocated to the Eligible Persons who, either singly or collectively through persons connected with the Eligible Persons, holds 20% or more of the issued and paid-up share capital of the Company.
- (e) An option granted under the ESOS may be exercised by the grantee upon achieving the vesting conditions set by the ESOS Committee and is subject to the allotment of shares of 33% per year over the vesting periods of three (3) years;
- (f) The shares allotted pursuant to ESOS rank pari passu in all respects with the then existing issued shares of the Company; and
- (g) No eligible employee shall participate at any time in any other employees' share option scheme within the Company and its subsidiaries unless otherwise approved by the ESOS Committee.

The number of unissued ordinary shares under options at the option price is as follows:

Option price:	Number of options over ordinary shares				
	Balance as at 1.1.2019	Granted	Exercised	Balance as at 31.12.2019 [^]	Exercisable as at 31.12.2019
RM0.08	3,164,000	1,616,000	-	4,780,000	3,186,667
RM0.09	-	500,000	-	500,000	166,667
	3,164,000	2,116,000	-	5,280,000	3,353,334

[^] Exercisable by the grantee upon achieving the vesting conditions set by the ESOS Committee and are subject to the allotment of shares of 33% per year over vesting periods of 3 years.

Since the implementation of the ESOS until the end of the financial year, a total of 5,280,000 options had been granted to the eligible employees of the Group. No options had been exercised since the implementation of the ESOS until the end of the financial year.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Sedania Innovator Berhad

Tan Sri Abdul Halim Bin Ali
 Datuk Noor Azrin Bin Mohd Noor
 Datuk Syed Izuan Bin Syed Kamarulbahrin
 Noor Syafiroz Bin Mohd Noor
 Lau Kin Wai
 Norliza Binti Kamaruddin *(appointed on 16 May 2019)*
 Tan Sri Nuraizah Binti Abdul Hamid *(retired on 16 May 2019)*

Subsidiaries of Sedania Innovator Berhad (excluding those who are already listed above)

Nor Khairi Bin Khalil
 Dato' Wan Mohd Fadzmi Bin
 Che Wan Othman Fadzilah
 Mohamad Rozaimy Bin Abd Rahman
 Mohammad Ridzuan Bin Abdul Aziz *(resigned on 21 February 2019)*

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2019 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

← Number of ordinary shares →			
Balance as at 1.1.2019	Bought	Sold	Balance as at 31.12.2019

Shares in the Company

Direct interests:

Tan Sri Abdul Halim Bin Ali	100,000	-	-	100,000
Datuk Noor Azrin Bin Mohd Noor	9,286,560	-	-	9,286,560
Datuk Syed Izuan Bin Syed Kamarulbahrin	100,000	-	-	100,000
Noor Syafiroz Bin Mohd Noor	100,000	-	-	100,000

Indirect interests:

Datuk Noor Azrin Bin Mohd Noor*	114,982,892	-	-	114,982,892
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Shares in the ultimate holding company - Sedania Corporation Sdn. Bhd.

Direct interests:

Datuk Noor Azrin Bin Mohd Noor	999,999	-	-	999,999
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* Deemed interest by virtue of Datuk Noor Azrin Bin Mohd Noor's substantial interest in Sedania Corporation Sdn. Bhd. and his sibling, Noor Syafiroz Bin Mohd Noor's direct interest in Sedania Innovator Berhad.

By virtue of his interest in the shares of the ultimate holding company, Datuk Noor Azrin Bin Mohd Noor is also deemed to be interested in the shares of the subsidiaries of the ultimate holding company to the extent of the ultimate holding company's interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

The details of the above transactions are disclosed in Note 30 to the financial statements.

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

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 24 to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

During the financial year, the total amount of insurance premium paid for the Directors of the Group and of the Company are RM40,000 (2018: RM46,811).

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of 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 provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY cont'd

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT cont'd

- (c) The Directors are not aware of any circumstances: cont'd
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year, which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

- (g) The Directors are not aware of any circumstances 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 of the Company misleading.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event subsequent to the end of the reporting period is disclosed in Note 35 to the financial statements.

ULTIMATE HOLDING COMPANY

The Directors regard Sedania Corporation Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2019 are disclosed in Note 23 to the financial statements.

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

Datuk Noor Azrin Bin Mohd Noor
Director

Petaling Jaya
30 April 2020

Noor Syafiroz Bin Mohd Noor
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 95 to 150 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Datuk Noor Azrin Bin Mohd Noor
Director

Petaling Jaya
30 April 2020

Noor Syafiroz Bin Mohd Noor
Director

STATUTORY DECLARATION

I, **Rizalzin Hashim Bin Mohammed** (CA 38674), being the officer primarily responsible for the financial management of Sedania Innovator Berhad, do solemnly and sincerely declare that the financial statements set out on pages 95 to 150 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Petaling Jaya this)
30 April 2020)

Rizalzin Hashim Bin Mohammed

Before me:

Ammar Bin Mohamad Dahalan (No. B532)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SEDANIA INNOVATOR BERHAD (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sedania Innovator Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, 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 of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 95 to 150 .

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

(a) Recoverability of trade receivables

Gross trade receivables of the Group as at 31 December 2019 were RM7,501,841 as disclosed in Note 10 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

Audit response

Our audit procedures, with the involvement of component auditors, included the following:

- (a) Recomputed the probability of default using historical data and forward looking information adjustment applied by the Group to test the accuracy of probability of default applied by the Group;
- (b) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group; and
- (c) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses and ascertain the reasonableness of the underlying relationship.

Key Audit Matters cont'd

(b) Impairment assessment of the carrying amount of investments in subsidiaries

As at 31 December 2019, investments in subsidiaries of the Company amounted to RM26,853,280 as disclosed in Note 7 to the financial statements.

The determination of recoverable amounts requires significant judgement and estimates about the future results and key assumptions applied to cash flow projections of the subsidiaries in determining the recoverable amounts. In this instance, the recoverable amount is based on value-in-use or fair value less cost to sell, whichever is higher. These key assumptions include different budgeted earnings before interest and tax, growth rates, terminal values as well as determining an appropriate pre-tax discount rate.

Audit response

Our audit procedures included the following:

- (a) Compared cash flow projections against recent performance and historical accuracy of forecasts/projections to assess the reliability of the forecasting process and assessed key assumptions in projections, where applicable;
- (b) Verified earnings before interest and tax margins, growth rates and terminal values by assessing evidence available to support these key assumptions;
- (c) Assessed the reasonableness of pre-tax discount rate used by comparing to the weighted average cost of capital of the Company and relevant risk factors; and
- (d) Performed further sensitivity analysis of our own to stress test the key assumptions in the future cash flows of the impairment model.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of 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.

Responsibilities of the Directors for the Financial Statements cont'd

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) 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.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) 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.

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 7 to the financial statements.

Other Matters

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.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Tan Yeong Tat
03315/07/2021 J
Chartered Accountant

Kuala Lumpur
30 April 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	1,383,109	2,820,664	-	-
Right-of-use assets	6	841,938	-	-	-
Investments in subsidiaries	7	-	-	26,853,280	26,853,280
Investments in associates	8	749,164	-	920,200	-
Finance lease receivables	9	8,114,584	3,686,936	-	-
Trade and other receivables	10	-	-	2,764,087	3,289,201
Deferred tax assets	11	334,275	432,240	-	-
		11,423,070	6,939,840	30,537,567	30,142,481
Current assets					
Trade and other receivables	10	11,202,377	12,212,601	5,624,367	3,139,922
Finance lease receivables	9	1,661,381	583,796	-	-
Inventories	12	916	6,116	-	-
Current tax assets		320,779	230,000	-	-
Short term funds	13	8,922,351	11,219,020	4,856,034	8,361,909
Cash and bank balances	14	1,954,800	1,976,692	255,232	231,777
		24,062,604	26,228,225	10,735,633	11,733,608
TOTAL ASSETS		35,485,674	33,168,065	41,273,200	41,876,089

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	44,556,912	42,005,304	44,556,912	42,005,304
Reorganisation debit	16	(10,853,280)	(10,853,280)	-	-
Reserves	16	(2,198,851)	(4,825,632)	(3,503,405)	(2,045,967)
TOTAL EQUITY		31,504,781	26,326,392	41,053,507	39,959,337
LIABILITIES					
Non-current liabilities					
Borrowings	17	417,339	969,576	-	-
Lease liabilities	20	506,541	-	-	-
Deferred tax liabilities	11	1,500	2,000	-	-
		925,380	971,576	-	-
Current liabilities					
Trade and other payables	21	2,647,704	5,469,163	219,693	1,916,752
Borrowings	17	84,941	198,934	-	-
Lease liabilities	20	322,868	-	-	-
Current tax liabilities		-	202,000	-	-
		3,055,513	5,870,097	219,693	1,916,752
TOTAL LIABILITIES		3,980,893	6,841,673	219,693	1,916,752
TOTAL EQUITY AND LIABILITIES		35,485,674	33,168,065	41,273,200	41,876,089

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Revenue	22	15,494,681	12,343,492	-	-
Other operating income		7,708,910	1,575,589	1,437,517	1,553,052
Advertisement and promotions		(386,146)	(126,065)	(3,168)	(2,592)
Cost of goods sold		(8,214,156)	(5,454,060)	-	-
Directors' remuneration	24	(1,867,814)	(1,897,031)	(1,550,091)	(1,557,402)
Employee benefits	28	(5,405,218)	(4,838,512)	(753,356)	(771,532)
Depreciation of property, plant and equipment	5	(845,805)	(1,100,241)	-	-
Depreciation of right-of-use assets	6	(330,105)	-	-	-
Impairment losses		(522,586)	(2,826,324)	(180,085)	(741,743)
Other operating expenses		(2,436,850)	(1,863,282)	(539,764)	(505,316)
Finance costs		(74,471)	(126,820)	(9,000)	(240,314)
Share of results in associates		(171,036)	-	-	-
Profit/(Loss) before tax	23	2,949,404	(4,313,254)	(1,597,947)	(2,265,847)
Tax expense	25	(463,132)	(44,079)	-	-
Profit/(Loss) for the financial year		2,486,272	(4,357,333)	(1,597,947)	(2,265,847)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income/(loss)		2,486,272	(4,357,333)	(1,597,947)	(2,265,847)
Earnings/(Loss) per ordinary share attributable to equity holders of the Company:					
Basic earnings/(loss) per share (sen)	26	1.03	(1.93)		
Diluted earnings/(loss) per share (sen)	26	1.02	(1.92)		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Group	Share capital RM	Reorganisation debit RM	Share options reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM
Balance as at 1 January 2018, as previously reported	42,005,304	(10,853,280)	-	1,577,204	32,729,228
Adjustments on initial application of MFRS 9	-	-	-	(2,128,896)	(2,128,896)
Balance as at 1 January 2018, as restated	42,005,304	(10,853,280)	-	(551,692)	30,600,332
Loss for the financial year	-	-	-	(4,357,333)	(4,357,333)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss	-	-	-	(4,357,333)	(4,357,333)
Transactions with owners					
Share options granted under ESOS	-	-	83,393	-	83,393
Total transaction with owners	-	-	83,393	-	83,393
Balance as at 31 December 2018	42,005,304	(10,853,280)	83,393	(4,909,025)	26,326,392

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

Group	Share capital RM	Reorganisation debit RM	Share options reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM
Balance as at 1 January 2019	42,005,304	(10,853,280)	83,393	(4,909,025)	26,326,392
Profit for the financial year	-	-	-	2,486,272	2,486,272
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive profit	-	-	-	2,486,272	2,486,272
Transactions with owners					
Issuance of shares	2,551,608	-	-	-	2,551,608
Share options granted under ESOS	-	-	140,509	-	140,509
Total transaction with owners	2,551,608	-	140,509	-	2,692,117
Balance as at 31 December 2019	44,556,912	(10,853,280)	223,902	(2,422,753)	31,504,781

