



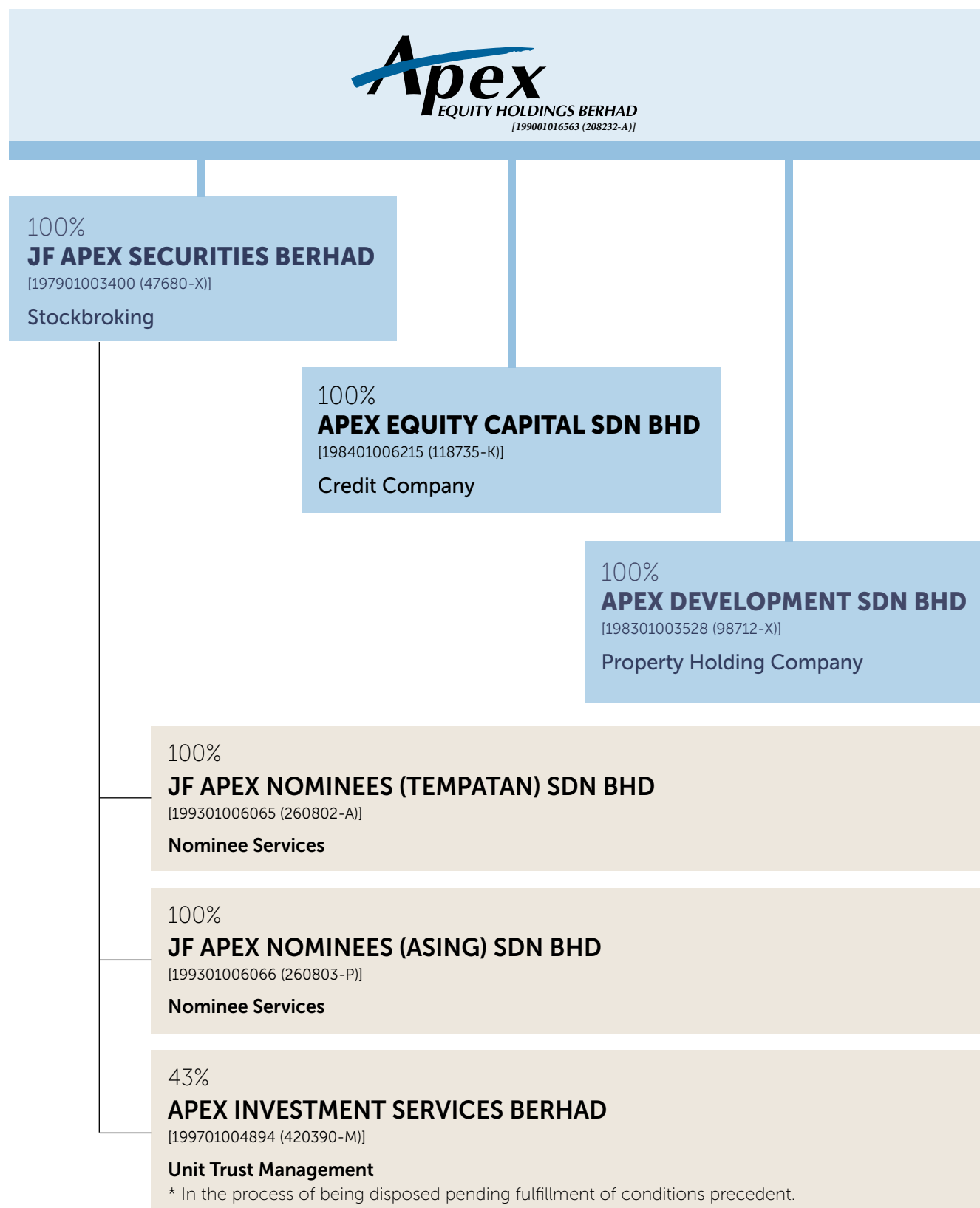
# ANNUAL REPORT 2020

TURNING **CHALLENGES**  
INTO **OPPORTUNITIES**

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# CORPORATE STRUCTURE



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Chithra Ganesalingam

Independent Non-Executive Chairman  
(Appointed as chairman on 30 April 2021)

### Choong Chee Meng

Non-Independent Non-Executive Director

### Lee Cheow Fui

Independent Non-Executive Director

### Chin Kok Sang

Independent Non-Executive Director  
(Appointed on 29 January 2021)

### Yeoh Hong Hwang

Independent Non-Executive Director  
(Appointed on 29 January 2021)

### Dato' Azizan bin Abd Rahman

Non-Independent Non-Executive Director  
(Vacated office on 27 April 2020 pursuant to the Articles of Association of the Company)

## AUDIT & RISK MANAGEMENT COMMITTEE

**Chairman** Lee Cheow Fui

**Members** Chin Kok Sang  
(Appointed on 29 January 2021)  
Yeoh Hong Hwang  
(Appointed on 29 January 2021)  
Dato' Azizan bin Abd Rahman  
(Vacated office on 27 April 2020 pursuant to the Articles of Association of the Company)  
Chithra Ganesalingam  
(Ceased as a member on 25 February 2021)

## NOMINATING COMMITTEE

**Chairman** Chithra Ganesalingam  
(Redesignated as chairman on 25 February 2021)  
Lee Cheow Fui  
(Ceased as chairman and member on 25 February 2021)

**Members** Choong Chee Meng  
(Appointed on 25 February 2021)  
Chin Kok Sang  
(Appointed on 25 February 2021)

## REMUNERATION COMMITTEE

**Chairman** Yeoh Hong Hwang  
(Appointed as chairman on 25 February 2021)  
Lee Cheow Fui  
(Ceased as chairman on 25 February 2021)

**Members** Lee Cheow Fui  
Chithra Ganesalingam  
Choong Chee Meng  
(Ceased as a member on 25 February 2021)

## SENIOR INDEPENDENT DIRECTOR

### Lee Cheow Fui

Tel : 603-8736 1118  
Email : sid@jfafex.com.my

## COMPANY SECRETARIES

**Tan Cheng Han** (MIA 11280)  
SSM PC No. 202008000103

**Low Kim Heow** (MAICSA 7007682)  
SSM PC No. 201908002950

**Mak Chooi Peng** (MAICSA 7017931)  
SSM PC No. 201908000889

## REGISTERED OFFICE

6th Floor, Menara Apex, Off Jalan Semenyih,  
Bukit Mewah, 43000 Kajang, Selangor Darul Ehsan.  
Tel : 603-8736 1118  
Fax : 603-8737 3261  
Website : www.apexequity.com.my

## SHARE REGISTRAR

**Sectrars Management Sdn. Bhd.**  
[201501002558 (1127890-P)]  
Lot 9-7, Menara Sentral Vista,  
No. 150, Jalan Sultan Abdul Samad, Brickfields,  
50470 Kuala Lumpur.  
Tel : 603-2276 6138/6139  
Fax : 603-2276 6131

## AUDITORS

**Crowe Malaysia PLT**  
Kuala Lumpur Office, Level 16, Tower C,  
Megan Avenue II, 12, Jalan Yap Kwan Seng,  
50450 Kuala Lumpur.  
Tel : 603-2788 9999  
Fax : 603-2788 9998

## PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad  
CIMB Bank Berhad  
Hong Leong Bank Berhad  
Malayan Banking Berhad  
Standard Chartered Bank Malaysia Berhad

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Stock Short Name : APEX  
Stock Code : 5088

# DIRECTORS' PROFILE

## **CHITHRA GANESALINGAM**

**Independent Non-Executive Chairman**  
**Age 55, Female, Malaysian**

Ms. Chithra Ganesalingam was appointed to the Board on 7 March 2017. She was appointed as Chairman of the Board of Directors on 30 April 2021.

Ms. Chithra graduated from the University of Leicester, United Kingdom with a LLB(Hons) degree in 1991. She went on to complete the Certificate in Legal Practice (CLP) in 1992. Ms Chithra did her chambering and went on to be called to the Malaysian Bar as an Advocate & Solicitor of the High Court of Malaya in 1993.

Ms. Chithra joined JF Apex Securities Berhad in December 1993 as its Legal Officer. She was later appointed as Group Company Secretary and Legal Advisor of the Apex Group.

She left Apex Group in November 2000 to practice law with Messrs Wong Lu Peen and Tunku Alina. Her area of practice is Corporate and Commercial namely secretarial, securities, mergers and acquisitions, listing advisory, joint ventures, investment structures, shipping finance, banking & finance (including Islamic Finance) and Conveyancing.

To date, Ms. Chithra continues to practice law. She does not hold any directorship in any other public company or listed issuer.

Ms. Chithra is the Chairperson of the Nominating Committee and a member of the Remuneration Committee.

## **LEE CHEOW FUI**

**Independent Non-Executive Director**  
**Age 64, Male, Malaysian**

Mr. Lee Cheow Fui was appointed to the Board on 8 October 2012.

Mr. Lee graduated from the University of New South Wales, Australia in 1979 with a Bachelor of Commerce degree. Professionally, he is a Fellow Chartered Accountant ANZ, member of CPA Australia, the ISCA Singapore and the Malaysian Institute of Accountants.

He started his career with Touche Ross and Co in Sydney, Australia soon after graduation until his return to Malaysia in 1982. From 1982 to 1992, he was working for the ACI International group as finance manager in Malaysia. ACI was an Australian conglomerate with glass container and building products businesses in Malaysia. ACI International was subsequently acquired by BTR-Nylex Ltd and he was appointed as the regional finance head for the Asia buildings products division based in Singapore. In 1992, he left to join the corporate office of Fraser and Neave Limited as their Deputy Corporate Finance Manager. In 1996, he returned to Malaysia once again, as the Chief Financial Officer of the newly formed Fraser and Neave Holdings Bhd, which he had helped to setup. In 2007, he initiated a major acquisition for the group and soon after, he was appointed as the Chief Operating Officer for the dairies product division, the position he held until his retirement in May 2012.

A professional manager all his life and in recognition for his efforts during his career, he was selected as one of the winners in the Asia Pacific Entrepreneurial Awards for 2011.

He does not hold any directorship in any other public company or listed issuer.

Mr. Lee is the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee. He is also the Senior Independent Director of the Company.



### **CHOONG CHEE MENG**

**Non-Independent Non-Executive Director**

**Age 59, Male, Malaysian**

Mr. Choong Chee Meng was appointed to the Board on 15 November 2017.

Mr. Choong is the co-founder and Group Executive Director of Ace Holdings Berhad and its group of companies ("ACE" or "ACE Group"). Over the years, he was responsible for setting up a robust framework for ACE's credit and leasing businesses as well as guiding the organization to implement various initiatives that conforms to the industry's best practices.

Mr. Choong was successful in creating straightforward, personalized, and cost-efficient financing solutions which differentiated ACE from other conventional financial offerings. Leading a team of accomplished and capable individuals, he works directly with businesses and equipment vendors to provide innovative lease financing solutions. As a result, ACE Credit (M) Sdn Bhd ("ACE Credit") has created a unique niche in the Small and Medium Enterprises (SMEs) and has built a stellar reputation as a respected commercial financing company. To date, ACE Credit has successfully transformed into a premier organization in the credit, leasing, and financing sector.

Mr. Choong also provides valuable guidance to ACE Group's property development, joint ventures and investment businesses. On top of his strategic responsibilities, Mr. Choong also manages the functional processes of the ACE Group, which includes risk management, devising functional and effective marketing and sales strategies, drive community relations and advocacy, and oversees financial planning of the ACE Group.

He was successful in leading various transformation programs to reinvigorate the ACE brand as well as operationalized the digitization of the organisation to improve the effectiveness and efficiency of the workforce.

Mr. Choong also led the implementation of critical learning and development measures to ensure the organization remains competent and sustainable. Overall, his unorthodox leadership style allowed the organization to remain resilient and relevant across an ever-changing environment. Mr. Choong is committed to ensuring that the ACE Group continues its motto of providing unparalleled financial solutions ethically and with exceptional customer service.

He does not hold any directorship in any other public company or listed issuer.

Mr. Choong is a member of the Nominating Committee.

## DIRECTORS' PROFILE (CONT'D)

### CHIN KOK SANG

Independent Non-Executive Director  
Age 63, Male, Australian

Mr. Chin Kok Sang was appointed to the Board on 29 January 2021.

Mr. Chin completed his Bachelor of Commerce degree majoring in Accounting, Economics and Commercial Law at the University of Melbourne, Australia in 1979. Professionally, he is a Fellow Member of both Chartered Accountants Australia and New Zealand and Institute of Corporate Directors Malaysia.

Mr. Chin was most recently the Independent Non Executive Chairman of the Board at Sumitomo Mitsui Banking Corporation Malaysia Berhad ("SMBCMY"). He joined the Bank in 2015 as an Independent Non-Executive Director (INED) and was appointed Chairman in 2018 until his retirement in early 2021. During his tenure as an INED at SMBCMY, he served as Chairman of both the Board Audit Committee and the Board Nominations and Remuneration Committee, and as a member of the Board Risk Management Committee. Mr. Chin has over 30 years' experience in the Banking and Finance industry. He spent 14 years with the international banking Group; Societe Generale (listed on the Paris Stock Exchange) at its offices in Melbourne, Australia, Singapore and at the Labuan Offshore Financial Centre, Malaysia.

Since 1998, Mr. Chin has been a business consultant and corporate adviser to both public listed and unlisted companies in Malaysia as a Corporate and Debt Restructuring specialist. He has also held senior management positions and served as an INED in several public listed companies in Malaysia and Singapore. Mr. Chin was the Group Chief Executive Officer of Denko Industrial Corporation Berhad, a company listed on Bursa Malaysia between November 2011 and May 2015.

He does not hold directorship in any other public company or listed issuer.

Mr. Chin is a member of the Audit and Risk Management Committee and the Nominating Committee.

### YEOH HONG HWANG

Independent Non-Executive Director  
Age 63, Male, Malaysian

Mr. Yeoh Hong Hwang was appointed to the Board on 29 January 2021.

Mr. Yeoh is a Chartered Accountant by profession and is a member of the Malaysia Institute of Accountants. He started his training in accountancy with various accounting firms from 1977 to 1988.

He was later employed by TA Securities as General Manager and assisted in the listing of TA Enterprise Bhd.

From 1991 to 2000, he joined the construction industry and held senior management positions in Mudajaya Construction Sdn Bhd and Road Builders Holdings Bhd. He was responsible for areas involving management of Finance, Strategic Planning, Compliance and Corporate Finance. He was instrumental for the privatization of Kuantan Port.

In year 2000, he was appointed as an Executive Director of Econstates Berhad and in 2002, he joined Mithril Berhad as its Chief Executive Officer and Executive Director. He was responsible for the financial and operational management of these listed companies including maintaining consistent investor relations.