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Company	Share capital RM	Share options reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM
Balance as at 1 January 2018	42,005,304	-	273,114	42,278,418
Adjustments on initial application of MFRS 9	-	-	(136,627)	(136,627)
Balance as at 1 January 2018, as restated	42,005,304	-	136,487	42,141,791
Loss for the financial year	-	-	(2,265,847)	(2,265,847)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss	-	-	(2,265,847)	(2,265,847)
Transaction with owners				
Share options granted under ESOS	-	83,393	-	83,393
Total transaction with owners	-	83,393	-	83,393
Balance as at 31 December 2018	42,005,304	83,393	(2,129,360)	39,959,337
Balance as at 1 January 2019	42,005,304	83,393	(2,129,360)	39,959,337
Loss for the financial year	-	-	(1,597,947)	(1,597,947)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss	-	-	(1,597,947)	(1,597,947)
Transaction with owners				
Issuance of shares	2,551,608	-	-	2,551,608
Share options granted under ESOS	-	140,509	-	140,509
Total transaction with owners	2,551,608	140,509	-	2,692,117
Balance as at 31 December 2019	44,556,912	223,902	(3,727,307)	41,053,507

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

			Group		Company
	Note	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		2,949,404	(4,313,254)	(1,597,947)	(2,265,847)
Adjustments for:					
Bad debts written off		-	8,573	-	-
Depreciation of property, plant and equipment	5	845,805	1,100,241	-	-
Depreciation of right-to-use assets	6	330,105	-	-	-
Gain on disposals of property, plant and equipment		-	(200,000)	-	-
Interest expense on:					
- term loan		24,217	24,492	-	-
- hire purchase creditor		-	7,787	-	-
- lease liabilities		41,254	-	-	-
- retention sum in respect of the guaranteed profit for the acquisition of a subsidiary		9,000	93,945	9,000	93,945
- fair value adjustment on amount owing by a subsidiary		-	-	(23,367)	146,369
Income distribution from short term funds		(348,331)	(466,144)	(214,125)	(353,027)
Interest income from finance lease		(1,158,458)	(865,235)	-	-
Impairment losses on:					
- amount owing by a subsidiary	10(f)	-	-	180,085	741,743
- trade receivables	10(e)	397,547	2,817,595	-	-
- finance lease receivables	9(g)	125,039	118,005	-	-
Reversal of impairment losses on trade receivables	10(e)	(1,798,060)	(109,276)	-	-
Property, plant and equipment written off	5	126	2	-	-
Share options granted under ESOS		140,509	83,393	24,460	9,936
Share of results in associates	8	171,036	-	-	-
Unrealised loss/(gain) on foreign exchange		168	(138,731)	-	-
Waiver of debt		(2,039,180)	-	-	-
Operating loss before working capital changes		(309,819)	(1,838,607)	(1,621,894)	(1,626,881)

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES cont'd					
Inventories		5,200	9,941	-	-
Trade and other receivables		3,362,474	2,326,617	-	(719,105)
Finance lease receivables		(5,423,719)	1,213,764	-	-
Trade and other payables		783,063	(2,326,106)	(131,717)	(11,118)
Cash used in operations		(1,582,801)	(614,391)	(1,753,611)	(2,357,104)
Tax paid		(711,470)	(1,096,531)	-	-
Tax refunded		53,024	-	-	-
Net cash used in operating activities		(2,241,247)	(1,710,922)	(1,753,611)	(2,357,104)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of interest in associates	8	(920,200)	-	(920,200)	-
Purchase of property, plant and equipment	5	(39,593)	(77,329)	-	-
Proceeds from disposals of property, plant and equipment		-	400,000	-	-
Advances to a subsidiary		-	-	(2,000,000)	(500,000)
Repayments to ultimate holding company		(1,574,342)	(1,528,603)	(1,574,342)	(1,528,603)
Income distribution received from short term funds		348,331	466,144	214,125	353,027
Net cash used in investing activities		(2,185,804)	(739,788)	(4,280,417)	(1,675,576)

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of:					
- term loan		(81,251)	(77,721)	-	-
- hire purchase creditor		-	(40,533)	-	-
- lease liabilities	20	(314,954)	-	-	-
Interest paid		(46,913)	(32,279)	-	-
Proceeds from issuance of shares		2,551,608	-	2,551,608	-
Net cash from/(used in) financing activities		2,108,490	(150,533)	2,551,608	-
Net decrease in cash and cash equivalents		(2,318,561)	(2,601,243)	(3,482,420)	(4,032,680)
Cash and cash equivalents at beginning of financial year		13,195,712	15,796,955	8,593,686	12,626,366
Cash and cash equivalents at end of financial year	14	10,877,151	13,195,712	5,111,266	8,593,686

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Term loan (Note 17) RM	Hire purchase creditor (Note 17) RM	Lease liabilities (Note 20) RM
At 1 January 2018	661,252	86,512	-
Non-cash flows			
- Additions on property, plant and equipment	-	539,000	-
Cash flows			
- Repayments	(77,721)	(40,533)	-
At 31 December 2018	583,531	584,979	-
At 1 January 2019, as previously reported	583,531	584,979	-
Effects of adoption of MFRS 16	-	(584,979)	1,125,805
At 1 January 2019, as restated	583,531	-	1,125,805
Non-cash flows			
- Accretion of interest expense	-	-	18,558
Cash flows			
- Repayments	(81,251)	-	(314,954)
At 31 December 2019	502,280	-	829,409

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

1. CORPORATE INFORMATION

Sedania Innovator Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan. The principal place of business of the Company is located at 10th floor, Kelana Parkview Tower, Jalan SS6/2, 47301 Petaling Jaya, Selangor Darul Ehsan.

The immediate and ultimate holding company of the Company is Sedania Corporation Sdn. Bhd., a company incorporated in Malaysia.

The consolidated financial statements for the financial year ended 31 December 2019 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

These financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 25 March 2020.

2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities and details of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 33.1 to the financial statements.

The Group and the Company applied MFRS 16 *Leases* and IC Interpretation 23 for the first time during the current financial year, using the cumulative effect method as at 1 January 2019. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. OPERATING SEGMENTS

Sedania Innovator Berhad and its subsidiaries are principally engaged in investment holding, providing computer solution and development services, networking installation, procurement and supply services pertaining to or connected with telecommunications and information technology which includes multimedia products and all other related activities and engaged in business of Shariah compliant platform for personal Islamic banking, general advertising agents and trading of telecommunication products.

4. OPERATING SEGMENTS cont'd

The Group has arrived at six (6) (2018: six (6)) reportable segments that are organised and managed separately according to the nature of the operations, which require different business strategies. The reportable segments are summarised as follows:

(a) Financial technology

Provision of financial technology solutions for banking industry.

(b) Internet of things ("IOT") solutions

Provision of solutions for inter-networking of connected devices for infrastructure management.

(c) Green technology solutions

Provision of green technology solutions for a sustainable and environmentally friendly product and services.

(d) Sharing platform

Providing the technology on Airtime sharing for telecommunication providers.

(e) Big data analytics

Provision of big data analytics services and related activities.

(f) Others

Others comprise operations relating to investment holding.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as restructuring costs and goodwill impairment, and also excluding the effects of share-based payments.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements.

Segment assets exclude current tax assets and deferred tax assets.

Segment liabilities exclude current tax liabilities and deferred tax liabilities.

4. OPERATING SEGMENTS cont'd

2019	Financial technology RM	Internet of things solutions RM	Green technology solutions RM	Sharing platform RM	Big data analytics RM	Others RM	Total RM
Segment profits/(loss)	829,116	3,729,498	774,546	801,141	(1,456,583)	(1,587,805)	3,089,913
Share options granted under ESOS							(140,509)
Profit before tax							2,949,404
Included in the measure of segment profits/(loss) are:							
Revenue from external customers	3,936,077	1,150,000	8,011,126	2,397,478	-	-	15,494,681
Inter-segment revenue	-	-	-	-	-	1,200,000	1,200,000
Depreciation of property, plant and equipment	42,209	193,826	223,985	205,464	180,321	-	845,805
Depreciation of right-of-use assets	-	79,621	92,009	84,402	74,073	-	330,105
Interest expense	2,607	12,615	14,598	23,939	11,712	9,000	74,471
Interest income	115,234	-	1,158,458	18,972	-	214,125	1,506,789
Share of results in associates	-	-	-	-	-	171,036	171,036
Segment assets	5,083,427	1,150,000	17,170,620	5,475,487	-	5,951,086	34,830,620
Deferred tax assets							334,275
Current tax assets							320,779
Total assets							35,485,674
Included in the measure of segment assets are:							
- additions to equipment	14,989	-	-	24,604	-	-	39,593
Segment liabilities	523,841	583,030	324,737	2,328,091	-	219,694	3,979,393
Deferred tax liabilities							1,500
Current tax liabilities							-
Total liabilities							3,980,893

4. OPERATING SEGMENTS cont'd

2018	Financial technology RM	Internet of things solutions RM	Green technology solutions RM	Sharing platform RM	Big data analytics RM	Others RM	Total RM
Segment profits/(loss)	2,152,830	(3,096,962)	(1,539,193)	769,657	(1,221,850)	(1,294,343)	(4,229,861)
Share options granted under ESOS							(83,393)
Loss before tax							(4,313,254)
Included in the measure of segment profits/(loss) are:							
Revenue from external customers	3,952,680	3,861,500	600,575	3,928,737	-	-	12,343,492
Inter-segment revenue	-	-	-	-	-	1,200,000	1,200,000
Depreciation of property, plant and equipment	45,624	291,420	281,940	312,224	169,033	-	1,100,241
Interest expense	4,594	7,734	7,605	8,478	4,464	93,945	126,820
Interest income	74,413	-	865,235	38,705	-	353,026	1,331,379
Segment assets	4,572,881	1,219,000	5,811,285	12,277,685	-	8,624,974	32,505,825
Deferred tax assets							432,240
Current tax assets							230,000
Total assets							33,168,065
Included in the measure of segment assets are:							
- additions to property, plant and equipment	5,595	-	-	610,734	-	-	616,329
Segment liabilities	267,074	2,189,748	764,816	1,499,283	-	1,916,752	6,637,673
Deferred tax liabilities							2,000
Current tax liabilities							202,000
Total liabilities							6,841,673

4. OPERATING SEGMENTS cont'd

(a) Geographical information

The operations of the Group are carried out primarily in Malaysia and some Asian countries (which include Bangladesh, Philippines and Indonesia). In presenting information on the basis of geographical areas, segment revenue is based on the geographical location in which the customer resides.

	2019 RM	2018 RM
Revenue from external customers		
Malaysia	15,494,681	11,536,074
Asian countries other than Malaysia	-	807,418
	15,494,681	12,343,492
Non-current assets		
Malaysia	11,299,699	6,711,458
Asian countries other than Malaysia	123,371	228,382
	11,423,070	6,939,840

(b) Major customers

The following are major customers with revenue equal to or more than ten per centum (10%) of Group revenue for current and prior years:

	2019 RM	Group 2018 RM
Customer A	1,482,324	1,978,575
Customer B	1,150,000	2,766,900
Customer C	8,011,126	600,575
Customer D	985,006	1,457,520
	11,628,456	6,803,570

5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2019	Effects of adoption of MFRS 16 (Note 33.1)	Additions	Written off	Depreciation charge for the financial year	Balance as at 31.12.2019
Carrying amount	RM	RM	RM	RM	RM	RM
Office building	840,000	-	-	-	(20,000)	820,000
SMS/IT equipment	1,093,482	-	19,405	(12)	(645,003)	467,872
Furniture and fittings	130,228	-	20,188	(114)	(79,434)	70,868
Motor vehicles	635,675	(631,217)	-	-	(938)	3,520
Renovation	121,279	-	-	-	(100,430)	20,849
	2,820,664	(631,217)	39,593	(126)	(845,805)	1,383,109

At 31.12.2019		
	Cost	Accumulated depreciation
	RM	RM
Office building	1,000,000	(180,000)
SMS/IT equipment	3,939,968	(3,472,096)
Furniture and fittings	780,133	(709,265)
Motor vehicles	4,693	(1,173)
Renovation	584,780	(563,931)
	6,309,574	(4,926,465)
		1,383,109

5. PROPERTY, PLANT AND EQUIPMENT cont'd

Group	Balance as at 1.1.2018	Additions	Written off	Disposals	Depreciation charge for the financial year	Balance as at 31.12.2018
Carrying amount	RM	RM	RM	RM	RM	RM
Office building	860,000	-	-	-	(20,000)	840,000
SMS/IT equipment	1,775,964	6,041	-	-	(688,523)	1,093,482
Furniture and fittings	208,396	5,595	(2)	-	(83,761)	130,228
Motor vehicles	438,425	604,693	-	(200,000)	(207,443)	635,675
Renovation	221,793	-	-	-	(100,514)	121,279
	3,504,578	616,329	(2)	(200,000)	(1,100,241)	2,820,664

	At 31.12.2018		
	Cost	Accumulated depreciation	Carrying amount
	RM	RM	RM
Office building	1,000,000	(160,000)	840,000
SMS/IT equipment	3,941,713	(2,848,231)	1,093,482
Furniture and fittings	845,791	(715,563)	130,228
Motor vehicles	740,732	(105,057)	635,675
Renovation	584,780	(463,501)	121,279
	7,113,016	(4,292,352)	2,820,664

5. PROPERTY, PLANT AND EQUIPMENT cont'd

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group. The principal annual depreciation rates are as follows:

Office building	2%
SMS/IT equipment	20%
Furniture and fittings	20%
Motor vehicles	20%
Renovation	20%

- (b) As at 31 December 2019, office building of the Group with a carrying amount of RM820,000 (2018: RM840,000) has been charged to a bank for credit facilities granted to the Group as disclosed in Note 19 to the financial statements.

- (c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2019	2018
	RM	RM
Purchase of property, plant and equipment	39,593	616,329
Financed by hire purchase arrangements	-	(539,000)
Cash payments on purchase of property, plant and equipment	39,593	77,329

- (d) In the previous financial year, included in property plant and equipment of the Group were assets acquired under hire purchase arrangements with carrying amount of RM631,217.

6. RIGHT-OF-USE ASSETS

The Group as lessee

Carrying amount	Balance as at 1.1.2019	Effects of Adoption of MFRS 16 (Note 33.1)	Depreciation charge for the financial year	Balance as at 31.12.2019
	RM	RM	RM	RM
Office buildings	-	540,826	(182,897)	357,929
Motor vehicles	-	631,217	(147,208)	484,009
	-	1,172,043	(330,105)	841,938

6. RIGHT-OF-USE ASSETS cont'd

- (a) 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 or the end of the lease term. The lease terms of right-of-use assets are as follows:

Office buildings	2 - 6 years
Motor vehicles	5 years

- (b) The Group has certain leases of office buildings with lease term of 12 months or less and office equipment which are considered as low value leases. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

- (c) The following are the amounts recognised in profit or loss:

	Group 2019 RM
Depreciation charge of right-of-use assets	330,105
Interest expense on lease liabilities	41,254
Expense relating to short term leases	9,851
Expense relating to leases of low-value assets	11,640
	392,850

7. INVESTMENTS IN SUBSIDIARIES

	Company 2019 RM		2018 RM
Unquoted equity shares, at cost	26,853,280		26,853,280

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

7. INVESTMENTS IN SUBSIDIARIES cont'd

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2019	2018	
Sedania Technologies Sdn. Bhd. (formerly known as Idottv Sdn. Bhd.) ("STSB")	Malaysia	100%	100%	Engaged in business of providing computer solution and development services, networking installation, procurement and supply services pertaining to or connected with telecommunications and information technology which includes multimedia products, to lend and advance money or give credit to such persons or companies and all other related activities.
Sedania As Salam Capital Sdn. Bhd. ("SASC")*	Malaysia	100%	100%	Engaged in business of Shariah compliant platform for personal Islamic banking, financial technology consultation, solution and platforms, general advertising agents and trading of telecommunication products.

* Subsidiary not audited by BDO PLT or BDO member firms.

(c) The Group reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets or the value-in-use of the respective subsidiaries. The value-in-use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to support their income and cash flows. Significant judgements and estimates had also been used to determine the key assumptions applied to the cash flow projections, which includes the budgeted earnings before interest and tax, growth rates, terminal values and the appropriate pre-tax discount rates used for each of the subsidiary. Impairment losses are made when the carrying amount of the investments in subsidiaries exceed their recoverable amounts.

8. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Unquoted shares, at cost	620,200	-	620,200	-
Share of post-acquisition losses	(171,036)	-	-	-
	449,164	-	620,200	-
Unquoted preference shares, at cost	300,000	-	300,000	-
	749,164	-	920,200	-

- (a) Investments in associates are measured at cost less impairment losses, if any, in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements.

Investments in associates include an amount of RM310,200 for investments in an associate that has yet to commence operations as at 31 December 2019 as the associate was newly incorporated during the financial year.

- (b) Management reviews the investments in associates for impairment when there is an indication of impairment. The recoverable amount of the investments in associates is assessed by reference to the higher of the fair values less cost to sell and value in use of the associate.

Estimating a value in use requires management to make an estimate of the expected future cashflows to be derived from the business operations of the respective associates discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to support their income and cash flows. Significant judgements and estimates had also been used to determine the key assumptions applied to the cash flow projections, which includes the budgeted earnings before interest and tax, growth rates, terminal values and the appropriate pre-tax discount rates used for each of the associate. Impairment losses are made when the carrying amount of the investments in associates exceed their recoverable amounts.

- (c) Impairment for unquoted preference shares is recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 10(f) to the financial statements. No expected credit losses were recognised arising from unquoted preference shares as the impact is negligible.

8. INVESTMENTS IN ASSOCIATES cont'd

(d) The details of the associates are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2019	2018	
* Vast Meridian Sdn. Bhd.	Malaysia	44.29%	-	Engaged in business of providing telecommunication infrastructure solution, equipment and services.
*^ Esports Pte. Ltd.	Singapore	42.55%	-	Engaged in business related to eSports, eSports gaming, development of global eSports tournament and media network, acquisition of eSports company in the region and to conduct all other directly or indirectly connected ancillary business.

* Audited by firm of auditors other than BDO PLT or BDO member firms.

^ Not commenced operations as at 31 December 2019 as the associate was newly incorporated during the financial year.

The above investments are accounted for as investments in associates by virtue of the Group's ability to exercise significant influence over the financial and operating policies of the investee companies through representation in the Board of Directors of the associates.

The Group's share of results of associates are based on the most recent available unaudited financial statements made up to 31 December 2019.

(e) Acquisition of investment in associates during the financial year.

- (1) In April 2019, the Company had entered into a share subscription and shareholder's agreement with Vast Meridian Sdn. Bhd. ("VMSB") to acquire 44.29% equity interest in VMSB for a total cash consideration of RM610,000, representing 310,000 ordinary shares and 300,000 convertible preference shares ("Proposed Acquisition").

The Proposed Acquisition has been completed on 7 July 2019 and VMSB became an associate of the Company.

- (2) In October 2019, the Company entered into a share subscription agreement with iCandy Interactive Limited ("iCANDY") and Mr. Michael Broda to venture into electronic sports ("eSports") businesses through a newly incorporated special purpose vehicle called Esports Pte. Ltd. ("ESPL"). The Company acquired up to 42.55% equity interest in ESPL, representing 100,000 ordinary shares for a total cash consideration of SGD100,000 (equivalent to RM310,200).

The Proposed Acquisition has been completed in November 2019 and ESPL became an associate of the Company.

8. INVESTMENTS IN ASSOCIATES cont'd

- (f) The summarised financial information of the associates as at the end of each reporting period is as follows:

	VMSB RM	ESPL RM	Total RM
2019			
Assets and liabilities			
Non-current assets	501,824	-	501,824
Current assets	183,847	728,970	912,817
Current liabilities	(178,162)	-	(178,162)
Net assets	507,509	728,970	1,236,479
Results			
Loss for the financial year	(577,368)	-	(577,368)
Other comprehensive income, net of tax	-	-	-
Total comprehensive loss	(577,368)	-	(577,368)

- (f) Reconciliation of net assets of associates to the carrying amounts of the investments in associates is as follows:

	VMSB RM	ESPL RM	Total RM
2019			
Group's share of net assets	224,776	310,200	534,976
Goodwill on acquisition	214,188	-	214,188
Carrying amount of the Group's interest in associates	438,964	310,200	749,164
Share of results for the financial year			
Share of loss	(171,036)	-	(171,036)
Share of comprehensive income, net of tax	-	-	-
Share of total comprehensive loss	(171,036)	-	(171,036)

9. FINANCE LEASE RECEIVABLES

	Group	
	2019	2018
	RM	RM
Non-current		
Later than one (1) year and not later than five (5) years	8,114,584	3,686,936
Current		
Not later than one (1) year	1,661,381	583,796
Total finance lease receivables	9,775,965	4,270,732

The repayment terms of finance lease receivables are as follows:

	Group	
	2019	2018
	RM	RM
Gross finance lease receivables:		
Not later than one (1) year	3,942,029	2,079,000
Later than one (1) year and not later than five (5) years	10,511,361	4,347,000
	14,453,390	6,426,000
Less: Unearned interest income	(3,725,520)	(1,328,402)
Net finance lease receivables	10,727,870	5,097,598
Less: Impairment loss	(951,905)	(826,866)
	9,775,965	4,270,732
Representing finance lease receivables:		
Not later than one (1) year	1,661,381	583,796
Later than one (1) year and not later than five (5) years	8,114,584	3,686,936
	9,775,965	4,270,732

- (a) Finance lease receivables are classified as financial assets measured at amortised cost.

9. FINANCE LEASE RECEIVABLES cont'd

- (b) The estimated market interest rate used for discounting contracted cash flows to determine the fair value of finance lease receivables are approximately equal to the effective interest rate used for computing the carrying amount of finance lease receivables. In this respect, the carrying amounts of finance lease receivables of the Group as at the end of the reporting period approximate their fair value.

The credit term of finance lease receivables of the Group is 30 days (2018: 30 days) from the date of invoice.

- (c) The effective interest rate for finance lease receivables is fixed at 13.75% (2018:15%) per annum.
- (d) The Group determines concentration of credit risk by monitoring their finance lease receivables on an ongoing basis. At the end of the reporting period, concentration of credit risk arose from one (1) (2018: one (1)) finance lease receivable.
- (e) The fair value of finance lease receivables is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (f) Finance lease receivables are denominated in RM.

- (g) Impairment for finance lease receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 10(f) to the financial statements.