Mr. Yeoh is currently acting as an Advisor to an Industrial Building System (IBS) patent owner and provider. He is also an investor and director in a small property development company using the same IBS. He does not hold any directorship in any other public company or listed issuer.

Mr. Yeoh is the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee.

### Notes

1. None of the Directors have any family relationship with any Director and/or major shareholder of the Company.
2. None of the Directors have any conflict of interest with the Company.
3. None of the Directors have been convicted for offences within the past 5 years (other than traffic offences, if any) and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2020.
4. Details of Board meeting attendance of each Director are disclosed in the Corporate Governance Overview Statement in the Annual Report.

# SENIOR MANAGEMENT PROFILE

## **LEONG SEK HOE**

Chief Executive Officer of JF Apex Securities Berhad  
Age 61, Male, Malaysian

Mr. Leong Sek Hoe was appointed as the Executive Director, Operations of JF Apex Securities Berhad, a wholly-owned subsidiary of Apex Equity Holdings Berhad on 7 August 2014. On 6 December 2017 he was re-designated as the Chief Executive Officer of JF Apex Securities Berhad.

Mr. Leong graduated with a Bachelors of Accounting (Honours) from the Universiti Kebangsaan Malaysia in 1983. He is also a member of the Malaysia Association of Certified Public Accountants, now known as Malaysian Institute of Certified Public Accountants (MICPA) and is a member of the Malaysian Institute of Accountants (MIA) as a Chartered Accountant, both since 1988.

Mr. Leong has worked as a Manager with Coopers & Lybrand over a period of 9 years in areas of audit and corporate care, as the Deputy General Manager with Inter-Pacific Securities Sdn Bhd over a period of 5 years and as the Executive Director Operations with Jupiter Securities Sdn Bhd over a period of 7 years. He then joined the EON Bank Group in 2004 when it acquired the stockbroking company, Leong & Co Sdn Bhd (later renamed as EONCAP Securities Sdn Bhd) as the Executive Director, Operations. Mr. Leong was re-designated as Head of Operations after the entity was renamed and merged with the group's Malaysian International Merchant Bankers Berhad to form MIMB Investment Bank Berhad (MIMB IB) in 2006. Upon the acquisition of EON Bank Group by Hong Leong Bank Group, MIMB IB was merged with Hong Leong Investment Bank Berhad, and Mr. Leong was appointed as the Head of Operations in 2013 where he remained for a year.

## **ZAIRUL AZMAN BIN JEMAARI**

Executive Director Dealing of JF Apex Securities Berhad  
Age 51, Male, Malaysian

Encik Zairul Azman bin Jemaari was appointed as the Executive Director Dealing of JF Apex Securities Berhad, a wholly-owned subsidiary of Apex Equity Holdings Berhad on 31 May 2017.

Encik Zairul Azman graduated from the Universiti Kebangsaan Malaysia (UKM) with a degree in Bachelor of Economics (Hons) majoring in Economic Analysis & Public Policy. He has been in the stockbroking industry since 1993 and has 27 years' experience in dealing department especially for institutional clients.

He was a Credit Control Officer cum Registered Dealer's Representative in Jupiter Securities Sdn. Bhd before joining MIDF Investment Bank Berhad as a Registered Dealer's Representative. He subsequently joined JF Apex Securities Berhad as an Assistant Vice President in Dealing in 2009. Encik Zairul Azman was promoted to Executive Director Dealing in May 2017 and a member of the Board of Directors of JF Apex Securities Berhad. He specialises in dealing in securities for institutional clients.



## SENIOR MANAGEMENT PROFILE (CONT'D)

### **KONG MING MING**

**Executive Director Dealing of JF Apex Securities Berhad**  
Age 51, Female, Malaysian

Ms. Kong Ming Ming was appointed as an Executive Director Dealing of JF Apex Securities Berhad, a wholly-owned subsidiary of Apex Equity Holdings Berhad on 27 November 2017. She is also the Head of Dealing (Equity) of JF Apex Securities Berhad since 2010.

Ms. Kong graduated with a Bachelor of Science (Business Administration) Degree from the Colorado State University, U.S.A in 1993. She started her career with JF Apex Securities Berhad holding various positions before being promoted as Senior Vice President Dealing in 2008. Ms. Kong has more than two decades of working experience in the stockbroking industry.

### **TAN CHENG HAN**

**Group Financial Controller of JF Apex Securities Berhad**  
Age 52, Male, Malaysian

Mr. Tan Cheng Han has more than 28 years of working experience in the fields of audit, operations, compliance and group accounts. He holds a professional qualification from the Chartered Institute of Management Accountants and is a member of Malaysian Institute of Accountants.

He joined JF Apex Securities Berhad in December 2004 and prior to this, he was with a financial services group involved in stockbroking, futures broking and asset management.

### **Notes**

1. None of the Senior Management has any family relationship with any Director and/or major shareholder of the Company.
2. None of the Senior Management has any conflict of interest with the Company.
3. None of the Senior Management has been convicted for offences within the past 5 years (other than traffic offences, if any) and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2020.

# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Apex Equity Holdings Berhad, I have the pleasure of presenting to you the Annual Report and the Audited Financial Statements for the financial year ended 31 December 2020 ("FY 2020").

## Review

'Vision 2020' was propagated decades ago as being the visionary year and it did with the COVID-19 pandemic. This unexpected event resulted in a global economic shutdown which coupled with significantly lower interest rate regime adopted by central banks worldwide created ample liquidity in the markets. This resulted in increased participation of retail investors in equity markets both locally and worldwide. Thankfully, the stockbroking industry being categorized as "essential services" was able to operate during the economic shutdown and accomplished noteworthy achievements during the year.

On this note and on behalf of the Board of Directors of Apex Equity Holdings Berhad, I have the pleasure of presenting to you the Annual Report and the Audited Financial Statements for FY 2020.

## Financial Results

For FY 2020, the Apex Group achieved a stronger top line revenue of RM57.2 million (FY 2019: RM34.0 million), soaring 68% year on year (y-o-y). Similarly, the Group's pre-tax profit also surged to RM23.3 million (FY 2019: RM9.5 million), representing an increase of 145%.

In tandem with the higher revenue, the Group recorded a 186% increase in net profit after tax of RM17.2 million (FY 2019: RM6.0 million), a significant increase. Hence, the Group's earnings per share for FY 2020 increased to 8.49sen (FY 2019: 2.97sen).

The commendable results posted for FY 2020 was mainly due to higher brokerage income. This was underpinned by higher volume of securities transactions with higher retail participation in the stock market.

## Outlook

The World Bank in its January 2021 Global Economic Prospects report projected the global economy to expand by 4% in 2021, with the expectation that the initial COVID-19 vaccine rollout would become widespread throughout the year. In March 2021, Bank Negara Malaysia (BNM) expected GDP growth to rebound in 2021 in the range of 6.0% to 7.5%. Also, BNM maintained the overnight policy rate at 1.75% in May 2021 as the global economy continues to recover despite the resurgence of COVID-19.

Based on the above outlook, we envisage the capital market and stockbroking industry to remain challenging and volatile due to external and internal uncertainties. Having said that, we opine that opportunities are still abound under the current backdrop of rising retail investors interest. This, should augur well for standalone stockbroking firms like Apex that are highly dependent on retail participation. Additionally, Bursa Malaysia has introduced initiatives such as enhancing digital touch points, widening access and approach on investor education and fostering investor relation which we believe will further spur retail participation.

## CHAIRMAN'S STATEMENT (CONT'D)

### Path Ahead

The Apex Group had intended to merge its operations with the proposed acquisition of another standalone broker for inter alia better economies of scale, diversified services, increased and sustained profitability for our shareholders. This merger proposal had dragged out for more than two (2) years resulting in the merger partner discontinuing the proposal on 16 April 2021.

That being said, in the immediate term, the Board is committed to improving governance and work culture within the Group with emphasis on compliance, teamwork and instilling strong work ethics. We will also seek to explore ways of managing our operating and administrative costs efficiently. That aside, we will continue to push our innovation and technology agenda to remain relevant in an increasingly disrupted landscape.

### Appreciation

On behalf of the Board of Directors, I would like to express my heartfelt appreciation to the management team and all the remisers and employees of Apex Group for our stellar financial results. It goes without saying that we could not have achieved this without each and everyone of you. For this, once again, we thank you.

I would also like to take this opportunity to thank my fellow directors, our shareholders, customers, Bursa Malaysia, Securities Commission and other stakeholders for their continuous support, co-operation and confidence in the Group.

Chithra Ganesalingam  
Non-Executive Chairman



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Apex Equity Holdings Berhad is committed to ensuring good corporate governance is practiced throughout the Company and its subsidiaries ("the Group") as a fundamental part of discharging its fiduciary responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

The Board is pleased to provide an overview of the Group's corporate governance practices, which summarises the Group's application of the Principles and Recommendations of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") throughout the financial year ended 31 December 2020 ("FY 2020").

This statement is prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) and it is to be read together with the Corporate Governance Report 2020 of the Company ("CG Report") which can be found at [www.apexequity.com.my](http://www.apexequity.com.my). The CG Report provides the details of the Group's application and departures, including alternative practices of the Principles and Recommendations of MCCG 2017.

For the year 2020, the Group has applied all the Practices contained within the MCCG 2017 except for Practice 4.5 (the Board has at least 30% women directors), and Practice 7.2 (disclosure of remuneration of senior management on a named basis). An overview of the departures are detailed below:

- Practice 4.5 - To meet the 30% women director composition target, the Nominating Committee (NC) and the Board are always on the look out to expand the pool of potential women candidates for Board candidacy. The NC reviews and recommends the criteria for appointment of Directors based on the skills, composition and requirements of the Group's growth strategy.

- Practice 7.2 – The Board has chosen to disclose the remuneration of the top five (5) senior management staff in bands instead of on a named basis as the Board considers the information on the remuneration of these employees sensitive and proprietary. The transparency and accountability aspects of corporate governance, applicable to the remuneration of these staff, are deemed appropriately served by the disclosure in bands of RM50,000.00

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

The Board's main roles are to create long-term value for its shareholders and various stakeholders and provide leadership to the Group. The Board is primarily responsible for the Group's overall strategic plans and direction to ensure its sustainability, overseeing the conduct of the businesses, risk management, succession planning, effective investor relations and ensuring the systems and processes of internal controls and management are adequate and effective.

The Board provides overall strategic guidance, effective oversight on the governance and management of the business affairs of the Group.

The principal roles and responsibilities assumed by the Board in discharging its leadership function and fiduciary duties towards meeting the goals and objectives of the Group are as follows:

- Reviewing and adopting a strategic plan which supports long-term value creation and business sustainability;
- Monitoring the conduct of business;
- Reviewing the adequacy and integrity of the management information and internal control systems and identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- Succession planning;
- Ensuring effective communication with stakeholders; and
- Reviewing quarterly financial results and business performance of the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

In discharging its duties, the Board is guided by its Board Charter ("Board Charter") which outlines the duties and responsibilities of the Board, the Board Committees, namely, Audit and Risk Management Committee, Remuneration Committee and Nominating Committee. Matters specifically reserved for the Board and those delegated to Board Committees are clearly defined in the Board Charter.

Each of the Board Committees operates within its respective defined Terms of Reference ("TOR"), which have been approved by the Board. The TOR of the respective Board Committees are periodically reviewed and assessed to ensure that the respective TORs remain relevant and adequate in governing the functions and responsibilities of the Committee concerned and reflect the latest developments in the MMLR and the MCCG 2017.

### A. Audit and Risk Management Committee ("ARMC")

The composition, authority, duties and responsibilities of the ARMC and its activities during FY 2020 are set out in the Audit and Risk Management Committee Report.

### B. Remuneration Committee ("RC")

The RC is constituted entirely of Independent Non-Executive Directors.

The RC reviews and reports to the Board on remuneration and personnel policies, compensation and benefits with the aim of attracting, retaining and motivating individuals of the highest quality. Remuneration is aligned with the business strategy and long-term objectives of the Group and complexity of its activities.

The remuneration of Executive Directors is structured to reflect his experience, performance and scope of responsibilities. The remuneration of Non-Executive Directors is in the form of annual fees which are approved by the shareholders at our Annual General Meeting. Where applicable, the Board also takes into consideration any relevant information from survey data.

In carrying out its duties and responsibilities, the RC has full and unrestricted access to any information pertaining to the Group. During FY 2020, the RC convened 2 meetings to review the performance and remuneration including annual salary and bonus for the operating subsidiary companies of the Group. The RC also reviewed and proposed the remuneration for the Chief Executive Officer and Senior Management of the Group.

Details of the aggregate remuneration of the Non-Executive Directors of the Company during FY 2020 are categorised as follows:

Company	# Director's Fee RM'000	Salaries, bonuses and other benefits RM'000	Defined contribution benefits RM'000	Benefits in-kind RM'000	Total RM'000
Chithra Ganesalingam	120	37	-	-	157
Lee Cheow Fui	120	2	-	-	122
Choong Chee Meng	120	2	-	21	143
Dato' Azizan bin Abd Rahman (Vacated office on 27 April 2020)	141	1	-	-	142
<b>Total</b>	<b>501</b>	<b>42</b>	<b>-</b>	<b>21</b>	<b>564</b>

# Includes the one-off Special Directors' fees for FY 2020 amounted to RM 280,000.00 approved at the Adjourned 30th Annual General Meeting held on 2 September 2020.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Board has chosen to disclose the remuneration of the top 5 Senior Management staff in bands instead of on a named basis as the Board considers the information on the remuneration of these employees sensitive and proprietary. The transparency and accountability aspects of corporate governance, applicable to the remuneration of these staff, are deemed appropriately served by the above disclosures.

The remuneration of the Senior Management (including salary, bonus, defined contribution benefit, benefit-in kind and other remuneration) in each band of RM50,000 during FY 2020 are as follows:-

Range of Remuneration	Number of Senior Management Staff
150,001 – 200,000	2
200,001 – 250,000	2
450,001 – 500,000	1

### C. Nominating Committee ("NC")

The NC is constituted entirely of Non-Executive Directors, with a majority of Independent Directors.

The NC is responsible for the review of all proposed candidates for directorships and senior management positions in the Company and its subsidiary companies based on selection criteria discussed with the Board and if suitable, recommends to the Board for its final decision. The NC is guided by its Terms of Reference ("TOR"), details of which are listed on the Company's website at [www.apexequity.com.my](http://www.apexequity.com.my). The selection and review consideration are as follows:

- Required mix of skills, experience, independence and diversity, including gender, where appropriate;
- Character, knowledge, expertise and experience;
- Professionalism, integrity, competence and time commitment; and
- The Independent Directors' abilities to discharge such responsibilities/functions as expected from the Independent Directors.

The NC evaluates the Board and Board Committees' effectiveness in discharging their functions and duties in accordance with their TOR. The NC conducts annual reviews to ensure that the Board has the appropriate mix of expertise and experience.