Movements in the impairment allowance for finance lease receivables are as follows:

	Group	
	2019	2018
	RM	RM
At 1 January under MFRS 139	826,866	-
Restated through opening retained earnings	-	708,861
Opening impairment loss of finance lease receivables in accordance with MFRS 9	826,866	708,861
Charge for the financial year	125,039	118,005
At 31 December	951,905	826,866

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-current asset:				
Amount owing by a subsidiary	-	-	2,764,087	3,289,201
Current assets:				
Trade receivables				
Third parties	7,501,841	8,924,753	-	-
Less: Impairment losses on trade receivables	(1,741,892)	(4,073,708)	-	-
	5,759,949	4,851,045	-	-
Other receivables				
Other receivables	886,257	871,271	3,621	3,621
Amount owing by a subsidiary	-	-	6,651,534	3,987,004
Refundable deposits	55,521	58,198	1,000	1,000
	941,778	929,469	6,656,155	3,991,625
Less: Impairment losses on:				
- other receivable	(274,334)	(274,334)	-	-
- amount owing by a subsidiary	-	-	(1,058,455)	(878,370)
	667,444	655,135	5,597,700	3,113,255
	6,427,393	5,506,180	5,597,700	3,113,255
Prepayments	4,774,984	6,706,421	26,667	26,667
Total current receivables	11,202,377	12,212,601	5,624,367	3,139,922
Total current and non-current receivables	11,202,377	12,212,601	8,388,454	6,429,123

10. TRADE AND OTHER RECEIVABLES cont'd

- (a) Trade and other receivables (excluding prepayments) are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal credit terms granted by the Group ranged from 30 to 60 days (2018: 30 to 60 days) from the date of invoices. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) Amount owing by a subsidiary represents advances, which are unsecured and interest free.
- (d) The ageing analysis of trade receivables of the Group are as follows:

Group 2019	Gross carrying amount RM	Total allowance RM	Balance as at 31.12.2019 RM
Not pass due	1,038,876	(86,603)	952,273
Past due:			
- 31 to 90 days	2,028,084	(84,755)	1,943,329
- 91 to 180 days	1,863,646	(149,399)	1,714,247
- 181 to 360 days	1,392,930	(256,084)	1,136,846
- more than 360 days	1,178,305	(1,165,051)	13,254
	6,462,965	(1,655,289)	4,807,676
	7,501,841	(1,741,892)	5,759,949

Group 2018	Gross carrying amount RM	Total allowance RM	Balance as at 31.12.2019 RM
Not pass due	1,735,247	(151,794)	1,583,453
Past due:			
- 31 to 90 days	1,218,480	(130,701)	1,087,779
- 91 to 180 days	1,252,693	(286,418)	966,275
- 181 to 360 days	4,059,680	(2,846,142)	1,213,538
- more than 360 days	658,653	(658,653)	-
	7,189,506	(3,921,914)	3,267,592
	8,924,753	(4,073,708)	4,851,045

10. TRADE AND OTHER RECEIVABLES cont'd

- (e) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on the following common credit risk characteristic - type of products or services purchased.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information on macroeconomic factors affecting the Group's customers and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. The Group has identified the consumer price index, unemployment rate, labour force participation rate and KLCI index as the key macroeconomic factors. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within impairment losses in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables, appropriate forward looking information.

The movements of the allowance for impairment loss on trade receivables are as follows:

	Lifetime ECL allowance RM	Credit impaired RM	Total allowance RM
2019			
At 1 January	195,546	3,878,162	4,073,708
Charge for the financial year	397,547	-	397,547
Reversal for the financial year	(11,936)	(1,786,124)	(1,798,060)
Written off	-	(931,303)	(931,303)
At the end of financial year	581,157	1,160,735	1,741,892
2018			
At 1 January under MFRS 139	-	-	-
Restated through opening retained earnings	304,822	1,060,567	1,365,389
Opening impairment loss of trade receivables in accordance with MFRS 9	304,822	1,060,567	1,365,389
Charge for the financial year	-	2,817,595	2,817,595
Reversal for the financial year	(109,276)	-	(109,276)
At the end of financial year	195,546	3,878,162	4,073,708

Trade receivables that are individually determined to be credit impaired at the financial year end relate to trade receivables who are in significant financial difficulties and have defaulted on payments.

10. TRADE AND OTHER RECEIVABLES cont'd

- (f) Impairment for other receivables, finance lease receivables, amount owing by a subsidiary and unquoted preference shares are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. As at the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition.

The Group defined significant increase in credit risk as non-payment for the past twelve (12) months as at the reporting period. The probability of non-payment by the other receivables, finance lease receivables, subsidiary and associates is adjusted by forward looking information as stated in Note 10(e) and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the amounts owing by other receivables, finance lease receivables, a subsidiary and associates.

The movements of the allowance for impairment loss on other receivables are as follows:

	Group	
	2019	2018
	RM	RM
At 1 January under MFRS 139	-	170,000
Restated through opening retained earnings	-	104,334
Opening impairment loss of other receivables in accordance with MFRS 9	274,334	274,334
Charge for the financial year	-	-
At 31 December	274,334	274,334

The movements of the allowance for impairment loss on amount owing by a subsidiary is as follows:

	Company	
	2019	2018
	RM	RM
At 1 January under MFRS 139	-	-
Restated through opening retained earnings	-	136,627
Opening impairment loss of amount owing by a subsidiary in accordance with MFRS 9	878,370	136,627
Charge for the financial year	180,085	741,743
At 31 December	1,058,455	878,370

10. TRADE AND OTHER RECEIVABLES cont'd

- (g) The Group determines concentration of credit risk by monitoring their trade receivables on an ongoing basis. At the end of the reporting period, concentration of credit risk arose from three (3) trade receivables amounting to RM 4,780,079 (2018: three (3) trade receivables amounting to RM3,207,790), which represents 83% (2018: 66%) of trade receivables. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the statements of financial position.
- (h) Trade and other receivables are denominated in RM
- (i) Prepayments include advance payments to suppliers for purchase of goods and services.

11. DEFERRED TAX

- (a) The deferred tax (assets)/liabilities are made up of the following:

	Group	
	2019	2018
	RM	RM
Balance as at 1 January, as previously reported	(430,240)	55,688
Effects of first time adoption of MFRS 9	-	(49,688)
Balance as at 1 January, as restated	(430,240)	6,000
Recognised in profit or loss (Note 25)	97,465	(436,240)
Balance as at 31 December	(332,775)	(430,240)
Presenting after appropriate offsetting:		
Deferred tax assets, net*	(334,275)	(432,240)
Deferred tax liabilities, net*	1,500	2,000
	(332,775)	(430,240)

* The amounts of set-off between deferred tax assets and deferred tax liabilities of the Group were RM33,295 (2018: RM33,925).

11. DEFERRED TAX cont'd

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Group		
	Others	Total
Deferred tax liabilities	RM	RM
At 1 January 2019	35,295	35,295
Recognised in profit or loss	(500)	(500)
At 31 December 2019	34,795	34,795
At 1 January 2018	86,574	86,574
Effects of first time adoption of MFRS 9	(39,774)	(39,774)
Balance as at 1 January, as restated	46,800	46,800
Recognised in profit or loss	(11,505)	(11,505)
At 31 December 2018	35,295	35,295

Group

	Property, plant and equipment	Other deductible temporary differences	Total
Deferred tax assets	RM	RM	RM
At 1 January 2019	(69,734)	(395,801)	(465,535)
Recognised in profit or loss	(92,054)	190,019	97,965
At 31 December 2019	(161,788)	(205,782)	(367,570)
At 1 January 2018	9,914	(40,800)	(30,886)
Effects of first time adoption of MFRS 9	-	(9,914)	(9,914)
Balance as at 1 January, as restated	9,914	(50,714)	(40,800)
Recognised in profit or loss	(79,648)	(345,087)	(424,735)
At 31 December 2018	(69,734)	(395,801)	(465,535)

11. DEFERRED TAX cont'd

- (c) The temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2019	2018
	RM	RM
Other deductible temporary differences	1,973,069	1,937,204

Deferred tax assets of a subsidiary have not been recognised in respect of this item as it is not probable that taxable profits of the subsidiary would be available against which the deductible temporary differences could be utilised.

The amount and availability of this item to be carried forward up to the periods as disclosed above are subject to the agreement of the local tax authority.

12. INVENTORIES

	Group	
	2019	2018
	RM	RM
At cost		
Airtime reloads	916	6,116

Cost of inventories is determined using a weighted average cost basis and stated at the lower of cost and net realisable value.

13. SHORT TERM FUNDS

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Financial assets at fair value through profit or loss				
Short term funds	8,922,351	11,219,020	4,856,034	8,361,909

- (a) Short term funds held by the Group are highly liquid, readily convertible to cash and are subject to insignificant risk of changes in value and hence, meet the definition to be classified as cash and cash equivalents.
- (b) Short term funds are classified as financial asset at fair value through profit or loss ('FVTPL'), and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss.
- (c) The fair value is measured as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

The fair value of the short term funds are determined by reference to the published net asset value per unit at the close of the business at the end of each reporting period.

- (d) Short term funds are denominated in RM.

14. CASH AND BANK BALANCES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash and bank balances	1,954,800	1,976,692	255,232	231,777

- (a) Bank balances are deposits held at call with licensed banks.
- (b) Cash and bank balances are denominated in RM.
- (c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash and bank balances	1,954,800	1,976,692	255,232	231,777
Short term funds (Note 13)	8,922,351	11,219,020	4,856,034	8,361,909
	10,877,151	13,195,712	5,111,266	8,593,686

- (d) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

15. SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of shares	RM	Number of shares	RM
Issued and fully paid				
Balance as at 1 January	225,806,452	42,005,304	225,806,452	42,005,304
Issued during the financial year	22,580,600	2,551,608	-	-
Balance as at 31 December	248,387,052	44,556,912	225,806,452	42,005,304

- (a) During the financial year, the issued and fully paid-up share capital of the Company was increased from RM42,005,304 to RM44,556,912 by way of issuance of 22,580,600 new ordinary shares at an issue price of RM0.113 each pursuant to a private placement exercise, representing not more than ten percent (10%) of the enlarged issued share capital of the Company.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) Owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

16. RESERVES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Non-distributable				
Reorganisation debit	(10,853,280)	(10,853,280)	-	-
Share options reserve	223,902	83,393	223,902	83,393
Distributable				
Retained earnings	(2,422,753)	(4,909,025)	(3,727,307)	(2,129,360)
	(13,052,131)	(15,678,912)	(3,503,405)	(2,045,967)

(a) Reorganisation debit

The reorganisation debit arose from the acquisition of subsidiaries based on the difference between the amount recorded as cost of merger and the nominal value of subsidiaries' share capital acquired under the pooling of interest method of accounting as follows:

	STSB	SASC	Total
	RM	RM	RM
Cost of merger	14,853,280	12,000,000	26,853,280
Less: Share capital	(14,000,000)	(2,000,000)	(16,000,000)
	853,280	10,000,000	10,853,280

(b) Share options reserve

Share options reserve represents the effect of equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees for the issue of share options. Share options reserve in relation to the unexercised option at the expiry of the share option scheme will be transferred to retained earnings.

17. BORROWINGS

	Group	
	2019	2018
	RM	RM
Current liabilities		
Hire purchase creditor	-	124,589
Term loan (secured)	84,941	74,345
	84,941	198,934
Non-current liabilities		
Hire purchase creditor	-	460,390
Term loan (secured)	417,339	509,186
	417,339	969,576
Total borrowings		
Hire purchase creditor (Note 18)	-	584,979
Term loan (secured) (Note 19)	502,280	583,531
	502,280	1,168,510

17. BORROWINGS cont'd

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) All borrowings are denominated in RM.
- (c) Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values, are as follows:

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM	RM	RM	RM
Hire purchase creditor	-	-	584,979	522,015

The fair value of hire purchase creditor is estimated by discounting future contracted cash flows at the current market interest rate available to the Group for similar financial instruments.

The carrying amount of the term loan is reasonable approximation of fair value as it is a floating rate instrument that is re-priced to market interest rates on or near the end of each reporting period.

The fair value of borrowings are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

- (d) The weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the borrowings of the Group that are exposed to interest rate risk is summarised in the table below:

Group	Weighted average effective interest rate per annum	Within one year	One to five years	More than five years	Total
31 December 2019	%	RM	RM	RM	RM
Term loan					
Floating rate	4.45%	84,941	380,132	37,207	502,280
31 December 2018					
Hire purchase creditor					
Fixed rate	4.37%	124,589	460,390	-	584,979
Term loan					
Floating rate	4.45%	74,345	367,511	141,675	583,531

- (e) A change of 30 basis points in interest rates, assuming all other variables remained constant, at the reporting date would result in the profit/(loss) net of tax of the Group to be higher or lower by RM1,145 (2018: RM2,665).

17. BORROWINGS cont'd

- (f) The table below summarises the maturity profile of the Group's borrowings at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
As at 31 December 2019				
Term loan	102,453	426,088	40,543	569,084
As at 31 December 2018				
Hire purchase creditor	148,200	497,156	-	645,356
Term loan	98,562	425,763	146,011	670,336
	246,762	922,919	146,011	1,315,692

- (g) Movements of borrowings upon adoption of MFRS 16 are as follows:

Group	Note	Term loan RM	Hire purchase creditors RM	Total RM
At 1 January 2019, as previously reported		583,531	584,979	1,168,510
Effects of adoption of MFRS 16	33.1	-	(584,979)	(584,979)
At 1 January 2019, as restated		583,531	-	583,531

18. HIRE PURCHASE CREDITOR

	Group	
	2019	2018
	RM	RM
Minimum hire purchase payments:		
- not later than one (1) year	-	148,200
- later than one (1) year but not later than five (5) years	-	497,156
Total minimum hire purchase payments	-	645,356
Less: Future interest charges	-	(60,377)
Present value of hire purchase payments	-	584,979
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	-	124,589
Non-current liabilities		
- later than one (1) year and not later than five (5) years	-	460,390
	-	584,979

19. TERM LOAN

- (a) Term loan of the Group is secured by a charge over a subsidiary's office building as disclosed in Note 5 to the financial statements. In addition, the term loan is guaranteed by the ultimate holding company.
- (b) Term loan is repayable in 120 equal monthly installments commencing from 1 May 2015.

20. LEASE LIABILITIES

Group Carrying amount	Balance as at 1.1.2019	Effects of Adoption of MFRS 16 (Note 33.1)	Payment of lease liabilities	Accretion of interest expenses	Balance as at 31.12.2019
	RM	RM	RM	RM	RM
Office buildings	-	540,826	(189,659)	18,558	369,725
Motor vehicle	-	584,979	(125,295)	-	459,684
	-	1,125,805	(314,954)	18,558	829,409

20. LEASE LIABILITIES cont'd

Represented by:

	2019 RM
Current liabilities	322,868
Non-current liabilities	506,541
	829,409
Lease liabilities owing to financial institutions	459,684
Lease liabilities owing to non-financial institutions	369,725
	829,409

- (a) At the end of the financial year, the Group had total cash outflow for leases of RM314,954.

- (b) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Group that are exposed to interest rate risk:

Group	Weighted average incremental borrowing rate per annum	Within 1 year	1 - 2 years	2 - 5 years	More than 5 years	Total
31 December 2019	%	RM	RM	RM	RM	RM
Lease liabilities						
Fixed rated	4.24%	322,868	258,184	150,405	97,952	829,409

- (c) The table below summarises the maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	On demand or within one year	One to five years	Over five years	Total
31 December 2019	RM	RM	RM	RM
Lease liabilities	353,665	532,053	-	885,718

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Trade payables				
Third parties	1,223,455	3,051,225	-	-
Other payables				
Other payables	472,566	178,244	67,660	59,891
Accruals	951,683	674,352	152,033	291,519
Amount owing to ultimate holding company	-	1,565,342	-	1,565,342
	1,424,249	2,417,938	219,693	1,916,752
	2,647,704	5,469,163	219,693	1,916,752

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group are 30 days (2018: 30 days) from the date of invoice.
- (c) In the previous financial year, the amount owing to ultimate holding company represented the retention sum pursuant to share sale agreement to acquire SASC which was unsecured and bore interest at a rate of 3% per annum.

- (d) The maturity profile of the liability of the Group's and of the Company's trade and other payables at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.

- (e) Trade and other payables are denominated in RM.

22. REVENUE

	Group	
	2019	2018
	RM	RM
Revenue from contracts with customers:		
Sale of goods	8,835,485	4,241,755
Services rendered	6,659,196	8,101,737
	15,494,681	12,343,492

22. REVENUE cont'd

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market and timing of revenue recognition.

	Malaysia RM	Total RM
31 December 2019		
Major product and service line		
Sale of goods and services rendered	15,169,040	15,169,040
Maintenance revenue	325,641	325,641
	15,494,681	15,494,681
Timing of revenue recognition		
Transferred at a point in time	15,169,040	15,169,040
Transferred over time	325,641	325,641
	15,494,681	15,494,681

	Malaysia RM	Bangladesh RM	Philippines RM	Total RM
31 December 2018				
Major product and service line				
Sale of goods and services rendered	11,315,754	730,348	77,070	12,123,172
Maintenance revenue	220,320	-	-	220,320
	11,536,074	730,348	77,070	12,343,492
Timing of revenue recognition				
Transferred at a point in time	11,315,754	730,348	77,070	12,123,172
Transferred over time	220,320	-	-	220,320
	11,536,074	730,348	77,070	12,343,492

(a) Sale of goods and services rendered

Revenue from sale of goods and services rendered are recognised at a point in time when the goods has been transferred or the services have been rendered to the customer and coincides with the delivery of products and services and acceptance by customers.

There is no right of return and warranty provided to the customers on the sale of goods and services rendered.

There is no significant financing component in the revenue arising from sale of goods and services rendered as the sales or services are made on the normal credit terms not exceeding twelve months.

22. REVENUE cont'd

(b) Maintenance revenue

Revenue is recognised as and when customer simultaneously receive and consume the benefits provided by this service and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the service that would be performed to the customer.

23. PROFIT/(LOSS) BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the profit/(loss) before tax is arrived at:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
After charging:				
Auditors' remuneration:				
- BDO PLT				
- Statutory audit	115,000	109,000	49,000	46,000
- Non-statutory audit	8,000	6,500	5,000	5,000
- Other firm of auditors				
- Statutory audit	18,000	18,000	-	-
- Non-statutory audit	-	1,000	-	-

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
After charging:				
cont'd				
Bad debts written off	-	8,573	-	-
Interest expense on:				
- term loan	24,217	24,492	-	-
- hire purchase creditor	-	7,787	-	-
- lease liabilities	41,254	-	-	-
- retention sum in respect of the guaranteed profit for the acquisition of a subsidiary	9,000	93,945	9,000	93,945
- fair value adjustment on amount owing by a subsidiary	-	-	-	146,369
Unrealised loss on foreign exchange	168	-	-	-

23. PROFIT/(LOSS) BEFORE TAX cont'd

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
And crediting:				
Income distribution from short term funds	(348,331)	(466,144)	(214,125)	(353,027)
Interest income from:				
- finance lease	(1,158,458)	(865,235)	-	-
- fair value adjustment on amount owing by a subsidiary	-	-	(23,367)	-
Unrealised gain on foreign exchange	-	(138,731)	-	-

- (a) Income distribution from short term funds is recognised when the right to receive payment is established.
- (b) Interest income from finance lease is recognised upon commencement of the finance lease agreement using a constant periodic rate of return over the period of the agreement.

24. DIRECTORS' REMUNERATION

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Directors of the Company:				
Executive:				
Fees	48,000	60,000	-	-
Other emoluments	1,596,647	1,598,824	1,326,924	1,329,195
Non-Executive:				
Fees	155,000	165,000	155,000	155,000
Other emoluments	68,167	73,207	68,167	73,207
Total	1,867,814	1,897,031	1,550,091	1,557,402

24. DIRECTORS' REMUNERATION cont'd

Remuneration paid and payable to the Directors of the Company for the financial year, analysed into bands are as follows:

	2019		2018	
	Number of Directors		Number of Directors	
	Executive	Non-Executive	Executive	Non-Executive
Below RM50,000	-	4	-	3
RM50,001 - RM100,000	-	1	-	1
RM100,001 - RM300,000	-	-	-	-
RM300,001 - RM600,000	1	-	2	-
RM600,001 - RM900,000	1	-	-	-
	2	5	2	4

25. TAX EXPENSE

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Current tax expense based on profit for the financial year				
- current year	367,529	522,000	-	-
- over provision in prior years	(1,862)	(41,681)	-	-
	365,667	480,319	-	-
Deferred tax (Note 11)				
- relating to origination and reversal of temporary differences	97,465	(437,505)	-	-
- under provision in prior years	-	1,265	-	-
	97,465	(436,240)	-	-
	463,132	44,079	-	-

- a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated taxable profits for the fiscal year.

25. TAX EXPENSE cont'd

- (b) The numerical reconciliations between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	707,857	(1,035,181)	(383,507)	(543,803)
Tax effects in respect of:				
Non-allowable expenses	672,834	844,896	758,032	916,535
Non-taxable income	(924,305)	(438,591)	(374,525)	(372,732)
Deferred tax assets not recognised	8,608	713,371	-	-
	464,994	84,495	-	-
(Over)/Under provision of tax expense in prior years				
- income tax	(1,862)	(41,681)	-	-
- deferred tax	-	1,265	-	-
	463,132	44,079	-	-

- (c) In the previous financial years, a subsidiary of the Group has been awarded Customised Incentive and Conditions for 70% income tax exemption on statutory income derived from the Approved Business, pursuant to the Income Tax (Exemption) (No. 11) Order 2006 [PU(A)112/2006], for a period of five (5) years from the date of the first sales invoice of the new MSC Malaysia approved activities. As at 31 December 2019, the subsidiary is in the midst of complying with MSC Malaysia requirements on the exemption given.

26. EARNINGS/(LOSS) PER SHARE

- (a) Basic

Basic earnings/(loss) per ordinary share for the financial year is calculated by dividing the profit/(loss) for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2019	2018
Profit/(Loss) attributable to equity holders of the parent (RM)	2,486,272	(4,357,333)
Weighted average number of ordinary shares (unit)	241,705,669	225,806,452
Basic earnings/(loss) per ordinary share (sen)	1.03	(1.93)

26. EARNINGS/(LOSS) PER SHARE cont'd

(b) Diluted

Diluted earnings/(loss) per ordinary share for the financial year is calculated by dividing the profit/(loss) for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that ESOS are exercised at the beginning of the financial year. The ordinary shares to be issued under ESOS are based on the assumed proceeds on the difference between average share price for the financial year and exercise price.