The NC carries out its duties as delegated by the Board.

The following key activities are normally carried out by the NC:

- Nominate for re-election, the Directors retiring at the Annual General Meeting ("AGM") and recommend to the Board that a resolution for their re-election be tabled at the forthcoming AGM.
- Review and assess the required mix of skills and experience of the individual Directors and members of the Board Committees;
- Review and assess the effectiveness of the Board as a whole, the Board Committees, the contribution of each individual Director, including Independent Non-Executive Directors.

Following the vacation of office of one of its members on 2 May 2019, the composition of the NC fell below the required minimum number of three (3) members stated in its TOR and was not constituted. Hence, the role and responsibilities of the NC were carried out by the Board during the period from 2 May 2019 until 25 February 2021.

There were no NC meetings held in FY 2020. On 25 February 2021, the NC was reconstituted following the appointment of Mr. Chin Kok Sang as an Independent Non-Executive Director of the Company and member of the NC, and the appointment of Mr. Choong Chee Meng as a new member in replacement of Mr. Lee Cheow Fui.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Based on the annual assessment carried out by the Board in FY 2020, the Board is generally satisfied that the Directors have been effective in their overall discharge of functions and duties and their ability to act in the best interest of the Group. The composition of the Board and the Board Committees' was inadequate in number although there is a right mix of skills and knowledge. Their respective responsibilities were well defined and set out in the Board Charter.

The MMLR requires that the ARMC must be composed of not fewer than 3 members. The Board noted that this requirement was not met for FY 2020 and its rectification is explained in the ARMC Report.

### Roles and Responsibilities of the Chairman and Chief Executive

Dato' Azizan bin Abd Rahman was the Acting Chairman of the Board until his vacation of office on 27 April 2020 pursuant to a provision in the Articles of Association of the Company. Thereafter, the Chair of the Board was determined by an election by the remaining Directors in a Board meeting.

The Chairman holds a non-executive position and is primarily responsible for matters pertaining to the Board and overall conduct of the Board. The Company currently does not have an Executive Director on the Board.

The roles and responsibilities of the Chairman and Chief Executive are clearly separated. The Chairman holds a non-executive position and is primarily responsible for matters pertaining to the Board and overall conduct of the Board. The Chief Executive Officer ("CEO") is at its principal subsidiary level at JF Apex Securities Berhad ("JF Apex"). The CEO is responsible for the formulation of corporate goals and objectives and the implementation of strategies to achieve them. The discharge of the CEO's responsibilities is under the oversight of the Board.

Specific duties of the Chairman and the Chief Executive are available in the Board Charter.

### Role of the Company Secretaries

The Board is supported by the Company Secretaries who provide advisory services, particularly on applicable governance best practices, corporate administration and Board processes to facilitate overall compliance with the MMLR, Companies Act 2016 and applicable laws and regulations. The Company Secretaries also prepare the minutes of meetings in a timely manner and informs management of the action items.

### Access to Information and Advice

Prior to the Board meetings, every Director is given an agenda and a comprehensive set of Board papers consisting of reports on the Group's financial performance, the quarterly or annual financial results, minutes of preceding meetings of the Board and/or Board Committees, and relevant proposal papers (if any) to allow them sufficient time to review, consider and deliberate knowledgeably on the matters to be tabled.

Senior management staff as well as advisers and professionals appointed on corporate proposals undertaken by the Group are invited to attend the meetings to furnish the Board with their views and explanations on relevant agenda items tabled to the Board and to provide clarification on issues that may be raised by any Director.

In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all the relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board are tabled for notation at the subsequent Board meeting.

The Board also perused the recommendations deliberated by the Board Committees through the minutes of these Committees and through the briefing by the Chairman of the respective Committees. The Chairmen of the Board Committees is responsible for informing the Board at the Board meetings of any salient matters noted by the Board Committees and which may require the Board's direction or decision.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Board members have access to the advice and services of the Company Secretaries and Senior Management for the purpose of the Board's affairs and the business. The Board, whether as a full Board or in their individual capacity, in the furtherance of their duties and responsibilities, may seek independent professional advice at the Company's expense.

## Board Charter

The Board Charter sets out the composition and balance, roles and responsibilities and processes of the Board and to ensure that all Board members acting on behalf of the Group are aware of their duties and responsibilities as Board members.

The Board Charter is reviewed by the Board, as and when required, to ensure its relevance in assisting the Board to discharge its duties with the changes in the corporate laws and regulations that may arise from time to time and to remain consistent with the Board's objectives and responsibilities.

The Board Charter is published on the Company's website at [www.apexequity.com.my](http://www.apexequity.com.my)

## Code of Conduct

The Group's Code of Conduct ("the Code") governs the standards of conduct and behaviour expected from the Directors and the employees in all aspects of the Group's operations. To ensure its compliance with the Code, the Board and the Senior Management will ensure all levels of officers and employees are properly communicated and informed through emails and notice board. The Board will periodically review and reassess the adequacy of the Code. The Code is published on the Company's website at [www.apexequity.com.my](http://www.apexequity.com.my)

## Whistleblowing Policy

The Board has implemented a Whistleblowing Policy to enable employees and members of the public to raise any alleged improper conduct committed or about to be committed within the Group. The Whistleblowing Policy sets out the procedures for dealing with any complaints lodged by whistleblowers.

All complaints of alleged misconduct received on an independent and confidential basis will be investigated and the necessary actions taken to protect the interests of the Group and stakeholders.

## Board Composition and Independence

For the period from 28 April 2020 until 28 January 2021, the Board had only 3 members, comprising 1 Non-Independent Non-Executive Director and 2 Independent Non-Executive Directors. On 29 January 2021, the Board appointed 2 additional Independent Non-Executive Directors. The current composition of the Board is in compliance with Paragraph 15.02 of the MMLR.

The Independent Non-Executive Directors and the Non-Independent Non-Executive Director do not participate in the day-to-day management as well as the daily business of the Group except acting as an oversight. In staying clear of any potential conflict of interest situation, the Independent Directors remain in a position to fulfill their responsibility to provide a check and balance to the Board. They provide independent and objective views, advice and judgment which take into account the interests of the Group as well as shareholders, investors and other stakeholders.

## Tenure of Independent Directors

The Company has implemented a cumulative 9-year term limit for Independent Directors. The Board has adopted Practice 4.2 of the MCCG 2017 to seek shareholders' approval in the event the Board desires to retain as an Independent Director, a person who has served in that capacity for 9 years or more. If the Board continues to retain the Independent Director after the 12th year, the Board must seek shareholders' approval annually through a 2-tier voting process. Moving forward, the Board will adopt the practices in MCCG 2021.

Mr. Lee Cheow Fui ("Mr. Lee") was appointed as an Independent Non-Executive Director of the Company on 8 October 2012 and his tenure as an Independent Director will reach 9 years on 7 October 2021. Since the forthcoming 31st Annual General Meeting ("AGM") will be held on 28 June 2021, the Company will be seeking shareholders' approval for Mr. Lee to continue to act as an Independent Non-Executive Director from 8 October 2021 to 7 October 2022 prior to his completion of 9 years.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## Appointments and Re-elections to the Board

Candidates for appointment to the Board as Independent Directors are selected after taking into consideration the mix of skills, experience and strength that would be relevant for the effective discharge of the Board's responsibilities. Potential candidates are first evaluated by the NC and, if recommended by the NC, subsequently, by the Board based on their respective profiles as well as their character, integrity, professionalism, independence and their ability to commit sufficient time and energy to the Company's matters. Prior to consideration by the Board, the candidate is also required to declare his state of financial condition and furnish details of any subsisting legal proceedings in which he is a party.

Article 102 of the Company's Articles of Association provides that 1/3 of the Directors for the time being or if their number is not 3 or a multiple of 3, then the number nearest to 1/3, shall retire from office by rotation at an AGM of the Company. Article 109 of the Company's Articles of Association further provides that any newly appointed director shall hold office only until the next following AGM of the Company and shall be eligible for re-election but shall not be taken into account in determining the retirement of directors by rotation at such meeting.

The Board has reviewed the suitability of the following Directors (retiring Director) due for re-election at the forthcoming 31st AGM:

i	Choong Chee Meng	retiring pursuant to Article 102
ii	Chin Kok Sang Yeoh Hong Hwang	retiring pursuant to Article 109

## Gender Diversity Policy

The Board acknowledges the recommendations of the MCCG 2017 and MCCG 2021 on the establishment of a gender diversity policy. The Board is always open to implement a gender diversity policy or target, as the Board adheres to the practice of non-discrimination of any form, whether based on age, race, religion or gender, throughout the Group. This includes the selection of Board members. The Board believes in, and provides equal opportunity to candidates with merit.

The Board is of the view that the suitability of potential candidate for the Board is dependent on the candidate's competency, skills, experience, expertise, character, time commitment, integrity and other qualities in meeting the needs of the Company, regardless of gender. There is currently one female Director on the Board.

## Annual Assessment

The NC annually reviews the size and composition of the Board and the Board Committees in order to ensure that the Board and Board Committees have the requisite competencies and capacity to effectively oversee the overall business and carry out their respective responsibilities. The NC uses the Board and Board Committee Evaluation Form comprising questionnaires for the assessment. The effectiveness of the Board is assessed in the areas of the Board's responsibilities and composition, administration and conduct of meetings, communication and interaction with Management and stakeholders and Board engagement.

The annual evaluations of the individual Director/Board Committee member are performed by the NC via the Directors' Evaluation Form comprising questionnaires pertaining to the Director's knowledge and skills, participation, contribution and performance, caliber and personality.

To assess the independence of the Independent Directors, each of the Independent Directors annually provides the NC with their Self-Assessment Independence Checklist.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## Meetings and Time Commitment

The Board meets at least four (4) times a year at quarterly intervals with additional meetings convened where necessary. During FY 2020, there were four (4) Board meetings held to deliberate on matters such as the Group's financial results, strategic decisions, business plan, and strategic direction of the Group among others. Board meetings for each year are scheduled in advance before the end of the preceding year in order for Directors to plan their schedules. Based on the attendance by Directors who held office during FY 2020, the Board is satisfied with the level of time commitment of the Directors towards fulfilling their roles and responsibilities as Directors. The record of attendance of the Directors at Board meetings and various Committees' meetings for FY 2020 is disclosed in the table below:-

Directors	Board	ARMC	NC	RC
Chithra Ganesalingam	4/4	1/1	N/A	2/2
Choong Chee Meng	4/4	N/A	N/A	2/2
Lee Cheow Fui	4/4	1/1	N/A	2/2
Dato' Azizan bin Abd Rahman (vacated office on 27 April 2020)	1/1	1/1	N/A	N/A

All the Directors do not hold directorships more than that prescribed under the MMLR.

In FY 2020, all the Directors attended more than the minimum of 50% of Board meetings held as stipulated under paragraph 15.05 of the MMLR. Additionally, in between meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

## Directors' Training

The Directors also made time to attend external training programmes to equip themselves with the knowledge to discharge their duties more effectively and to keep abreast of developments on a continuous basis in compliance with Paragraph 15.08 of the MMLR. Details of training programmes and seminars attended by each Director who held office during FY 2020 are as follows:

Name	Date	Programme
Chithra Ganesalingam	10 December 2020	On-Board : The Insider's Guide to Surviving Life in the Boardroom
Choong Chee Meng	6 April 2020	FCD Module E : Preparing the Board for Digital Disruption
Lee Cheow Fui	20 April 2020	Section 17A of the Malaysian Anti-Corruption Commission Act 2009 by Messrs. Rahmat Lim & Partners (Webinar)
	28 April 2020	Global COVID-19 containment efforts and economic recovery in China (Webinar)
Dato' Azizan bin Abd Rahman (Vacated office on 27 April 2020)	-	-



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Suitability and Independence of External Auditors

The external auditors report to the ARMC in respect of their audit on each year's statutory financial statements on matters that require the attention of the ARMC. At least once a year, the ARMC will meet with the external auditors without the presence of the Management.

The external auditors declared their independence annually to the ARMC as specified by the By-Laws issued by the Malaysian Institute of Accountants, in their annual audit plan presented to the ARMC.

The ARMC annually assesses the audit quality, suitability, objectivity, effectiveness and independence of the external auditors. The ARMC also ensures that any provision of non-audit services by the external auditors are not in conflict with their role as auditors.

At a meeting held on 29 April 2021, the ARMC assessed the performance, competency, independence, technical capabilities and resource sufficiency of the external auditors. Based on the assessment, the ARMC was satisfied with the independence and performance of the external auditors and recommended to the Board to put forth a proposal for the re-appointment of the external auditors at the forthcoming 31st AGM of the Company.

### Risk Management and Internal Control Framework

The Board of JF Apex has put in place a Group Risk Management Committee (GRMC) at JF Apex level, comprising representatives from the Heads of Group/Department and the Credit Risk Management Department to evaluate, monitor and manage the risks that may impede the fulfilment of our business objectives.

The GRMC has been tasked to identify and communicate the existing and potential critical risk areas and the management action plans to mitigate such risks by working with the internal auditors in providing periodic reports and updates to the ARMC.

Minutes of GRMC meetings are confirmed at GRMC meetings and subsequently presented to the ARMC at every ARMC meetings for notation.

The ARMC and GRMC will continue to pursue its objective of identifying and managing risks associated with the operations of the Group and take the necessary measures to strengthen its internal control to enable fulfilment of the Group's business objectives.

### Internal Audit Function

The Internal Auditor performs her functions with impartiality, proficiency and due professional care. She undertakes regular monitoring of the Group's key controls and procedures, which is an integral part of the Group's system of internal control.

Internal Audit Reports are presented to the ARMC for review and deliberation at every ARMC meetings. The ARMC will be briefed on the progress made in respect to each recommendation, and of each corrective measure taken based on the audit findings. The Internal Auditor reports directly to the ARMC to ensure independency.

Further details are set out in the Statement on Risk Management and Internal Control in this Annual Report.

The function of the Internal Auditor and work carried out to discharge her duties and responsibilities during FY 2020 are set out in the ARMC report in this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### Compliance with Applicable Financial Reporting Standards

The Board is assisted by the ARMC to oversee the Group's financial reporting processes and the quality of its financial reporting and to ensure that the financial statements of the Group and the Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual audited financial statements.

A statement by the Board of its responsibilities in respect of the preparation of the annual audited financial statements is set out on page 49 of this Annual Report.

### Investors Relations and Shareholders Communication

The Company recognises the importance of effective and timely communication with shareholders, investors and other stakeholders to keep them informed of the Group's latest financial performance and material business/corporate matters affecting the Group. Such information is available to shareholders and investors through the Annual Reports, the various disclosures and announcements made to Bursa Malaysia Securities Berhad and the Company's corporate website.

The AGM provides the principal platform for dialogue and interactions with the shareholders. At every AGM, the Chairman of the AGM sets out the performance of the Group for the financial year then ended. Question and Answer session will then be convened wherein the Directors, Company Secretaries and the External Auditors will be available to answer the questions raised by the shareholders. Voting at AGMs are conducted by poll as poll voting reflects shareholders' views more accurately and fairly as every vote is properly counted in accordance with the one share, one vote principle.

Due to the Movement Control Order, the 30th AGM was adjourned to 2 September 2020 as physical meetings were disallowed during that period of time, and the existing Articles of Association of the Company ("AA") did not expressly provide for virtual meetings. The notice of the adjourned 30th AGM was sent to shareholders via hardcopies as there was also no provision in the AA for dissemination of notices via electronic means. Unless the Company is able to secure 75% shareholders' approval to adopt a new constitution, the Company will not be able to hold virtual general meetings and disseminate notices of general meetings electronically.

The Company will continue to explore the deployment of technology to enhance the quality of engagement with shareholders and further facilitate greater participation by shareholders at general meetings of the Company.

Shareholders and the public can also access information on the Group's background, products and financial performance through the Company's website [www.apexequity.com.my](http://www.apexequity.com.my)

Both this Corporate Governance Overview Statement and the CG Report were approved by the Board on 20 May 2021.



# SUSTAINABILITY STATEMENT

## ABOUT THIS STATEMENT

At Apex, we are committed to our endeavour as a financial services provider, business partner, employer, community member and a value creator for our shareholders. For years, we have emerged as a niche broker group tapping on the unique diversity of our people, market skills and expertise to support commerce across and within our markets. We provide a reliable channel for our clients to invest in the Malaysian and other capital markets. As part of our sustainability journey, we will continue to engage our stakeholders to ensure we evolve to sustain in the long run and achieving our goals as well as enhancing the well-being of our stakeholders.

Our Sustainability Statement focuses on Apex Equity Holdings Berhad's ("Apex") group's sustainability practices in which we focus on the economic, environmental, and social impacts of our activities and initiatives in accordance with the Global Reporting Initiative ("GRI") Standards, prioritizing our focus on reviewing our material issues and mapping out our route forward to embed sustainability throughout our business operations.

Apex Group is committed to building a niche business model that suits its strength and capability competing in the marketplace. Apex's sustainability strategy aims to deliver lasting value for the shareholders, stakeholders, and employees.

Our sustainability practices and preparation of this statement are guided by the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") Sustainability Reporting Guide issued by the Exchange and guidelines issued by the GRI.

## REPORTING STANDARDS

Our reporting approach is based on the framework and guidance provided by GRI in accordance with the "core" option of the GRI Standards, adhering to the GRI Principles for defining report contents as follows:

- **Stakeholder Inclusiveness** – Being responsive to stakeholder expectations and interest
- **Sustainability Context** – presenting performance in the wider sustainability context
- **Materiality** – focusing on issues where we can have the greatest impact and that are most important to our business stakeholders
- **Completeness** – including all information that is of significant economic, environmental and social impact to enable stakeholders to assess the Company's performance.

## REPORTING SCOPE AND BOUNDARIES

Apex's Sustainability Statement 2020 has been prepared in accordance with the GRI Standards. This covers the reporting period from 1 January 2020 to 31 December 2020. Our focus for this year is relating to reviewing our sustainability approaches that covers economic, environmental and social. The content of this statement is based on the material topics that we have identified. Our scope and boundaries cover all our entities and operations in Malaysia.

## ABOUT APEX

### Vision

To be a niche broker that provides excellent personalised services, focusing on delivering solutions to your investment needs.

### Mission

To be a prominent, efficient, and strong group with diversified investment products that cater for the needs of retail, corporate, and institutional clients by promoting excellence in customer service and providing leadership qualities to enhance staff development, which in turn create a dynamic and professional management team to manage a profitable business and fulfil our social and corporate responsibility.

# SUSTAINABILITY STATEMENT (CONT'D)

## Our Values

Apex's Code of Conduct & Ethics for Directors and employees govern the standards of conduct and behaviour expected. Apex's Board commits itself and its Directors to ethical, business like and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. In recent years, we have taken a gradual approach in integrating sustainability into our business towards a robust and more resilient group by focusing on the following:

<b>Business &amp; Entrepreneur Development</b> To focus on Mission & Vision and promote entrepreneurship	<b>Customer Centric &amp; Service Quality</b> To consistently offer services of highest quality
<b>Product Development and Innovation</b> To enhance existing operations, innovate and target for new opportunities	<b>Technological Innovation &amp; Advancement</b> To embrace innovation to increase efficiency and to inspire
<b>Integrity</b> To conduct business with ethics, respect and honour.	<b>Social Responsibility &amp; Human Development</b> To care and create value for the society

## WHO WE ARE

Apex was incorporated on 21 November 1990 and is principally engaged in the business of investment holding. Apex Group's main businesses are carried out via three subsidiaries namely JF Apex Securities Berhad, Apex Development Sdn Bhd and Apex Equity Capital Sdn Bhd.

## WHAT WE DO

There are three (3) core businesses in Apex Group which comprise the following:

- Stockbroking & Derivatives Broking
- Property Investment
- Money lending

### Location of Headquarters & Registered Office

Level 6, Menara Apex, Off Jalan Semenyih, Bukit Mewah  
43000 Kajang Selangor Darul Ehsan, Malaysia.

## REVIEW OF OPERATIONS

The Group's detailed review of operations is elaborated in the Management Discussion and Analysis section of this Annual report.

## OUR APPROACH TO DRIVING SUSTAINABILITY

Our approach to sustainability is based on our core values of excellence, united we achieve, integrity, humility and building relationship, supported by policies and procedures at Group level. We consistently embed sustainability into the core of our business. The following value-added sustainability framework forms the basis of Apex's steps to strengthen our approach to sustainability.

## SUSTAINABILITY STRATEGY

- To assess long term sustainability of Apex Group, through direct board oversight and delegation to Sustainability Committee which will assess major business and operating strategies, including the environmental and social issues.
- To conduct regular analysis on sustainability challenges affecting key Apex stakeholders including employees, investors, suppliers and customers.
- To conduct systematic performance review and identify areas for improvements.
- To provide quality services to all of Apex's clients as they are the most valuable stakeholder.

# SUSTAINABILITY STATEMENT (CONT'D)

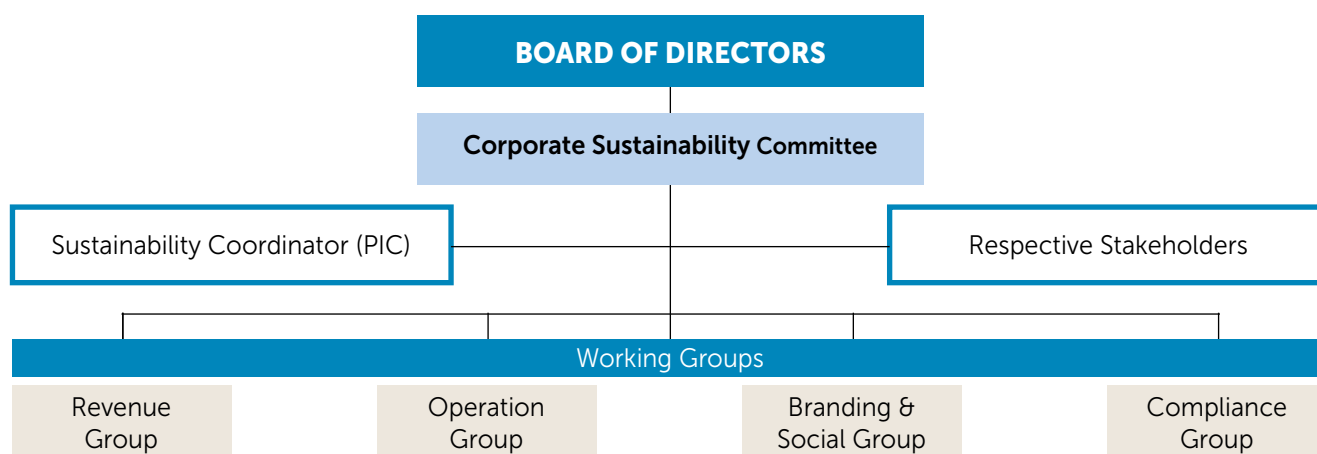
## GOVERNANCE OF THE SUSTAINABILITY

Being a Public Listed Company, Apex complies with the high standards of corporate governance practices and being closely monitored under the leadership of our Board of Directors, as guided by the Malaysian Code on Corporate Governance 2017.

In line with sustainability, we ensure that the sustainability efforts are embedded in the strategic direction of the Apex Group by involving all the pertinent Heads of Group Departments. The Corporate Sustainability Committee ("CSC") was established and led by the Chief Executive Officer ("CEO") of the principal subsidiary. The CSC is established to oversee the formulation, implementation and effective management of our sustainability matters in line with the strategies. The structure also encourages to continuously improve the sustainability initiatives in the Group.

The CSC is supported by various working groups responsible for implementing the initiatives within the organisation. The CEO provides the Board on regular updates relating to all key economic, environmental and social risks and opportunities concerning sustainability matters.

## ORGANISATION STRUCTURE FOR SUSTAINABILITY



### Roles and Responsibilities of The Corporate Sustainability Committee

- To deliberate issues related to Apex Group which involved Head of Group Departments.
- To assist on the sustainability reporting enhancement and to support comprehensive sustainability efforts.
- To enhance the materiality factors, metrics and targets to measure issues that are material to the business and move towards bench-marking the progress against international standards of sustainability reporting.
- To strengthen the approaches on the sustainability in terms of strategy, governance, materiality, economic, environmental and social.

### Roles and Responsibilities of the Working Groups

- To plan, coordinate, advise and implement sustainability initiatives.
- To recommend milestone and timeline, deliverables and outcome of initiatives to the CSC.
- Monitor and track Departmental or Business Units initiatives aligning to sustainability.
- To assemble input from the relevant departments and functions of the overall operational management of the sustainability matters.
- Involved in the identification of material matters and material assessment process.

## OUR MATERIALITY ASSESSMENT PROCESS

Despite the challenging operating environment, Apex continues to practice prudence and stay focused on delivering quality growth, while being watchful of emerging risks.

The process of identifying our materiality matters is as below:



### 1. Objectives & Scope

Apex undertook a materiality study within the top and middle management to determine the objectives and scope of the sustainability reporting covering all our subsidiaries and operations.

### 2. Identification of Relevant Sustainability Matters

The process initiated with sustainability issues relevant to Apex and its stakeholders. In generating the list, the Group assesses the operating environment and emerging trends affecting our sector. We then engaged with the internal stakeholders, the Functional Heads to derive the sustainability matters. The references include Bursa Malaysia's Sustainability Reporting Guide and Toolkits, and international standards such as the Global Reporting Initiative Standards.

We review material factors and sustainability matters in order to ensure that our understanding of both the current and future risks and opportunities facing our markets is adequately addressed, as well as to gather stakeholder perspectives and ensure we are responding to their needs. As we update our material factors, we will continue to address them in a holistic and integrated manner, which may involve developing new policies and procedures, implementing various initiatives, measures and action plans, setting indicators as well as to establish a proper mechanism to capture, analyse and report sustainability data and information.

## OUR MATERIAL FACTORS

The materiality process involved several steps including:

- Identification of potential material topics by reviewing GRI aspects, benchmarking against key corporate peers and analyzing past reports, which reflects the feedback from customers, community representatives and employees generally.
- Inventory of aspects and topics most important to external stakeholders, customers and their supply chain vendors, based upon requests, surveys and ongoing engagement during the reporting period.

The prioritisation of the material issues are listed in the table below:

### Key Materiality

Material Factors	Description	What Are The Risk	What Are The Opportunities
Competition	Apex is exposed to competition within the industry.	Lesser chance to secure business will impact the Company's business and performance	<ul style="list-style-type: none"> <li>• Niche market products could be offered.</li> <li>• Regional partnerships.</li> <li>• Improved Technology based platform.</li> </ul>

## SUSTAINABILITY STATEMENT (CONT'D)

Market Stability	An effective and balanced regulatory framework for client's protection while facilitating business efficiency and innovation.	Any breach in regulation, lack of effective corporate governance (CG) that undermines integrity or stability will influence stakeholder confidence	<ul style="list-style-type: none"> <li>Having a robust approach to engender trust and confidence, which encourages participation and growth</li> <li>Fostering a strong CG and sustainability culture</li> </ul>
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The prioritisation of the material factors was based on the gradation of our operating environment. The Group has taken the necessary measurements and actions to manage the sustainable materiality in order to be in line with its corporate strategy.

### Material Factors - Significance

No	Factors	Why Material	Managing Materiality
1.	Market Conditions and Apex's position	Market condition affects all businesses in every industry. Knowing of Apex's position will enable right business decision.	Conducting assessment of Apex's strength and weaknesses will enable Apex to grasp opportunities and avoid threats.
2.	Liberalisation of The Regulatory Framework	Direct impact on the revenue and business.	To be abreast with the regulatory changes allow Apex to focus on the its ability to compete and sustain in its businesses.
3.	Optimization/ Resources	To help the operations/ business processes become efficient and effective.	Taking the necessary measures to ensure that all our resources are being optimised through Information Technology automation / integration as well as sufficient human resource via talent retention.
4.	Compliance	Compliance with laws and regulations is one of our main requirements.	Ensure sufficient staff force and adequate training to the staff to meet compliance obligations.
5.	Cyber Security	Cyber threats and data breach could devastate the entire operations and business.	To protect against cyber-attacks and to continuously enhance our cyber security measures.
6.	Service Quality	It is part of our core business value to satisfy all of our customers. Ability to satisfy the customer means ability to retain and sustain the business.	By obtaining prompt stakeholder feedback to gauge our service quality and customer satisfaction level.
7.	Corporate Governance/ Regulatory Compliance	To ensure that the company adhere to policy and procedures, rules and regulations. Non compliance will result in breach.	Governance is conducted according to various regulations and sub committees. The board oversees the governance based on the engagement with internal audit, compliance and risk committee.
8.	Integrity/ Anti-Corruption	Corruption and non-integrity will tarnish corporate images and disrupt the business activities.	To inculcate integrity corporate culture through training and educate staff of the value of integrity and the adverse consequences of corruption.

### 3. Our Stakeholders Engagement

Our interaction involves a large number of different stakeholder groups and this kind of engagement is important to ensure we can identify, prioritize and address material matters and be adopted in our business strategies. All issues raised by stakeholders are brought to the attention of the Management Committee or Management Meetings by the respective business and functional units. On-going engagements where applicable are carried out on a regular basis as they are integral to our business development, relationships with stakeholders and commitment to sustainability.

## SUSTAINABILITY STATEMENT (CONT'D)

Our key stakeholders are outlined on the below table, along with the forms of engagement and key topics of interest that we seek to address.