	Group	
	2019	2018
Profit/(Loss) attributable to equity holders of the parent (RM)	2,486,272	(4,357,333)
Weighted average number of ordinary shares (unit)	241,705,669	225,806,452
Effects of dilution due to ESOS (unit)	1,512,252	1,580,025
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share (unit)	243,217,921	227,386,477
Diluted earnings/(loss) per ordinary share (sen)	1.02	(1.92)

27. COMMITMENT

(a) Operating lease commitments

The Group had entered into non-cancellable lease agreements for rental of office equipments, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

The Group has aggregate future minimum lease commitment as at the end of each reporting year as follows:

	Group	
	2019	2018
	RM	RM
Not later than one (1) year	10,640	35,460
Later than one (1) year and not later than five (5) years	11,280	21,920
	21,920	57,380

(b) Capital commitments

	2019	2018
	RM	RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Approved but not contracted for	-	566,040

28. EMPLOYEE BENEFITS

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Salaries, wages, bonuses and allowances	4,454,749	4,007,681	689,287	699,492
Defined contribution plan	396,270	347,686	13,811	13,577
Other benefits	413,690	399,752	25,798	48,527
Share option granted under ESOS	140,509	83,393	24,460	9,936
	5,405,218	4,838,512	753,356	771,532

29. EMPLOYEES' SHARE OPTION SCHEME

The Company implements an ESOS, which is in force for a period of ten (10) years until 16 November 2025 ("the option period"). The main features of the ESOS are as follows:

- (a) The ESOS is made available to eligible employees and full-time Executive Directors who are confirmed employees ("Eligible Persons") of the Company and its subsidiaries as defined in the Companies Act 2016 in Malaysia, as amended from time to time, and any re-enactment thereof;
- (b) The total number of shares offered under the ESOS shall not, in aggregate, exceed 30% of the issued and paid-up share capital of the Company at any time during the existence of the ESOS;
- (c) The option price under the ESOS shall be the five (5)-day weighted average market price of the shares as quoted on the ACE Market of Bursa Malaysia Securities Berhad at the time the option is granted with a discount of not more than 10% if deemed appropriate;
- (d) The actual number of shares, which may be offered to any Eligible Persons shall be at the discretion of the ESOS Committee provided that the number of shares offered are not less than 1,000 shares and in multiples of 1,000 shares and are subject to the following:
 - (i) not more than 10% of the shares available under the ESOS shall be allocated in aggregate to Executive Directors; and
 - (ii) not more than 40% of the shares available under the ESOS shall be allocated in aggregate to senior management of the Company and its subsidiaries;
 - (iii) not more than 50% of the shares available under the ESOS shall be allocated to eligible employees of the Company and its subsidiaries; and
 - (iv) not more than 10% of the new shares available under the ESOS to be allocated to the Eligible Persons who, either singly or collectively through persons connected with the Eligible Persons, holds 20% or more of the issued and paid-up share capital of the Company.
- (e) An option granted under the ESOS may be exercised by the grantee upon achieving the vesting conditions set by the ESOS Committee and is subject to the allotment of shares of 33% per year over the vesting periods of three (3) years;
- (f) The shares allotted pursuant to ESOS rank pari passu in all respects with the then existing issued shares of the Company; and

29. EMPLOYEES' SHARE OPTION SCHEME cont'd

- (g) No eligible employee shall participate at any time in any other employees' share option scheme within the Company and its subsidiaries unless otherwise approved by the ESOS Committee.

Details of the options over ordinary shares of the Company are as follows:

Option price:	Number of options over ordinary shares				Exercisable as at 31.12.2019
	Balance as at 1.1.2019	Granted	Exercised	Balance as at 31.12.2019 [^]	
RM0.08	3,164,000	1,616,000	-	4,780,000	3,186,667
RM0.09	-	500,000	-	500,000	166,667
	3,164,000	2,116,000	-	5,280,000	3,353,334

[^] Exercisable by the grantee upon achieving the vesting conditions set by the ESOS Committee and are subject to the allotment of shares of 33% per year over vesting periods of 3 years.

Fair value of share options was estimated by the Group using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions used are as follows:

	2019	2018
Expected life (years)	2 - 3	3
Average share price at grant date (RM)	0.14	0.14
Exercise price (RM)	0.12 - 0.13	0.13
Fair value of share options (RM)	0.08 - 0.09	0.08
Risk free rate of interest (%)	3.69 - 3.77	3.69
Expected volatility (%)	79.7 - 99.7	79.70

30. RELATED PARTY DISCLOSURES

- (a) Identities of related parties

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

Related parties of the Company include:

- (i) subsidiaries of the Company as disclosed in Note 7 to the financial statements;
- (ii) direct and indirect subsidiaries of the ultimate holding company, Sedania Corporation Sdn. Bhd.; and
- (iii) key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. The key management personnel includes the Executive Directors of the Group and of the Company.

30. RELATED PARTY DISCLOSURES cont'd

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Transactions with a subsidiary				
Advances given to a subsidiary	-	-	2,000,000	500,000
Management fees	-	-	1,200,000	1,200,000

- (c) Compensation of key management personnel

The remuneration of Executive Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Short term employees benefits				
- Executive Directors	1,427,303	1,429,480	1,186,380	1,188,650
- Key management personnel	832,873	1,057,509	578,400	580,639
	2,260,176	2,486,989	1,764,780	1,769,289
Contribution to defined contribution plan				
- Executive Directors	169,344	169,344	140,544	140,545
- Key management personnel	30,528	58,175	-	1,172
	199,872	227,519	140,544	141,717
	2,460,048	2,714,508	1,905,324	1,911,006

31. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern whilst maximising return to its shareholders through the optimisation of debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2018 and 31 December 2019.

There are no changes made on the capital management, policies and procedures of the Group and of the Company during the financial year.

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Borrowings	502,280	1,168,510	-	-
Lease liabilities	829,409	-	-	-
	1,331,689	1,168,510	-	-
Less:				
Cash and bank balances	(1,954,800)	(1,976,692)	(255,232)	(231,777)
Short term funds	(8,922,351)	(11,219,020)	(4,856,034)	(8,361,909)
Net cash	(9,545,462)	(12,027,202)	(5,111,266)	(8,593,686)
Total equity	31,504,781	26,326,392	41,053,507	39,959,337
Net debt-to-equity ratio	*	*	*	*

* There is no debt-to-equity ratio available since the Group and the Company are in net cash positions.

(b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets. The Group is exposed mainly to credit risk, liquidity and cash flow risks and interest rate risk. Information on the management of the related exposures are detailed below.

31. CAPITAL AND FINANCIAL RISK MANAGEMENT cont'd

(b) Financial risk management cont'd

(i) Credit risk

Cash deposits, trade receivables and finance lease receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The Group trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 to 60 days. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by the management.

Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of the financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 10 to the financial statements.

(ii) Liquidity and cash flow risks

Liquidity risk is the risk that the Group is unable to service its cash obligations in the future. To mitigate this risk, the management monitors and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 17, 20 and 21 to the financial statements respectively.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group will fluctuate because of changes in market interest rates.

The exposure of the Group to changes in interest rates relates primarily to the term loan of the Group. The Group does not use derivative financial instruments to hedge its risk but regularly reviews its debt portfolio to enable it to source low interest funding.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Note 17 to the financial statements.

32. MATERIAL LITIGATIONS

(a) Kuala Lumpur High Court Civil Suit No. WA-22NCvC-405-06/2019 between STSB (“the Plaintiff”) vs Devices World Sdn. Bhd. (“1st Defendant”) and Cheah Hock Seng (“2nd Defendant”)(collectively referred to as “the Defendants”)

The Company’s wholly-owned subsidiary, Sedania Technologies Sdn. Bhd. (formerly known as Idottv Sdn. Bhd. (“STSB” or the “Plaintiff”)), via its solicitors, Messrs. Murali B Pillai & Associates, filed a Writ of Summons and Statement of Claim, both dated 18 June 2019, against Devices World Sdn. Bhd. (“DWSB”) as the First Defendant and Mr. Cheah Hock Seng (“Mr Cheah”) as the Second Defendant.

DWSB and STSB executed a Supply Agreement dated 22 December 2016 (“the Agreement”) which DWSB is exclusively appointed by STSB to manufacture, supply and deliver the iSNET Fire Safety Portal (“iFSP”) Devices (“Device”) to STSB. Mr Cheah is the Guarantor in respect of the said Agreement.

DWSB acknowledged that all purchase order placed by STSB shall be delivered within the agreed period. However, DWSB had consistently delayed in delivering the orders and is liable to pay to STSB the late delivery penalties stipulated in the Agreement.

DWSB further undertook vide a Letter of Agreement dated 14 June 2017 (“LOA”) to strictly comply with the delivery period and to compensate STSB for any delay in addition to the available rights stated in the Agreement. Nevertheless, DWSB continued to breach the term of the Agreement and the LOA. Hence, the Agreement is terminated on 14 May 2019. Notice of Demand was issued to DWSB and the Guarantor on 21 May 2019.

Due to non-payment as per the Notice of Demand, STSB is claiming from the Defendants a sum of RM50,547,200 being the penalty and compensation for the late delivery.

On 28 June 2019, the Defendants agreed to settle the matter by making a full and final settlement of RM4,000,000. The Defendants agreed to waive RM2,039,180 owed by the Plaintiff and paid to the Plaintiff the remaining of RM1,960,820 in three (3) instalments to STSB.

STSB has received the full amount as stated above and withdrawn the Civil Suit on 5 July 2019.

(b) Kuala Lumpur High Court Summon No. WA-22NCvC-879-11/2019 between Sedania Technologies Sdn. Bhd. (formerly known as IDOTTV Sdn. Bhd.)(“the Plaintiff”) vs (1) Professional Science Technologies Sdn. Bhd. (“1st Defendant”) and (2) Encik Muzir Bin Md Zanib (“2nd Defendant”)(collectively referred to as “the Defendants”)

The Company’s wholly-owned subsidiary, Sedania Technologies Sdn. Bhd. (formerly known as Idottv Sdn. Bhd) (“STSB” or the “Plaintiff”), via its solicitors, Messrs. J Nee, filed a Writ of Summons and Statement of Claim, both dated 27 November 2019, against Professional Science Technologies Sdn. Bhd. (“PSTECH”) as the First Defendant and En. Muzir bin. Md Zanib (“En. Muzir”) as the Second Defendant.

En. Muzir, in his capacity as a director for PSTECH, had approached STSB to venture into the Automatic Fare Collection System (“Project”). The main contractors of the Project appointed Intelligent Essence Sdn. Bhd. (“IESB”) as the sub-contractor. IESB subsequently appointed STSB as a sub-contractor via a Letter of Award dated 4 July 2017 and Contract Works Agreement dated 6 September 2017 (“IESB Contract”).

32. MATERIAL LITIGATIONS cont'd

- (b) **Kuala Lumpur High Court Summon No. WA-22NCvC-879-11/2019 between Sedania Technologies Sdn. Bhd. (formerly known as IDOTTV Sdn. Bhd.)("the Plaintiff") vs (1) Professional Science Technologies Sdn. Bhd. ("1st Defendant") and (2) Encik Muzir Bin Md Zanib ("2nd Defendant")(collectively referred to as "the Defendants")** cont'd

PSTECH was then appointed by STSB as a sub-contractor via a Contract Works Agreement dated 6 September 2017 ("PS Tech Contract") and is obligated to carry out the scope of works as per the IESB Contract.

STSB had duly completed the scope of works under the IESB Contract, however, IESB had failed to make payment for the sum of RM1,887,426 ("the Debt") despite STSB's various demands and requests for the same.

En. Muzir, then undertook and acknowledged to pay the Debt to STSB via a Letter of Undertaking ("the Undertaking") on 29 March 2019 and via WhatsApp messages which the Defendants had failed to adhere to the Undertaking. Further to the above, STSB proceeded with the legal action to claim from the Defendants, jointly and severally, the sum of RM 1,887,426 being the Debt due and owed by the Defendants.