Stake Holder Group	Engagement Approach	Engagement Focus & Objectives
Customers	<ul style="list-style-type: none"> <li>Customer service and contact centre</li> <li>Online trading platform</li> <li>Market talk campaigns</li> <li>Research articles</li> <li>Apex E-game</li> <li>Tenants liaison</li> </ul>	<ul style="list-style-type: none"> <li>Customers' accounts matters</li> <li>Customers needs and satisfaction</li> <li>Buyers and tenants feedback</li> <li>Customer complaints management</li> <li>Promote E-game &amp; Trading Stimulation</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Employees appraisal</li> <li>Other employee engagement (such as annual dinner, festive celebrations and sports club)</li> <li>Career development</li> <li>AMLA and Anti-Corruption training</li> <li>Talent management</li> </ul>	<ul style="list-style-type: none"> <li>Assess employees' ability</li> <li>Provide work life balance</li> <li>Performance evaluation and reward</li> <li>Career progression, employee development needs</li> <li>Adhere to code of ethics and rules</li> </ul>
Business Partners	<ul style="list-style-type: none"> <li>Supplier evaluations and selection</li> <li>Product features</li> <li>Contracts &amp; Agreements on Anti Corruptions &amp; Bribery Practice</li> <li>Remisiers/Futures Broker Representative (FBR) engagement</li> </ul>	<ul style="list-style-type: none"> <li>Supplier assessment review</li> <li>Integrity pledge</li> <li>To understand remisier/FBR's needs</li> <li>Integrity assessment</li> <li>Procurement process and practices</li> </ul>
Regulators and Government Authorities	<ul style="list-style-type: none"> <li>Participation in regulators &amp; government events</li> <li>Liaison with government/ regulatory bodies for application/ document submission</li> <li>Compliance with rules and regulations of Bursa &amp; SC, and other governmental regulatory bodies</li> </ul>	<ul style="list-style-type: none"> <li>Continuous relationship and get latest regulatory updates</li> <li>Rules and regulations compliance</li> <li>Non-compliance engagement</li> </ul>
Community	<ul style="list-style-type: none"> <li>Corporate Social Responsibilities (CSR) programmes</li> <li>Sponsorship and donation</li> <li>Road show on products</li> <li>Apex Sport Club events</li> <li>Long Service Awards</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement and support</li> <li>CSR contribution (e.g Donation)</li> </ul>
Media	<ul style="list-style-type: none"> <li>Media interviews</li> <li>Advertising</li> <li>Press releases and conferences</li> <li>Analysts comment and reports quoted by the media</li> </ul>	<ul style="list-style-type: none"> <li>Research report on media on coverage of stocks</li> <li>Notification of relevant General Meetings</li> </ul>
Economic Shareholders & Investment Community	<ul style="list-style-type: none"> <li>Apex General Meetings</li> <li>Analyst briefing and market talks</li> <li>Financial result announcement</li> </ul>	<ul style="list-style-type: none"> <li>Bursa announcements</li> <li>Apex website</li> <li>Apex E-Trade</li> </ul>

#### 4. Prioritization of Material Sustainability Matters

Apex has undertaken a stakeholder prioritization and engagement process to engage with its stakeholders. These include on-going efforts to engage with stakeholders in the usual course of business through the day-to-day operations, as well as specific engagements carried out to seek stakeholders' feedback. The outcome of these engagements was considered in the course of the Group's materiality assessment.



## SUSTAINABILITY STATEMENT (CONT'D)

As part of the process in conducting the materiality assessment of sustainability matters, the Group has conducted the specific engagement process as follows:

- To determine the key stakeholders with whom the Group should engage, the Group carried out assessments to identify key stakeholders based on each stakeholder's influence and dependence on the Group.
- The Group conducted discussions to gather inputs to gauge stakeholders' concerns pertaining to the list of sustainability matters identified.
- Apex also took into account feedbacks from clients and dealer's representatives, gathered through various channels during the course of conducting its business operation.

### 5. Process Review

The management constantly reviews and improves the processes and outcome of the process including managing its material sustainability matters in its business operations.

## ECONOMIC

Economic scenario remains as our core element based on the market conditions and global influence especially in the wake of the Covid-19 Pandemic and US-China trade war. Apex Group has taken greater efforts to identify the critical risk areas which influence the strategy of its businesses. Our commitment to business is focus on strong corporate governance and prudent management in view of challenging internal and external environment.

Some of our key policies and terms of references that guide our operations are published in our company website namely :

- Terms of References of the Board Committees
- Code of Conduct & Ethics
- Whistleblowing Policy
- Corporate Governance Overview & Statement
- Anti-Corruption & Bribery Policies and Procedures
- Privacy & Confidentiality Statement

Our other Governing Policies and Procedures adopted by Apex Group are as below :

- Sustainability Policy
- Group Risk Management Policy & Procedures
- Human Resources & Administration Policy
- Personal Data Protection Policies & Procedures
- Remuneration Policies & Procedures
- Related Party Transaction

## ENVIRONMENTAL

Apex's nature of operation does not have significant impact on the environment, however we consider the direct and indirect impacts of our business on the environment and manage our ecological footprint as we grow. As a responsible company, we operate with strong respect for our environment and enforced several operational measures to ensure that we operate in an environmental amicable manner.

Apex encourages all its employees to conserve electricity and we also promote eco-friendly practices in the workplace such as installed energy saving light bulbs in our office, promote e-statements, e-contract note, paperless environment and recycling papers in the work place to reduce the use of paper for communication purposes both internally and externally.

## WATER MANAGEMENT & CONSUMPTION

We promote the water saving practices among employees and adopting water-efficient practices and equipment wherever possible. The water consumed at our office is obtained from the municipal water supply. We have taken small steps to control the water usage to be in line with the sustainability efforts, namely:

- Slow the flow. Adjusting water pressure/outflow for toilets, wash basins, pantry, throughout our office building.
- Seek the Leak. Conducting checks and fixing leaks immediately, where possible.

## SUSTAINABILITY STATEMENT (CONT'D)

The water usage below consumed in the Head Office.

Environment	2018 RM	2019 RM	2020 RM
Total Water Consumption	28,902.65	14,735.90	11,255.10

The increase in the water consumption in 2018 was due to major underground leakage near the main porch of the building. It was repaired amicably. We also performed maintenance works on cleaning the external building and carpet cleaning to set up a meeting room in the building during the year.

### ELECTRICITY MANAGEMENT & CONSUMPTION

We understand that the energy management is essential for combating climate change and for lowering an organization's overall environmental footprint. Our electricity supply is from the local supply and we aim to minimize the energy usage in our head office by implementing the following efforts:

- A lighting schedule across key areas in our office to switch off lights during certain hours of least use.
- Maintenance and replacement of electrical equipment and light fittings to maximize energy efficiency
- Educate the staff to switch off the lighting, water dispenser, air conditioning, or other electrical appliances in office and pantry when they are not required.

The electricity consumption in the Head Office is as below :

Environment	2018 RM	2019 RM	2020 RM
Total Electricity Consumption	622,445.60	639,662.49	586,141.49

### WASTE MANAGEMENT

Apex acknowledges that the environmental impact of paper usage is significant. The Group's approach to waste management is to avoid unnecessary plastics and paper consumption and waste generation, where possible and appropriate, in order to reduce the wastage. Apex has always looked at ways including the following paper management:

- Avoiding printing and photocopying and emphasising on paperless via electronic mode. In addition to this, practise of double sided printing or reducing the size to have the best economical usage of papers.

- Reusing – by printing on the other side of the printed papers
- Recycle – recycle the used and shredded papers by having proper recycling bins

### CORPORATE SOCIAL RESPONSIBILITY

#### The Importance of Community

The Group is committed to promote corporate social responsibilities whilst pursuing business growth to enhance shareholders and stakeholders value. We continue to uphold values for safety, quality, integrity, diversity, innovation and sustainability have shaped our on-going commitment to corporate social responsibility and have challenged us to reach even higher to ensure we are a responsible corporate citizen, employer of choice, and a positive contributor to the economy.

A strong commitment to social responsibility, can protect and enhance a company's brand. As the word gets out about a company's good works, it can help create a positive working environment and attract desirable employee a strong commitment to corporate social responsibility programmes.

The Group's effort in sustaining CSR responsibilities are as listed below :

#### OUR APPROACH

##### WORKPLACE

The Group aspires to be the employer of choice, the basic ingredient to having the right staff for the right tasks to productive employees. To achieve optimum productivity, the Group:

- Provides a clear career path to all employees;
- Endeavours to enhance their skills and competencies through training & development programmes; and
- All employees are provided with a comfortable and functional workplace.

Recognising the importance of a healthy and positive lifestyle, the Group promotes sports and its CSR principles Apex cultivates teamwork as well as sense of belonging among employees through events and sports activities, such as bowling competition, and badminton games.

# SUSTAINABILITY STATEMENT (CONT'D)

The following sustainability graphs are illustrated based on the social segment in the organisation.



## EDUCATION AND INDIVIDUAL DEVELOPMENT

Apex Group promotes training of its staff to become industry experts so as to provide the expertise in servicing our clients and also efficiently performing in the workplace. The Group embarks to focus on talent development by offering the employees learning opportunities through in-house as well as external training programmes. The Group is committed to enhance best practices through training and providing relevant circulars/guidelines to employees to promote awareness on corporate governance and risks issues involving the industry and inculcate and adopt new measures to prevent fraudulent practices.

## SPORTS AND RECREATIONAL ACTIVITIES

In addition to encouraging continued participation, Apex prides itself on developing programmed and projects in partnership with the community that promotes a series of benefits beyond the traditional aspirations of improved health and wellbeing.

It's our culture and belief that sport and recreation can improve the quality of life of individuals and communities, promote social inclusion, improve the body's health and immune systems, counter anti-social behaviour, raise individual self-esteem and confidence, and widen horizons.

## SUSTAINABILITY STATEMENT (CONT'D)

We promote the following elements for the wellbeing of the individuals and community:

### COMMUNITY

Apex Group is constantly and consciously addressing our Corporate Social Responsibility (CSR), based on three principles as follows:

- Responsibility, Transparency and Accountability;
- Care and Unity;
- Value Creation and Enhancement for All

Apex Group gives back to the community through various CSR initiatives. The Group continuously encourages people who may not have the resources to make monetary contributions or the time and skills to be involved in voluntary programmes, to make a difference. It has been a "tradition" of the JF Apex Sports Club to organise such event yearly and each time we received good response from the public.

Apex Group is dedicated to support the community by reaching out to the community around us. The Group's contribution to the society are as illustrated below:



Apex Chinese New Year Lunch Gathering on 3 February 2020



Donation to Persatuan Insan Istimewa Cheras Selangor



Long Service Award Ceremony

### SAFE WORKPLACE PRACTICES

The Group places great emphasis on safety and health aspects of its employees while maintaining a comfortable and conducive work environment to ensure a workplace that is free from theft or harm, violence or intimidation and other unsafe or disruptive influences due to internal and external conditions. This includes healthy practices in the wake of the Covid-19 Pandemic such as providing face masks to employees, sanitising the common work spaces, ensuring sufficient distancing and hand sanitisers made widely available.

### LEADERSHIP & COMMITMENT

Top management ensures that the requirements of the management system, including the policies and objectives, are consistent with the strategic context and direction of our organisation, and that the policies and objectives are established whilst ensuring that the human and financial resources needed for crucial implementation and enforcement are available.

### LOOKING AHEAD

Apex has made some development towards formalizing sustainability within our business enhance our initiatives undertaken and our reporting structure. As we continue on our sustainability journey, our ultimate goal is to build a sustainable business for generations to come. To achieve this, we will continually keep abreast of developments in our industry, actively and regularly engage our stakeholders, build upon our existing sustainability framework, and seek to further embed sustainable practices within our businesses so as to improve our overall sustainability performance. We are proud of our work with clients to promote sustainable economic growth in our markets.

This Statement has been approved by the Board and is current as at 20 May 2021.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## MEMBERSHIP AND MEETINGS

### Members

1	Lee Cheow Fui	Chairman, Independent Non-Executive Director
2	Chin Kok Sang (appointed on 29 January 2021)	Member, Independent Non-Executive Director
3	Yeoh Hong Hwang (appointed on 29 January 2021)	Member, Independent Non-Executive Director
4	Dato' Azizan bin Abd Rahman (Vacated office on 27 April 2020)	Member, Non-Independent Non-Executive Director
5	Chithra Ganesalingam (ceased as a member on 25 February 2021)	Member, Independent Non-Executive Director

The Audit and Risk Management Committee ("ARMC") at present comprises 3 members, all of whom are Independent Non-Executive Directors. The Chairman of the ARMC is a qualified accountant and a member of the Malaysian Institute of Accountants. The current composition complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR").

The ARMC is governed by its Terms of Reference, which is available on the Company's website at [www.apexequity.com.my](http://www.apexequity.com.my)

### Meetings and Attendance

During the financial year ended 31 December 2020 ("FY 2020"), Dato' Azizan bin Abd Rahman vacated his office as a Director of the Company on 27 April 2020 pursuant to Article 112(a) of the Articles of Association of the Company upon his attainment of the age of 70 years. Following his vacation of office, he has also ceased as a member of the ARMC. As a result, the Company was not able to comply with paragraph 15.09(1)(a) of the MMLR from 28 April 2020 until 28 January 2021 as the composition of the ARMC fell below the required minimum of three (3) members and was not constituted.

The Company had since applied to Bursa Securities and been granted several extensions of time up until 29 January 2021 to comply with paragraph 15.09(1)(a) of the MMLR.

On 29 January 2021, the ARMC was reconstituted following the appointment of Mr. Chin Kok Sang and Mr. Yeoh Hong Hwang as Independent Non-Executive Directors of the Company and members of the ARMC.

One (1) ARMC meeting was held during FY 2020 on 27 February 2020. Details of attendance of each member of the Committee who held office during FY 2020 are as follows:-

Members	Attendance
Lee Cheow Fui	1/1
Dato' Azizan bin Abd Rahman (Vacated office on 27 April 2020)	1/1
Chithra Ganesalingam (ceased as a member on 25 February 2021)	1/1

## SUMMARY OF ACTIVITIES DURING FY 2020

At the ARMC meeting held on 27 February 2020, the ARMC:

### Financial

1. Reviewed the unaudited quarterly results for the financial quarter ended 31 December 2019 before they were presented to the Board of Directors ("Board") for approval.
2. Reviewed the audited financial statements, Directors' Reports and other significant accounting issues arising from the audit for the financial year ended 31 December 2019 ("FY 2019") with the External Auditors before they were presented to the Board for approval.
3. Took note of the new accounting standards issued by the Malaysia Accounting Standards Board.
4. Reviewed and recommended all the reports and statements for inclusion in the Company's 2019 Annual Report to the Board for approval.

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

## Matters relating to External Auditors

1. Reviewed and approved the Audit Review memorandum (final audit findings for FY 2019 prepared by the External Auditors).
2. Reviewed with the External Auditors, the results of the audit, audit report and recommendations.
3. Met with the External Auditors without the presence of Management so as to provide the External Auditors with an avenue to express any concerns they may have.
4. Reviewed and assessed the performance, suitability and independence of the External Auditors and recommended their re-appointment for the ensuing year.
5. Reviewed the audit services and non-audit services provided by the External Auditors and their corresponding fees incurred. The ARMC concluded that the External Auditors had remained independent during the year.

## Matters relating to Internal Auditors

1. Noted the 2019 Internal Audit Plans status update.
2. Reviewed the Internal Audit Reports issued by the Internal Auditors for the period from 1 November 2019 to January 2020 and took note of their observations, recommendations and Management's responses thereto.
3. Assessed the performance of the internal audit function of the Company.
4. Monitored the outcome of follow-up audits to ascertain the extent to which agreed action plans have been implemented by management.

## Other matters

1. Reviewed and took note of all the related party transactions reported for FY 2019.
2. Reviewed and discussed the reports on the Group's risk profile and the mitigation controls implemented to manage identified risks.
3. Noted the updated meeting minutes of the Group Risk Management Committee and reviewed the status update of key risk register reports.

The Group's Internal and External Auditors and certain members of Senior Management attended the ARMC meeting by invitation. The ARMC Chairman reported the proceedings of the ARMC to the Board after every ARMC meeting. Minutes of the ARMC meeting was circulated to all members of the Board and significant issues were brought up and discussed at Board meetings.

After the ARMC meeting held on 27 February 2020, subsequent matters which require deliberation and recommendation by the ARMC were deliberated directly by the Board.

## SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Group has an in-house independent internal audit function (Audit Services Group) that reports directly to the ARMC. The total cost incurred for the internal audit function for FY 2020 amounted to RM 209,494.13.

The primary responsibility of the Audit Services Group is to provide independent objective assessment on the adequacy and effectiveness of governance, risk and processes implemented by the Management.

The internal audit function is guided by the Internal Audit Charter and the Audit Services Group maintained their independence and reports functionally to the ARMC and administratively to the Chief Executive Officer. The Head of Internal Audit has free and direct access to the Chairman of the ARMC.

The Audit Services Group adopts a risk-based approach to plan and prioritize audit work on high risk auditable areas which includes the Group's business operations and information system review.

During the year under review, Audit Services Group conducted various internal audit engagements in accordance with the Internal Audit Plans approved by the ARMC. The following activities were carried out by the Audit Services Group and reported to the ARMC on a quarterly basis:-



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

## Reviewing the effectiveness of internal controls and evaluation for process on

1. Compliance functions and recommendation on compliance reporting;
2. Financial related controls;
3. HR related functions;
4. Customer service and complaints;
5. Business support activities;
6. CDS & retail settlement activities;
7. Order Management System;
8. Retail & Institutional settlement activities;
9. Futures back office and front office functions/activities;
10. Cyber Security Management;
11. IT General Controls;
12. Credit & risk management activities;
13. Margin account management;
14. The nominee entitlements and corporate exercises;
15. Account opening and AML/CFT assessment;
16. Control environment over the branches;
17. Annual assessment on Subsidiaries: Apex Equity Capital Sdn Bhd and Apex Development Sdn Bhd;
18. Strategic business plan;
19. Board leadership and effectiveness;
20. Review on ERM risk status & update;
21. Follow-up on outstanding audit findings (Year 2020).

## EVALUATION OF THE ARMC

The evaluation of the term of office, competency and performance of the ARMC and each of its members are carried out annually by the Nominating Committee ("NC") and presented to the Board for information.

For FY 2020, the evaluation was carried out by all the Directors collectively instead of by the NC as, at the time of the evaluation, the NC was not constituted.

The Board, having carried out the evaluation, was satisfied that the ARMC and each of its members have discharged their functions, duties and responsibilities in accordance with ARMC's Terms of Reference and the ARMC has supported the Board in ensuring the Group upholds appropriate corporate governance standards.

## TRAINING

Details of training programmes and seminars attended by each ARMC member during FY 2020 is reported under the Corporate Governance Overview Statement under Directors' Training.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ('the Board') of Apex Equity Holdings Berhad ("Apex" or "the Company") is pleased to present the Statement On Risk Management And Internal Control. This statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and guided by the "Statement on Risk Management & Internal Control - Guidelines for Directors of Listed Issuers".

## BOARD RESPONSIBILITY

The Board acknowledges their responsibilities for the adequacy and integrity of the Group's system of internal controls. The Board is fully aware that the system of internal control cannot totally eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board does not regularly review the internal controls system of its associated company, as the Board does not have any direct control over their operations. The Group's interests are served through representations by the boards of the respective associate companies, and as such our Board reviews their management accounts and may make enquiries thereon. These representations also provide the Board with information for timely decision-making on the continuity of the Group's investments based on the performance of the associated companies.

## RISK MANAGEMENT FRAMEWORK

The Board confirms that there is an ongoing process of risk identification which involves identifying possible risk exposures arising from changes in the internal and external environment as well as operational conditions. The process was in place for the financial year under review and up to the date of issuance of this Annual Report.

As part of the risk management process, a Registry of Risks is maintained to identify key principal business risk areas and which are updated on an on-going basis for changes in the risk profile. The registry of risk summarizes the risk matrix, risk control actions, and roles and responsibilities.

The risk measurement guidelines consist of qualitative measures to determine the financial and non-financial consequences of the different risks based on their likelihood and impact.

The risk control actions are designed and implemented based on the priority sequence.

The Board has set the following risk tolerance levels:

- a) Extreme risk: Immediate action required and must be dealt with straight away;
- b) High risk: Senior management attention needed;
- c) Moderate risk: Management responsibility must be specified;
- d) Low risk: Manage by routine procedures.

All key risks from the various business units are consolidated in the group key risk registry. Group key risks in financial year 2020 are summarized as follows:-

### (a) Operational Risks

Operational risk arise from the execution of the Group core businesses (i.e. stock broking activities) and a significant failure of internal processes, people and information system, or from external events, would impact the Group's ability to meet its deliverables.

To enhance the Group's operational processes, the management is guided by way of improvements, lessons learnt, approved standard operating procedures and quality controls to ensure that all business units are functional.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

## **(b) Security Risks**

Rapid increase in risk from cyber-related crimes and increased threats of fraudulent schemes, white collar crimes emanating from money laundering, bribery and corruption, reinforces the need for Apex Equity Holdings Berhad to remain vigilant and respond promptly to unexpected changes in its operating environment. Security breaches or incidents can cause operational disruptions to the Group.

The Group's cyber security measures are reviewed regularly to mitigate IT-related risks such as malware infection, ransomware, denial of service and unauthorised access. Cyber security awareness sessions, are organized for all staff and entities of the Group at least two times in a year. As part of the Incident Management, the Group conducts fire drill and IT disaster recovery exercises on annual basis. All staff in the Group involved in incident Management are trained on key aspects of latest IT and cyber threats.

## **(c) Financial Risks**

Credit and liquidity risks arise from the inability to recover debts in a timely manner which may adversely affect the Group's profitability, cash flow and funding. In order to minimise such exposures, tightening of credit control, close monitoring of collections and overdue debts are carried out continuously.

## **(d) Legal and Compliance Risks**

The Group's businesses could be exposed to litigation risk by our clients, vendors and other parties. Such action may have a material effect on our financial condition and impact our financial results or operational efficiency.

The Group has in place contracts and agreements to govern the contractual arrangements with customers and vendors. Continuous review of contractual obligations, terms and conditions by the legal and compliance unit will ensure there is compliance at all times.

## **EMERGING RISK**

### **(a) Pandemic Risk**

The emergence of COVID-19 has significantly altered the country's economic vibrancy, and impacted all business and operating environment. The Group identifies sectors and customers who may be vulnerable to the economic impact brought by the government's Movement Control Order. The Group had implemented various safety and health measures such as encouraging staff to wear face masks, temperature screening, keeping social distance at work places and rotational work-from-home to reduce travelling and exposure to infections.

In respect of business continuity, the Group had initiated split operations on rotation basis for essential/critical services in accordance to the SC's guidelines.

### **(b) Regulatory non-compliance risk**

The Group's core business, i.e. stock broking activities, operate under a highly regulated environment with stringent regulatory and supervisory requirements, particularly in the areas of effective governance, risk management, liquidity management as well as technology risk. Failure to meet regulatory compliance would attract punitive action, including monetary fines

The Group reviews policies, procedures and risk practices periodically and prepared to initiate changes to current business policies, identify potential areas of business growth and to ensure effective compliance with the evolving regulatory landscape.

### **(c) Cyber Security Risk**

Cyber Security is critical to all the operations of the businesses in Apex Group of companies. The Group is becoming more vulnerable to cyber threats due to the increasing reliance on computers, programs, networks and social media. Various security measures are put in place to minimize exposure to cyber security risk including identifying potential vulnerabilities in its operating environment, and ensuring timely response and recovery action are taken in the event of cyber-breach. Intensive system testing and review measures are conducted regularly to prevent unauthorized access to its computer servers, equipment and networks, including engaging external IT experts to assist in reviewing our networks, server setup and firewall systems and to ensure that preventive measures taken are sufficient to mitigate cyber risks.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

As part of the risk management processes, all key risks were evaluated for effectiveness and applicability by the Group Risk Management Committee ("GRMC") every two months.

The GRMC was established to review and monitor the Group's risk management framework and activities. Minutes of the GRMC meetings and risk status update reports are subsequently circulated to the ARMC where key risks and mitigating action are discussed and implemented.

The in house internal auditors were undertaken to provide independent assessments on the adequacy, efficiency and effectiveness of the internal control systems to manage risk exposures of the Company.

During the financial year under review, the in-house internal auditor has presented their follow-up audit status report on previously reported audited findings in respect of the subsidiaries of the Group.

The Board with the assistance of the ARMC of the Board, the Group Risk Management Committee and in-house Internal Audit team have continuously reviewed and evaluated existing risks and identified new risks that the Group faces and management action plans to manage these risks.

The Board will continue to pursue its objective of identifying and managing risks associated with the operations of the Group and take the necessary measures to strengthen its internal control to enable fulfilment of the Group's business objectives.

## INTERNAL AUDIT FUNCTION

The Group has an established Internal Audit Department whose primary function is to assist the Board's Audit and Risk Management Committee in discharging its duties and responsibilities. Their role is to provide the Committee with independent and objective reports on the adequacy and effectiveness of the system of internal controls and procedures established in the operating units within the Group and the extent of compliance with the Group's established policies, procedures and guidelines.

It highlights significant findings and corrective measures in respect of any non-compliance to Management and the ARMC on a timely basis. The annual audit plan is reviewed and approved by the ARMC annually and a quarterly audit report is to update the ARMC on the delivery of the quarterly internal audit work program and the status of management's response to identify audit issues. Further activities of the Internal Audit Function are set out in the ARMC Report on page 31 to 32.

## KEY ELEMENTS OF INTERNAL CONTROL

The key elements of internal control are described below:

- Board Committees have been set up to assist the Board to perform its oversight function, namely the ARMC, NC and RC.
- Formal organisation structure that clearly defines the framework for the line of reporting and hierarchy of authority.
- Group Policies and Procedures Manual on key activities that lay down the objective, scope, policies and operating procedures for the Group.
- Clearly documented standard operating policies and procedures which are subject to monthly review and improvement.
- Monthly internal audit visits to departments within the Company and subsidiaries to ensure compliance with Group Policies and Procedures and to review effectiveness of internal control systems.
- Clearly defined authorisation limits at appropriate levels are set out in a financial authority matrix for controlling and approving capital expenditure and expenses. The matters that require the Board's approvals are clearly spelt out.
- Respective subsidiaries held monthly Management/ Operations meetings to review the operations, compliance and internal audit issue, financial performance, business overview, direction and current developments.
- Quarterly meetings for Audit and Risk Management Committee and the Board are held to discuss internal audit reports, periodic financial statements and issues that warrant Audit and Risk Management Committee and Board's attention.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

## REVIEW OF THIS STATEMENT

As required by Paragraph 15.23 of the Main Market Listing Requirements, the external auditors have reviewed the Statement on Risk Management and Internal Control.

This review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in Annual Report issued by the Malaysian Institute of Accountants ("MIA"). Based on the review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control system within the Group.

AAPG 3 does not require the external auditors to consider whether the Statement on Risk Management and Internal Control covers all the risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors.

## CONCLUSION

The Board confirms that the system of risk management and internal control with the key elements listed above are in place during the financial year and that there is a continuous process for identifying, evaluating and managing significant risks to assess and enhance the effectiveness of the risk management and internal control system. The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the Annual Report is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

The Board has received assurance from the Executive Directors of operating subsidiaries and Group Financial Controller, that the Group's system of Risk Management and Internal Control is operating adequately and effectively in all material aspects.



# STATEMENT ON DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year, and of the results and cash flows of the Group and of the Company for that financial year then ended.

In preparing the financial statements, the Directors have considered that:

- the Group and the Company have used appropriate accounting policies that are consistently applied;
- reasonable and prudent judgements and estimates have been made;
- all applicable approved accounting standards in Malaysia have been adhered to; and
- the financial statements have been prepared on a going concern basis.

The Directors are also responsible for ensuring that the Company maintains proper accounting records and other records that disclose with reasonable accuracy the financial position of the Group and of the Company, and that the financial statements comply with the regulatory requirements. The Directors have general responsibility for taking reasonably available steps to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

In undertaking the responsibilities placed upon them by the law, the Directors have relied upon the Group's system of internal control and the independent functioning of the internal audit function to provide them with assurance that the Group's accounting records and other relevant records have been maintained by the Group in a manner that enables them to sufficiently explain the transactions and financial position of the Group, and to ensure that true and fair financial statements and documents required by the Companies Act 2016 are prepared for the financial year to which these financial statements relate.



This statement is made in accordance with a resolution of the Board dated 20 May 2021.