The Defendants through their solicitors, Messrs. Rafida Razak & Co, filed their Statement of Defence on 24 January 2020. The Plaintiff through their new solicitor, Messrs. Ram Reza & Muhammad, filed an Amended Statement of Claim on 17 February 2020 and has received the Amended Statement of Defence from the Defendants on 5 March 2020. The Plaintiff has filed Reply to the Defence and Notice of Application to move the court to hear the matter under Order 14 Rules Of Court 2012 ("Summary Judgement Application") on 20 March 2020.

As at this report date, Court has directed STSB to file and serve the supporting affidavit to support the Summary Judgment Application on/before 13 May 2020 which any extension thereafter shall then be further subjected to the Government announcement on updated measures to respond to Covid -19.

33. ADOPTION OF NEW MFRSS AND AMENDMENT TO MFRSS

33.1 New MFRSS adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 16 as described in the following sections.

33. ADOPTION OF NEW MFRSSs AND AMENDMENT TO MFRSS cont'd

33.1 New MFRSSs adopted during the financial year cont'd

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have a material impact for leases for which the Group is the lessor.

The Group applied MFRS 16 using the modified retrospective approach, for which the right-of-use asset is equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 1 January 2019. Accordingly, the comparative information presented is not restated.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group as of 1 January 2019. The average incremental borrowing rates of the Group applied to the lease liabilities on 1 January 2019 was 4.45%.

In order to compute the transition impact of MFRS 16, a significant data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management's model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date. In applying MFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- (a) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 January 2019;
- (c) Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 and do not contain a purchase option as short-term leases;
- (d) Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- (e) Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

33. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs cont'd

33.1 New MFRSs adopted during the financial year cont'd

MFRS 16 Leases cont'd

On transition to MFRS 16, the Group recognised right-of-use assets and lease liabilities. The impact on transition is summarised below:

Group	Note	As at 31 December 2018 RM	Impact RM	As at 1 January 2019 RM
Property, plant and equipment		2,820,664	(631,217)	2,189,447
Right-of-use assets	(i)	-	1,172,043	1,172,043
Borrowings		1,168,510	(584,979)	583,531
Lease liabilities	(ii)	-	1,125,805	1,125,805

- i. The associated right-of-use assets for property leases were measured using the modified retrospective approach, for which the right-of-use asset is equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 1 January 2019. Accordingly, the comparative information presented is not restated.

- ii. Lease liabilities are measured as follows:

	Group RM
Operating lease commitments at 31 December 2018 as disclosed under MFRS 117	57,380
Weighted average incremental borrowing rate as at 1 January 2019	4.45%
Discounted operating lease commitments as at 1 January 2019	56,365
Recognition exemption for leases of low-value assets	(33,560)
Contracts reassessed as lease contracts	518,021
Finance lease liabilities recognised as at 31 December 2018	584,979
Lease liabilities recognised at 1 January 2019	1,125,805

33. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs cont'd

33.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current</i>	1 January 2022
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

34. FINANCIAL REPORTING UPDATES

IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ('IFRIC') issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group anticipates an increase in lease liabilities and corresponding right-of-use assets arising from the reassessment of the lease term of existing leasing arrangements due to this final agenda decision.

The Group is in the process of implementing the requirements of this final agenda decision and the impact upon adoption is expected to be recognised during the financial year ending 31 December 2020.

35. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. This was followed by the Government of Malaysia issuing 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 COVID-19. The MCO was extended for 2 weeks consecutively on 25 March 2020 and 10 April 2020 until 14 April 2020 and 28 April 2020 respectively, followed by another announcement on 23 April 2020 on the further extension of the MCO for another 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*. Consequently, the financial statements for the financial year ended 31 December 2019 do not reflect the effects arising from this non-adjusting event.

Notwithstanding that, the Group anticipates that the effects of COVID-19, if any, 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 and impairment assessments of assets (property, plant and equipment and investments in subsidiaries and associates).

As at the date of the authorisation of the financial statements, the COVID-19 pandemic and the MCO since 18 March 2020 have certain 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.

LIST OF PROPERTIES

REGISTERED OWNER	LOCATION	DESCRIPTION AND EXISTING USE	BUILT-UP AREA (SQ. FT.)
Sedania Technologies Sdn. Bhd. (formerly known as IDOTTV Sdn. Bhd.) ("STSB")	Unit No. 10B Level 10 Kelana Parkview Tower Jalan SS 6/2 47301 Petaling Jaya, Selangor Darul Ehsan	A unit on the 10th floor of a thirteen (13) storey office building as our head office and for our business operations	5,080
TENURE	APPROXIMATE AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31 DECEMBER 2019 (RM)	EFFECTIVE YEAR OF PURCHASE
Freehold	21	820,000	23 May 2011

ANALYSIS OF SHAREHOLDINGS

AS AT 15 APRIL 2020

Total Number of Issued Shares : 251,191,652
 Class of Shares : Ordinary shares
 Voting Rights : One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 15 APRIL 2020

Size of Shareholdings	No. of Shareholders	%	No. of Issued Shares	%
Less than 100	6	0.335	100	0.000
100 – 1,000	168	9.390	75,200	0.029
1,001 – 10,000	596	33.314	4,071,900	1.621
10,001 – 100,000	820	45.835	31,506,500	12.542
100,001 – 12,559,581 (less than 5% of issued shares)	195	10.899	83,655,060	33.303
12,559,582 and more than 5% of issued shares	4	0.223	131,882,892	52.502
TOTAL	1,789	100.000	251,191,652	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 15 APRIL 2020

(Based on the Register of Substantial Shareholders)

No.	Name	No. of Issued Shares Held			
		Direct	%	Indirect	%
1.	Sedania Corporation Sdn. Bhd.	114,882,892 ⁽¹⁾	45.74	-	-
2.	MAM PE Asia Fund I (Labuan) LLP	25,000,000	9.95	-	-
3.	Datuk Noor Azrin Bin Mohd Noor	9,286,560	3.70	114,982,892 ⁽¹⁾	45.77

Note:

(1) Deemed interested by virtue of Datuk Noor Azrin Bin Mohd Noor's substantial interest in Sedania Corporation Sdn. Bhd. and his sibling, Noor Syafiroz Bin Mohd Noor's direct interest in Sedania Innovator Berhad.

DIRECT AND DEEMED INTERESTS IN THE COMPANY AND/OR ITS RELATED CORPORATIONS

(a) DIRECTORS

The interests of the Directors in the shares of the Company as at 15 April 2020 including those of his/her spouse and child/children which are deemed interests of the Directors by reference to Section 59(11)(c) of the Companies Act 2016 are maintained by the Company in the Register of Directors' Shareholdings pursuant to Section 59 of the Companies Act 2016, details of which are as follows:-

No.	Name	Direct interest		Spouse No. of issued shares	Deemed interest		
		No. of issued shares	%		Child No. of issued shares	Other No. of issued shares	%
1.	Tan Sri Abdul Halim Bin Ali	100,000	0.04	-	-	-	-
2.	Datuk Noor Azrin Bin Mohd Noor	9,286,560	3.70	-	-	114,982,892 ⁽¹⁾	45.77
3.	Noor Syafiroz Bin Mohd Noor	100,000	0.04	-	-	-	-
4.	Datuk Syed Izuan Bin Syed Kamarulbahrin	100,000	0.04	-	-	-	-
5.	Lau Kin Wai	-	-	-	-	-	-
6.	Norliza Binti Kamaruddin	-	-	-	-	-	-

Note:

(1) Deemed interested by virtue of Datuk Noor Azrin Bin Mohd Noor's substantial interest in Sedania Corporation Sdn. Bhd. and his sibling, Noor Syafiroz Bin Mohd Noor's direct interest in Sedania Innovator Berhad.

(b) NON-DIRECTOR

The changes in interests of Mr. Daniel Bernd Ruppert, the Chief Executive Officer who is not a Director of the Company, are due to the vesting of the shares granted under the Employees' Shares Option Scheme ("ESOS") of the Company. There was no trading of the Company's shares. His shareholdings in the Company as at 15 April 2020 including his indirect/deemed interests, are as follows:-

No.	Name	No. of Sedania Shares held as at 15.04.20	No. of ESOS Options granted	No. of ESOS Options Exercised	Direct interest	
					No. of issued shares	%
1.	Daniel Bernd Ruppert	-	500,000	-	-	-

THIRTY (30) LARGEST SHAREHOLDERS AS AT 15 APRIL 2020

(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Issued Shares	%
1.	Sedania Corporation Sdn. Bhd.	41,882,892	16.67
2.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Malaysia Debt Ventures Berhad for Sedania Corporation Sdn. Bhd.</i>	33,000,000	13.14
3.	AMSEC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account - AmBank (M) Berhad for Sedania Corporation Sdn. Bhd. (Smart)</i>	32,000,000	12.74
4.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Strategic Acquisitions Pte. Ltd. for MAM PE Asia Fund I (Labuan) LLP</i>	25,000,000	9.95
5.	Margarte Yuen	8,278,400	3.30
6.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Noor Azrin Bin Mohd Noor (7003861)</i>	6,500,000	2.59
7.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Sedania Corporation Sdn. Bhd.</i>	5,500,000	2.19
8.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yeoh She Shiang (REM 195)</i>	2,776,900	1.11
9.	Sedania Corporation Sdn. Bhd.	2,500,000	1.00
10.	Noor Azrin Bin Mohd Noor	2,356,560	0.94
11.	Mak Suet Chee	2,127,500	0.85
12.	Grup Buku Karangkras Sdn. Bhd.	2,000,000	0.80
13.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Pung Kian Chuan (E-SS2)</i>	1,850,000	0.74
14.	Sam Tuck Wah	1,300,000	0.52
15.	Tan Ah Ba @ Tan Boon Leng	1,200,000	0.48

THIRTY (30) LARGEST SHAREHOLDERS AS AT 15 APRIL 2020 cont'd
(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Issued Shares	%
16.	Yeo Ann Seck	1,000,000	0.40
17.	Nicholas Tan Wei Wen	940,000	0.37
18.	Chung Fah Woon	935,000	0.37
19.	Mansor Bin Musa	928,700	0.37
20.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Exempt an for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)</i>	920,000	0.37
21.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Amara Investment Management Sdn. Bhd. for Pung Kian Chuan</i>	840,000	0.33
22.	Universal Trustee (Malaysia) Berhad <i>TA Dana Fokus</i>	814,000	0.32
23.	Kuan Woon Pang	795,600	0.32
24.	Abdul Shukor Bin Abu Bakar	732,000	0.29
25.	Ong Bok Lim	700,000	0.28
26.	Lee Shiong Lian	600,000	0.24
27.	Seow Boon Siew	600,000	0.24
28.	Mohd Solahuddin Bin Mohd Kenali	539,900	0.21
29.	Nigel Wee Duo Nereng	521,500	0.21
30.	Lee Chan Pang	518,800	0.21
TOTAL		179,657,752	71.52

NOTICE OF THE SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting ("**6th AGM**") of Sedania Innovator Berhad ("**the Company**") will be held at Dewan Presiden, Kelab Golf Negara Subang, Jalan SS 7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan on Monday, 29 June 2020 at 10:00 a.m for the purpose of transacting the following businesses: -

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors' and Auditors' thereon. *Please refer to Explanatory Note A*
2. To approve the payment of Directors' fees to the Non-Executive Directors for up to RM162,500/- from 30 June 2020 until the next Annual General Meeting ("**AGM**") of the Company. *Resolution 1 (Explanatory Notes B)*
3. To approve the payment of benefits payable to the Non-Executive Chairman and Non-Executive Directors for up to RM92,000/- from 30 June 2020 until the next AGM of the Company. *Resolution 2 (Explanatory Notes B)*
4. To re-elect the following Directors who retire by rotation in accordance with Clause 21.6 of the Company's Constitution and being eligible, have offered themselves for re-election: -
 - i) Encik Noor Syafiroz Bin Mohd Noor; *Resolution 3*
 - ii) Datuk Syed Izuan Bin Syed Kamarulbahrin; and *Resolution 4*
 - iii) Mr. Lau Kin Wai. *Resolution 5*

5. To re-elect Puan Norliza Binti Kamaruddin who retires in accordance with Clause 21.10 of the Company's Constitution and being eligible, has offered herself for re-election. *Resolution 6*
6. To re-appoint Messrs. BDO PLT as the Company's Auditors for the ensuing year and to authorise the Board of Directors to determine their remuneration. *Resolution 7*

SPECIAL BUSINESS

To consider and if thought fit, with or without modifications, to pass the following Ordinary Resolution:-

7. **Authority to Allot and Issue Shares pursuant to the Companies Act 2016** *Resolution 8 (Explanatory Note C)*

"THAT subject to the Companies Act 2016 ("**Act**"), the Constitution of the Company, the ACE Market Listing Requirements ("**ACE LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75(1) and 76(1) of the Act to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company for the time being ("**20% General Mandate**"); **AND THAT** the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued pursuant to the 20% General Mandate on Bursa Securities;

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until 31 December 2021, as empowered by Bursa Securities pursuant to their letter dated 16 April 2020 to grant additional temporary relief measures to listed corporations, notwithstanding Section 76(3) of the Act, duly varied and adopted by the Directors of the Company pursuant to Section 76(4) of the Act.”

8. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

(duly signed)

CHUA SIEW CHUAN (SSM PC No.: 201908002648) (MAICSA 0777689)
CHENG CHIA PING (SSM PC No.: 202008000730) (MAICSA 1032514)
Company Secretaries

Kuala Lumpur
12 May 2020

Notes:

- (a) For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a General Meeting Record of Depositors as at 22 June 2020 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy or proxies to attend and/or vote in his/her stead.

- (b) A member of the Company entitled to attend and vote at this meeting is entitled to appoint more than one (1) proxy to attend, participate, vote and speak in his/her stead at the same meeting. There shall be no restriction as to the qualification of the proxy. Where a member of the Company appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- (c) Where a member is an authorised nominee, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds to which shares in the Company standing to the credit of the said account.
- (d) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (e) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of an officer or attorney duly authorised.
- (f) **Publication of Notice of 6th AGM and Proxy Form on corporate website**

Pursuant to Section 320(2) of the Companies Act, 2016, a copy of this Notice together with the proxy form are available at the corporate website of Sedania Innovator Berhad at <https://www.sedaniainnovator.com/agm>

(g) **Appointment of Proxy(ies)**

A member may obtain the proxy form for the 6th AGM vide Note (f) above or the Annual Report (hard copy) or Annual Report (electronic copy) released to Bursa Malaysia Securities Berhad. The appointment of proxy(ies) may now be made vide a hard copy form or in electronic form:-

(i) **Hard copy form**

In the case of appointment made vide hard copy form, the instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or notorially certified copy of such power or authority, shall be deposited at the Share Registrar's Office, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

(ii) **Electronic form**

In the case of appointment made in electronic form, the transmission/ lodgement of proxy form should be made no less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof :-

(A) *Vide Facsimile (Fax Number: 03-2783 9222); or*

(B) *Vide Email (is.enquiry@my.tricorglobal.com)*

For option (A) and (B), the company may request any member to deposit original executed proxy form to the Company's Share Registrar before or on the day of meeting for verification purpose.

(C) *Vide Tricor Online System (TIIH Online)*

A member may registered as a user with TIIH Online, whereby the proxy form for the 6th AGM may be electronically lodged via TIIH Online (applicable for individual shareholder only). The website to access TIIH Online is <https://tiih.online>

(Kindly refer to Annexure of the Proxy Form – Electronic Submission of Proxy Form via TIIH Online).

EXPLANATORY NOTE A:

The Audited Financial Statements under Agenda 1 is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval from the members for the Audited Financial Statement. Hence, this Agenda item is not put forward for voting.

EXPLANATORY NOTES B:

Resolution 1 – Directors' fees payable from 30 June 2020 up to the next AGM of the Company ("**Relevant Period**").

The proposed Resolution 1, if passed will allow the Company to pay Directors' fees of RM5,000/- per month to the Non-Executive Chairman and RM2,500/- per month each to three (3) Non-Executive Directors from 30 June 2020 until the next AGM of the Company.

Resolution 2 – Benefits payable from 30 June 2020 until the next AGM of the Company.

The benefits payable comprises meeting allowances, insurance coverage and travel expenses payable to the Non-Executive Chairman and Non-Executive Directors. In determining the estimated total amount of benefits payable to the Directors, various factors have been considered including the number of meetings for the Directors and Board Committees as well as the number of Directors involved in these meetings and other benefits in-kind payable to the Non-Executive Chairman and Non-Executive Directors.

The estimated amount of RM92,000/- for the Relevant Period is derived from a total of RM72,000/- for the financial year ending 31 December 2020 and RM20,000/- for the period from 1 January 2021 until the next AGM in year 2021. Payment of the benefits payable will be made by the Company on a monthly basis and/or as and when incurred if the proposed Resolution 2 is passed at the 6th AGM of the Company.

In the event that the Directors' fees and benefits payable proposed are insufficient due to enlarged Board size, approval will be sought at the next AGM for additional Directors' fees and benefits to meet the shortfall.

EXPLANATORY NOTE C:

The Company wishes to renew the mandate on the authority to allot and issue shares pursuant to Sections 75(1) and 76(1) of the Act at the 6th AGM of the Company ("**General Mandate**").

The Company has also obtained the mandate from the members at the last AGM held on 16 May 2019 ("**Previous Mandate**"). As at the date of this Notice, no new shares in the Company were issued pursuant to the Previous Mandate and accordingly, no proceeds were raised.

Bursa Securities has via their letter dated 16 April 2020 granted several additional temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being ("**20% General Mandate**"). Pursuant to the 20% General Mandate, Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2021 ("**Extended Utilisation Period**").

The Board would like to procure approval for the 20% General Mandate, inclusive of the Extended Utilisation Period, pursuant to Section 76(4) of the Act, from its shareholders at the 6th AGM of the Company.

The purpose to seek the 20% General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting merely for such purpose. The 20% General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding its business plans, future investment project(s), working capital and/or acquisitions.

The 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the Extended Utilisation Period, i.e. by 31 December 2021.

After having considered all aspects of the 20% General Mandate, the Board is of the opinion that the adoption of the 20% General Mandate would be in the best interest of the Company and its shareholders, on the following basis:-

- The interest of the Company as well as its long term shareholders should be in congruence on the issue of long term sustainability of the Company as only a business operation with healthy and sufficient working capital could generate positive returns to the Company and its shareholders.
- Given the outbreak of the Coronavirus Disease (Covid-19) pandemic and the subsequent imposition of the Movement Control Order by the Malaysian Government to contain the Covid-19, the economy of the Country have been severely affected. The additional fund raising flexibility through the 20% General Mandate will enable the Company, should it required to do so, to meets its funding requirements for working capital and operational expenditure, expeditiously and efficiently, without burdening the shareholders with a separate general meeting during this challenging period.
- The Extended Utilisation Period accorded by Bursa Securities has ease the cash flow planning of the Company should the Company requires additional bridge funding for the execution of its business plan or the business contingency plans to mitigate against the financial impact of Covid-19, without burdening the shareholders with another round of fund raising exercise.

ANNEXURE

ELECTRONIC SUBMISSION OF PROXY FORM VIA TIIH ONLINE

Dear shareholders,

We are pleased to inform that you as a shareholder can have the option to submit your proxy forms by electronic means through our system, TIIH Online (“e-Proxy”).

TIIH Online is an application that provides an online platform for shareholders (*individuals only*) to submit document/form electronically which includes proxy form in paperless form (“e-Submission”). Once you have successfully submitted your e-proxy form, you are no longer required to complete and submit the physical proxy form to the company or Tricor office.

To assist you on how to engage with e-Proxy, kindly read and follow the guidance notes which are detailed below:

1. Sign up as user of TIIH Online



Using your computer, access our website at <https://tiih.online>



Sign up as a user by completing the registration form, registration is free



Upload a softcopy of your MyKad (front and back) or your passport



Administrator will approve your registration within one working day and notify you via email



Activate your account by re-setting your password

Notes:

- (i) *If you are already a user of TIIH Online, you are not required to sign up again*
- (ii) *An email address is allowed to be used once to register as a new user account, and the same email cannot be used to register another user account*
- (iii) *At this juncture, only individual security holders are offered to register as user and participate in e-Proxy*

2. Proceed with submission of e-Proxy



After the release of the Notice of Meeting by the Company, login with your user name (i.e. e-mail address) and password



Select the corporate event: **"Submission of Proxy Form"**



Read and agree to the Terms & Conditions and confirm the Declaration



Select/insert the CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf



Appoint your proxy(s) or chairman and insert the required details of your proxy(s)



Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote



Review & confirm your proxy(s) appointment



Print e-proxy for your record

Should you need assistance on our e-Submission, please contact us. Thank you.

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia

Telephone No: 03-27839299
Fax No: 03-27839222
E-mail: is.enquiry@my.tricorglobal.com

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SEDANIA INNOVATOR BERHAD

[Registration No. 201301044527 (1074350-A)]

PROXY FORM

Proportion of holdings to be represented by each proxy	Proxy 1 %	Proxy 2 %
Total number of ordinary shares held		
CDS Account No.		

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

Contact No. _____ of _____
(FULL ADDRESS)

being a member/members of SEDANIA INNOVATOR BERHAD ("Company"), hereby appoint:-

Full Name (IN BLOCK LETTERS)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

or failing him/her,

Full Name (IN BLOCK LETTERS)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

or failing him/her* the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Sixth Annual General Meeting of the Company to be held at Dewan Presiden, Kelab Golf Negara Subang, Jalan SS 7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan on Monday, 29 June 2020 at 10:00 a.m or any adjournment thereof.

No.	Resolutions	FOR	AGAINST
1.	Payment of Directors' fees to the Non-Executive Directors for up to RM162,500/- from 30 June 2020 until the next AGM of the Company.		
2.	Payment of benefits payable to the Non-Executive Chairman and Non-Executive Directors for up to RM92,000/- from 30 June 2020 until the next AGM of the Company.		
3.	To re-elect Encik Noor Syafiroz Bin Mohd Noor as Director.		
4.	To re-elect Datuk Syed Izuan Bin Syed Kamarulbahrin as Director.		
5.	To re-elect Mr. Lau Kin Wai as Director.		
6.	To re-elect Puan Norliza Binti Kamaruddin as Director.		
7.	To re-appoint Messrs. BDO PLT as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
8.	Authority to allot and issue shares pursuant to the Companies Act 2016.		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Signature / Common Seal of Shareholder

Dated this _____ day of _____ 2020

Fold this flap for sealing

Notes:

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AFFIX
STAMP

SEDANIA INNOVATOR BERHAD

[Registration No. 201301044527 (1074350-A)]

Share Registrar

Tricor Investor & Issuing House Services Sdn. Bhd.

Unit 32-01, Level 32, Tower A,

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur,

Wilayah Persekutuan

Malaysia

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SEDANIA INNOVATOR BHD

[Registration No. 201301044527 (1074350-A)]

Level 10, Kelana Parkview Tower,
Jalan SS6/2, 47301 Petaling Jaya,
Selangor, Malaysia.

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