# AEHB GROUP FINANCIAL HIGHLIGHTS

## YEAR ENDED 31 DECEMBER 2020

	2016	2017	2018	2019	2020
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>RESULTS - PROFIT AND LOSS</b>					
Revenue	36,727	44,227	40,139	33,997	57,154
Profit/(loss) before tax	14,438	18,415	11,307	9,480	23,326
Profit/(loss) attributable to shareholders of the company	10,505	14,040	8,195	6,011	17,213
<b>BALANCE SHEET</b>					
Total assets	326,071	469,176	350,876	334,670	366,908
Total liabilities	40,107	179,308	50,682	32,518	47,543
Current assets	245,639	389,729	269,731	254,292	318,013
Due from clients/brokers	156,413	254,660	142,685	111,537	120,146
Current liabilities	40,107	179,226	50,682	31,867	47,142
Due to clients/brokers	25,269	163,543	35,675	16,728	21,420
Total borrowings	4,996	5,006	5,002	4,997	5,003
Net current assets	205,532	210,503	219,049	222,425	270,871
Net tangible assets	285,964	289,868	300,194	302,152	319,365
Shareholders' equity	285,964	289,868	300,194	302,152	319,365
Share capital	213,563	221,940	221,940	221,940	221,940
<b>PER SHARE</b>					
	Sen	Sen	Sen	Sen	Sen
Profit/(loss) before tax	7.12	9.09	5.58	4.68	11.51
Profit/(loss) attributable to shareholders of the company	5.18	6.93	4.04	2.97	8.49
Net tangible assets	141.12	143.05	148.14	149.11	157.60
Net dividend - cash	5.00	5.00	0.00	2.00	0.00
- share dividend	0.00	0.00	0.00	0.00	0.00



## AEHB GROUP FINANCIAL HIGHLIGHTS (CONT'D)

### FINANCIAL RATIOS

#### Return on investment

##### Return on shareholders' capital

Profit/(loss) before tax	6.76%	8.30%	5.09%	4.27%	10.51%
Profit/(loss) attributable to shareholders of the company	4.92%	6.33%	3.69%	2.71%	7.76%

##### Return on shareholders' equity

Profit/(loss) before tax	5.05%	6.35%	3.77%	3.14%	7.30%
Profit/(loss) attributable to shareholders of the company	3.67%	4.84%	2.73%	1.99%	5.39%

##### Return on shareholders' equity and total borrowings

Profit/(loss) before tax	4.96%	6.25%	3.70%	3.09%	7.19%
Profit/(loss) attributable to shareholders of the company	3.61%	4.76%	2.69%	1.96%	5.31%

#### Margins

Profit before tax/Revenue	39.31%	41.64%	28.17%	27.88%	40.81%
Profit attributable to shareholders of the company/Revenue	28.60%	31.75%	20.42%	17.68%	30.12%

#### Current ratio (times)

6.12	2.17	5.32	7.98	6.75
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#### Gearing

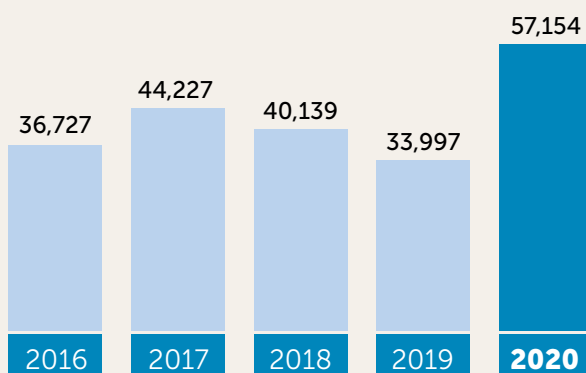
Total borrowings/shareholders' equity	1.75%	1.73%	1.67%	1.65%	1.57%
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### STOCK MARKET INFORMATION

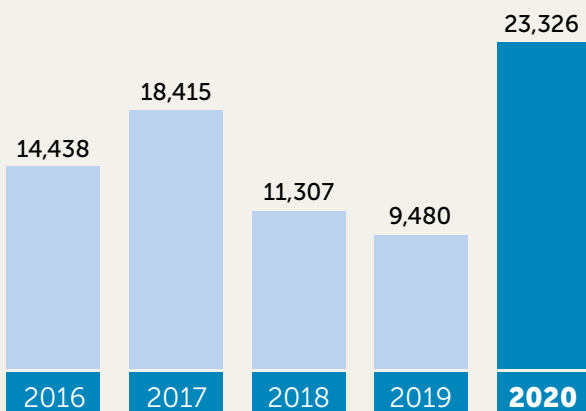
Share price - High (RM)	1.90	1.99	1.62	1.08	1.25
- Low (RM)	1.35	1.30	0.90	0.78	0.62
Last transacted price as at 31 December (RM)	1.45	1.43	0.94	0.80	0.96
Market capitalisation as at 31 December (RM'000)	309,666	305,395	200,749	170,850	205,020
Net price earnings ratio (times)	27.97	20.64	23.24	26.97	11.30

## AEHB GROUP FINANCIAL HIGHLIGHTS (CONT'D)

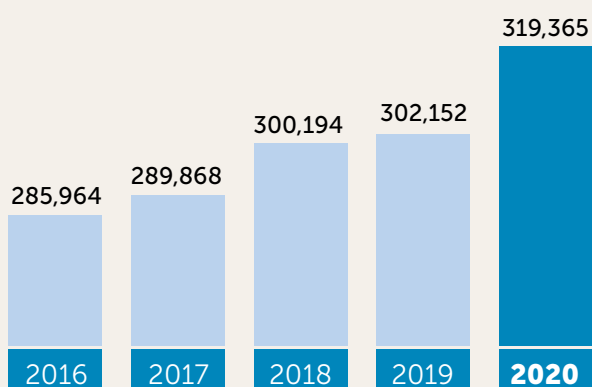
**Revenue (RM'000)**



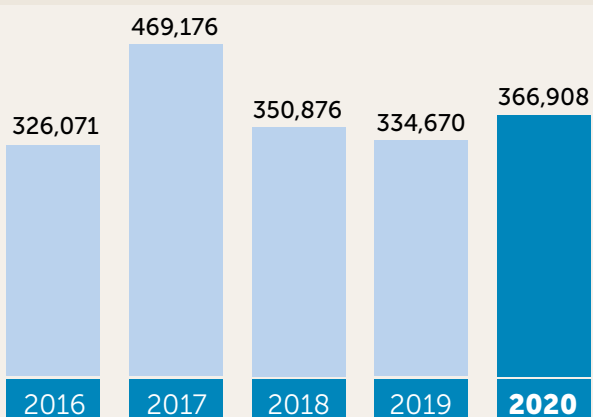
**Profit/(Loss) Before Tax (RM'000)**



**Shareholders' Equity (RM'000)**



**Total Assets (RM'000)**



# MANAGEMENT DISCUSSION & ANALYSIS

## YEAR ENDED 31 DECEMBER 2020

### JF APEX SECURITIES BERHAD ("JFAS")

#### Overview

JFAS is a wholly owned subsidiary of Apex Equity Holdings Berhad ("AEHB"). Incorporated in 1979, JFAS is principally engaged in business as stocks and shares brokers, futures brokers, investment advisors and dealers in securities. JFAS' head office is located at Kajang and it has 1 branch in Petaling Jaya. JFAS also operates several dealing-branches across Malaysia.

JFAS' revenue increased 71% to RM56.51 million for the financial year ended 31 December 2020 from RM33.00 million in the previous financial year. The increase in revenue was mainly attributed to the higher securities transactions. Consequently, JFAS registered a higher profit before tax of RM22.14 million for the financial year ended 31 December 2020 as compared to RM9.91 million in the previous financial year.

#### Prospect

Due to the recent resurgence of COVID-19 infections in the country and the extended Movement Control Order imposed by the Government, it is anticipated that the economic outlook for the year ahead would remain uncertain and the performance of the stockbroking industry would continue to remain active due to increased retail participation in the market but volatile and challenging.

### APEX DEVELOPMENT SDN BHD ("AD")

#### Overview

AD is a wholly owned subsidiary of AEHB. Incorporated in 1983, AD is principally engaged in the business of property holding. AD's main income is attributed to rental income derived from Menara Apex, a 10 storey office building located at Kajang.

AD's revenue decreased by 7% to RM2.00 million for the financial year ended 31 December 2020 from RM2.16 million in the previous financial year. AD, however, registered a higher profit before tax of RM1.81 million for the financial year ended 31 December 2020 as compared to RM0.74 million in the previous financial year due to lower operating cost and RM0.79 million of gain from disposal of a vacant land.

#### Prospect

As JFAS occupies the most floors in Menara Apex which belongs to AD, it is anticipated that AD's revenue would remain stable for the financial year ahead.



## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### APEX EQUITY CAPITAL SDN BHD ("AEC")

#### Overview

AEC is a wholly owned subsidiary of AEHB. Incorporated in 1993, AEC is principally engaged in the businesses of money lending and property development.

AEC's registered nil revenue for the financial year ended 31 December 2020 as compared to RM0.18 million in the previous financial year due to lack of money lending and property development activities. Consequently, AEC registered a lower profit before tax of RM0.83 million for the financial year ended 31 December 2020 as compared to RM0.84 million in the previous financial year. The profit before tax for the current financial year was mainly derived from interest income generated from surplus funds placed in the money market and also rental income from the renting out of a vacant land.

#### Prospect

AEC anticipates that the money lending and property development activities for the financial year ending 31 December 2021 would remain unchanged except for the sale of the development land for shophouse project on an as is basis would complete within the ensuing financial period.

# ADDITIONAL COMPLIANCE INFORMATION

## A. Audit and Non-Audit Fees

The amount of audit fees and non-audit fees paid by the Company and Group to the Company's external auditors or firms affiliated to the external auditors' firm for the financial year ended 31 December 2020 are as follows:-

	<b>Company</b>	<b>Group</b>
	RM	RM
Audit services rendered	40,000	153,000
Non-audit services rendered	13,000	13,000
<b>Total</b>	<b>53,000</b>	<b>166,000</b>

## B. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving the Company's Directors' and/or major shareholders' interests, either still subsisting at the end of the financial year, or which were entered into since the end of the previous financial year.

## C. Utilisation of proceeds

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2020.

# FINANCIAL REPORT

for the financial year ended 31 December 2020

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# DIRECTORS' REPORT

The directors have pleasure to submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and trading in marketable securities whilst the principal activities of its subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation attributable to owners of the Company	17,213	1,798

## DIVIDENDS

No dividend was recommended by the directors for the financial year.

## RESERVES AND PROVISIONS

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

## ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

## TREASURY SHARES

As at 31 December 2020, the total issued and fully paid shares in the Company stood at 213,563,324 ordinary shares, of which 10,923,118 ordinary shares are being held as treasury shares, as disclosed in Note 17 and Note 18 to the financial statements.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.



## DIRECTORS' REPORT (CONT'D)

### DIRECTORS

The directors of the Company who served during the financial year and up to the date of this report are as follows:-

**Lee Cheow Fui**

**Chithra Ganesalingam**

**Choong Chee Meng**

**Chin Kok Sang** (Appointed on 29.1.2021)

**Yeoh Hong Hwang** (Appointed on 29.1.2021)

**Dato' Azizan bin Abd Rahman** (Vacated office on 27.4.2020)

In accordance with the Company's Articles of Association, Choong Chee Meng retires by rotation pursuant to Article 102, Chin Kok Sang and Yeoh Hong Hwang retire pursuant to Article 109 at the forthcoming Annual General Meeting. The retiring directors being eligible offer themselves for re-election.

The directors of the subsidiary companies who served during the financial year and up to the date of this report, are as follows:-

**Leong Sek Hoe**

**Foo Siew Yuen**

**Tan Cheng Han**

**Zairul Azman Bin Jemaari**

**Kong Ming Ming**

**Ng Keat Teong James**

**Go Soo Beng** (Resigned on 4.2.2021)

### DIRECTORS' INTERESTS

None of the directors of the Company at the end of the financial year had interests in the shares in the Company or its related corporations during the financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has 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 directors shown in the financial statements or fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables; and
  - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
  - (i) which would require it necessary to write off any bad debts or the amount of the allowance for impairment losses on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent, or
  - (ii) which would render the values attributed to the current assets in the financial statements misleading, or
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group of the Company to meet their obligations as and when they fall due.
- (e) At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the directors:
  - (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 26 to the financial statements.



## **DIRECTORS' REPORT (CONT'D)**

### **INDEMNITY AND INSURANCE COST**

Indemnity is given to all the directors of the Company and its subsidiaries, and certain officers of the Group. There was no indemnity given to the auditors of the Company.

During the financial year, the aggregate amounts of indemnity coverage for the directors of the Company and its subsidiaries, and certain officers of the Group was RM10 million and the insurance premium paid was RM120,000.

### **SUBSIDIARIES**

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

The auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

None of the subsidiaries had any interest in shares in the Company during the financial year. Their interests in shares in other related corporations are disclosed in Note 5 to the financial statements.

### **SIGNIFICANT EVENTS DURING THE REPORTING PERIOD**

The significant events during the reporting period are disclosed in Note 36 to the financial statements.

### **SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD**

The significant events occurring after the reporting period are disclosed in Note 37 to the financial statements.

### **AUDITORS**

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 26 to the financial statements.

Signed in accordance with a resolution of the directors dated 20 May 2021.

**Chithra Ganesalingam**

**Lee Cheow Fui**

## **STATEMENT BY DIRECTORS**

### **PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

We, Chithra Ganesalingam and Lee Cheow Fui, being two of the directors of Apex Equity Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 54 to 107 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2020 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 20 May 2021.

**Chithra Ganesalingam**

**Lee Cheow Fui**

## **STATUTORY DECLARATION**

### **PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016**

I, Tan Cheng Han, MIA Membership Number: 11280, being the officer primarily responsible for the financial management of Apex Equity Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 54 to 107 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
Tan Cheng Han,  
at Kajang in the State of Selangor  
on this 20 May 2021

**Tan Cheng Han**

Before me



# INDEPENDENT AUDITORS' REPORT

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Apex Equity Holdings Berhad, which comprise the statements of financial position as at 31 December 2020 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 54 to 107.

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 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

We are independent of the Group and 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

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

# INDEPENDENT AUDITORS' REPORT (CONT'D)

We have determined the matters described below to be the key audit matters to be communicated in our report.

<b>Revenue Recognition</b> Refer to Note 23 to the financial statements	
<p><b>Key Audit Matter</b></p> <p>We have considered revenue recognition as a key area of our audit as it is one of the significant items in the financial statements of the Group and an important driver of the Group's operating results.</p> <p>Our focus is on two main revenue streams of the Group as follows:</p> <ul style="list-style-type: none"> <li>- Brokerage income; and</li> <li>- Interest income</li> </ul> <p>Brokerage income and interest income involved voluminous transactions and are mainly processed automatically through the Information Technology ("IT") system of the Group.</p>	<p><b>How our audit addressed the key audit matter</b></p> <p>Our audit procedures included, amongst others, the following:-</p> <ul style="list-style-type: none"> <li>• Tested the Group's control over the IT system that is critical to the revenue recognition and financial reporting through a combination of tests over the general control and the application control;</li> <li>• Performed test of details on the existence of the revenue recorded, based on amongst others the inspection on the issuance of contract notes, invoices and/or journal entries, tracing from the relevant ledger accounts;</li> <li>• Tested completeness of revenue by tracing samples of contract notes, invoices and/or related journal entries during the financial year and also subsequent to the financial year, to the relevant ledger accounts; and</li> <li>• Assessed the risk of management override of controls mainly through the review of journal entries testing.</li> </ul>
<b>Impairment of Receivables</b> Refer to Note 12 to the financial statements	
<p><b>Key Audit Matter</b></p> <p>We focused on this area because the Group carries significant amount of receivables with credit risk exposure and the adequacy of the impairment loss for receivables involved the use of judgement.</p>	<p><b>How our audit addressed the key audit matter</b></p> <p>Our audit procedures included, amongst others, the following:-</p> <ul style="list-style-type: none"> <li>• Reviewed the ageing report and tested its reliability;</li> <li>• Assessed the recoverability of major receivables including but not limited to, subsequent collections;</li> <li>• Checked the compliance on margin limits on the margin accounts;</li> <li>• Understand the methodologies and tested the model used for computation of impairment; and</li> <li>• Reviewed the basis of estimation on the adequacy of the Group's allowance for impairment losses on receivables.</li> </ul>

## 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.

# INDEPENDENT AUDITORS' REPORT (CONT'D)

## Responsibilities of the Directors for the Financial Statements

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

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

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



## INDEPENDENT AUDITORS' REPORT (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, actions taken to eliminate threats or safeguards applied.

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

### OTHER 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.

#### **Crowe Malaysia PLT**

201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

#### **Ooi Song Wan**

02901/10/2022 J  
Chartered Accountant

Kuala Lumpur

# STATEMENTS OF FINANCIAL POSITION

## AT 31 DECEMBER 2020

		The Group		The Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries	5	-	-	225,991	225,991
Investment in an associate	6	4,904	5,203	-	-
Property and equipment	7	12,150	12,614	-	-
Investment properties	8	27,101	27,109	-	-
Inventories	9	-	30,500	-	-
Right-of-use assets	10	711	959	-	-
Other assets	11	4,029	3,993	-	-
		48,895	80,378	225,991	225,991
<b>CURRENT ASSETS</b>					
Receivables	12	132,418	123,718	7,014	7,010
Amounts owing by subsidiaries	13	-	-	10,286	6,714
Current tax asset		-	152	25	1
Fixed deposits with a licensed bank	14	208	202	-	-
Cash and short-term funds	15	154,887	130,220	9	30
		287,513	254,292	17,334	13,755
Non-current assets held for sale	16	30,500	-	-	-
<b>TOTAL ASSETS</b>		366,908	334,670	243,325	239,746
<b>EQUITY AND LIABILITIES</b>					
Share capital	17	221,940	221,940	221,940	221,940
Treasury shares	18	(7,459)	(7,459)	(7,459)	(7,459)
Reserves	19	104,884	87,671	26,158	24,360
<b>TOTAL EQUITY</b>		319,365	302,152	240,639	238,841
<b>NON-CURRENT LIABILITY</b>					
Lease liabilities	20	401	651	-	-
<b>CURRENT LIABILITIES</b>					
Payables	21	40,109	26,641	220	126
Amount owing to a subsidiary	13	-	-	2,466	779
Lease liabilities	20	250	229	-	-
Current tax liability		1,780	-	-	-
Bank overdraft	22	5,003	4,997	-	-
		47,142	31,867	2,686	905
<b>TOTAL LIABILITIES</b>		47,543	32,518	2,686	905
<b>TOTAL EQUITY AND LIABILITIES</b>		366,908	334,670	243,325	239,746

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
REVENUE	23	57,154	33,997	3,172	6,113
DIRECT OPERATING COSTS	24	(18,338)	(8,569)	-	-
GROSS PROFIT		38,816	25,428	3,172	6,113
OTHER OPERATING INCOME		3,079	3,161	-	127
NET IMPAIRMENT REVERSAL/ (LOSSES) ON FINANCIAL ASSETS	25	97	(77)	-	-
ADMINISTRATIVE AND GENERAL EXPENSES		(18,276)	(18,591)	(1,312)	(2,287)
PROFIT FROM OPERATIONS	26	23,716	9,921	1,860	3,953
FINANCE COSTS		(91)	(99)	(37)	(2)
SHARE OF RESULTS OF AN ASSOCIATE	6	(299)	(342)	-	-
PROFIT BEFORE TAXATION		23,326	9,480	1,823	3,951
INCOME TAX EXPENSE	27	(6,113)	(3,469)	(25)	(40)
PROFIT AFTER TAXATION		17,213	6,011	1,798	3,911
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		17,213	6,011	1,798	3,911
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		17,213	6,011	1,798	3,911
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		17,213	6,011	1,798	3,911
EARNINGS PER SHARE (Sen):					
- basic	28	8.49	2.97		
- diluted		8.49	2.97		

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Non-Distributable		Distributable		Total Equity
		Share Capital	Fair Value Reserve	Treasury Shares	Retained Profits	
The Group		RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.1.2019		221,940	2,131	(7,459)	83,582	300,194
Profit after taxation/Total comprehensive income for the financial year		-	-	-	6,011	6,011
Distributions to owner of the Parent Company:						
- dividend	29	-	-	-	(4,053)	(4,053)
Balance at 31.12.2019/1.1.2020		221,940	2,131	(7,459)	85,540	302,152
Profit after taxation/Total comprehensive income for the financial year		-	-	-	17,213	17,213
Balance at 31.12.2020		221,940	2,131	(7,459)	102,753	319,365

	Note	Share Capital	Treasury Shares	Retained Profits	Total Equity
		RM'000	RM'000	RM'000	RM'000
The Company					
Balance at 1.1.2019		221,940	(7,459)	24,502	238,983
Profit after taxation /Total comprehensive income for the financial year		-	-	3,911	3,911
Distribution to owner of the Company					
- dividend	29	-	-	(4,053)	(4,053)
Balance at 31.12.2019/1.1.2020		221,940	(7,459)	24,360	238,841
Profit after taxation/Total comprehensive income for the financial year		-	-	1,798	1,798
Balance at 31.12.2020		221,940	(7,459)	26,158	240,639

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	23,326	9,480	1,823	3,951
<b>Adjustments for:-</b>				
Depreciation:				
- property and equipment	489	605	-	-
- investment properties	8	8	-	-
- right-of-use assets	248	247	-	-
Gain on disposal:				
- investment properties	(792)	-	-	-
- marketable securities	-	(46)	-	-
Interest expense	91	99	37	2
Net impairment (reversal)/losses on financial assets	(97)	77	-	-
Share of results of an associate	299	342	-	-
Dividend income	(196)	(98)	(3,000)	(6,000)
Interest income	(898)	(1,353)	(172)	(113)
Operating profit/(loss) before working capital changes	22,478	9,361	(1,312)	(2,160)
Changes in inventories	-	751	-	-
Changes in receivables	(8,639)	30,702	(4)	(5)
Changes in payables	13,468	(19,039)	94	96
<b>CASH FROM/(FOR) OPERATIONS</b>	<b>27,307</b>	<b>21,775</b>	<b>(1,222)</b>	<b>(2,069)</b>
Dividend received	196	98	3,000	6,000
Interest received	898	1,353	-	-
Interest paid	(25)	(14)	-	-
Income tax refund	683	1,058	3	1
Income tax paid	(4,864)	(4,053)	(52)	(107)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>24,195</b>	<b>20,217</b>	<b>1,729</b>	<b>3,825</b>

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

## STATEMENTS OF CASH FLOWS (CONT'D)

		The Group		The Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>CASH FLOWS FROM/(FOR)</b>					
<b>INVESTING ACTIVITIES</b>					
Purchase of equipment		(25)	(67)	-	-
Proceeds from disposal of investment properties		792	-	-	-
Proceeds from disposal of marketable securities		-	305	-	-
Placement of fixed deposits		(6)	(7)	-	-
Advances to subsidiaries		-	-	(3,572)	(751)
Interest received from subsidiaries		-	-	172	113
NET CASH FROM/(FOR) INVESTING ACTIVITIES		761	231	(3,400)	(638)
<b>CASH FLOWS (FOR)/FROM</b>					
<b>FINANCING ACTIVITIES</b>					
Advances from a subsidiary	30 (a)	-	-	1,650	777
Repayment of lease obligation	30 (a)	(229)	(212)	-	-
Interest paid on lease liabilities	30 (b)	(66)	(85)	-	-
Dividend paid		-	(4,053)	-	(4,053)
NET CASH FOR/(FROM) FINANCING ACTIVITIES		(295)	(4,350)	1,650	(3,276)
NET INCREASE/(DECREASE)					
IN CASH AND CASH EQUIVALENTS		24,661	16,098	(21)	(89)
CASH AND CASH EQUIVALENTS					
AT BEGINNING OF THE FINANCIAL YEAR		125,223	109,125	30	119
CASH AND CASH EQUIVALENTS					
AT END OF THE FINANCIAL YEAR	30 (c)	149,884	125,223	9	30

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and the principal place of business is 6th Floor, Menara Apex, Off Jalan Semenyih, Bukit Mewah, 43000 Kajang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 20 May 2021.

### 2 PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and trading in marketable securities whilst the principal activities of its subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3 BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### 3.1 During the current financial year, the Group adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
Amendments to MFRS 3: Definition of a Business
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 16: Covid-19-Related Rent Concessions
Amendments to MFRS 101 and MFRS 108: Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the current financial year:-**

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Covid-19 - Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendment to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

## 4 SIGNIFICANT ACCOUNTING POLICIES

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

#### *Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

#### (a) Impairment of Investments in Subsidiaries

The Company assesses whether there is any indication that the cost of investment in subsidiaries are impaired at the end of each reporting date. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell and value-in-use for that asset.

The carrying amount of the investments in subsidiaries as at 31 December 2020 was RM225.991 million (2019 - RM225.991 million).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### *Key Sources of Estimation Uncertainty (Cont'd)*

#### (b) Impairment of Properties

The Group determines whether its investment properties is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of the properties as at the reporting date is disclosed in Note 7 and Note 8 to the financial statements.

#### (c) Impairment on Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales (including changes in the customer payment profile in response to the COVID-19 pandemic) and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amounts of trade receivables as at the reporting date are disclosed in Note 12 to the financial statements.

#### (d) Impairment on Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking incorporating the impact of COVID-19 pandemic. The carrying amounts of other receivables as at the reporting date are disclosed in Note 12 to the financial statements.

#### (e) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made. At the end of the reporting period, the carrying amount of the current tax liability of the Group is RM1,779,509 (2019 – current tax asset of RM151,782), and the current tax asset of the Company is RM25,582 (2019 – RM1,614).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### *Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

#### **Classification between Investment Properties and Owner Occupied Properties**

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Company considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Company accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

### 4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

#### **(a) Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (a) Business Combinations (Cont'd)

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

#### (b) Non-Controlling Interests

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

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

#### (c) Changes In Ownership Interests In Subsidiaries Without Change of Control

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

#### (d) Loss of Control

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

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

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

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

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

### 4.4 FINANCIAL INSTRUMENTS

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

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

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

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.4 FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

#### *Debt Instruments*

##### (i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

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

##### (ii) Fair Value through Other Comprehensive Income ("FVOCI")

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

##### (iii) Fair Value through Profit or Loss ("FVPL")

All other financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

#### *Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has irrevocably elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at FVOCI is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.4 FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial Liabilities

##### (i) Financial Liabilities at FVPL

FVPL category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

##### (ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

#### (c) Equity Instruments

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

##### (i) Ordinary Shares

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

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

##### (ii) Treasury Shares

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

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

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

#### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as FVOCI, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.4 FINANCIAL INSTRUMENTS (CONT'D)

#### (d) Derecognition (Cont'd)

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

#### (e) Financial Guarantee Contracts

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

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

### 4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries including the fair value adjustments on inter group loans at inception date and the share options granted to employees of the subsidiaries are stated at cost in the statement of financial position of the Group, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of investments includes transaction costs.

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

### 4.6 INVESTMENTS IN ASSOCIATES

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

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



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.6 INVESTMENTS IN ASSOCIATES (CONT'D)

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

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

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9 (2019 - MFRS 9). Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in an associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising from divestment of investments in associates are recognised in profit or loss.

### 4.7 PROPERTY AND EQUIPMENT

#### (a) Measurement Basis

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

Subsequent to initial recognition, all property and equipment are stated at cost less accumulated depreciation (other than freehold land) and any impairment losses.

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

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

Buildings and apartment units	2%
Office equipment	20% - 33.33%
Motor vehicles	20%
Plant and machinery	20%
Furniture, fixtures and fittings	10% - 20%
Renovation	15% - 20%

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.7 PROPERTY AND EQUIPMENT (CONT'D)

#### (a) Measurement Basis (Cont'd)

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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or losses arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

#### (b) Depreciation

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

### 4.8 INVESTMENT PROPERTIES

Investment properties are properties which are held to earn rental income, capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business.

#### (a) Measurement Basis

Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the policy set out in Note 4.7 above.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.8 INVESTMENT PROPERTIES (CONT'D)

(b) Depreciation

Freehold land is not depreciated.

Depreciation is charged to profit or loss on a straight-line method to write off the depreciable amount of the properties over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost of the properties.

The principal annual rates for this purpose are:-

Leasehold land	Over the estimated useful lives
Building and apartments units	2%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the properties.

### 4.9 LEASES

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.9 LEASES (CONT'D)

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

### 4.10 INVENTORIES

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle.

Land held for property development is stated at the lower of cost and net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is transferred to property development costs when development activities have commenced and are expected to be completed within the normal operating cycle.

### 4.11 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

### 4.12 IMPAIRMENT

#### (a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVOCI, trade receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.12 IMPAIRMENT (CONT'D)

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

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

#### (b) Impairment of Non-Financial Assets

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

An impairment loss is recognised in profit or loss immediately.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

### 4.13 INCOME TAXES

#### (a) Current Tax

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.13 INCOME TAXES (CONT'D)

#### (b) Deferred Tax

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

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

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

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

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

### 4.14 CASH AND CASH EQUIVALENTS

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

### 4.15 EMPLOYEE BENEFITS

#### (a) Short-Term Benefits

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

#### (b) Defined Contribution Plans

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.16 EARNINGS PER ORDINARY SHARE

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

### 4.17 OPERATING SEGMENTS

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

### 4.18 TRUST ACTIVITIES

Certain subsidiaries act as trustees on a fiduciary capacity that result in holding or placing of assets on behalf of their client. These assets and income arising thereon are not recognised as assets of the Group.

### 4.19 CONTINGENT LIABILITIES

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

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

### 4.20 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.20 FAIR VALUE MEASUREMENTS (CONT'D)

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

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

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

### 4.21 REVENUE AND OTHER INCOME

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised services to a customer.

The Group recognises revenue when or as it transfers control over a service to customer. An asset is transferred when or as the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of the service rendered at a point in time.

(a) **Brokerage Income**

Brokerage income is measured at the fair value of the consideration received or receivable and is recognised on an accrual basis upon execution of the contract.

(b) **Interest Income**

Interest income is recognised on a time proportion basis using the effective interest rate method.

Where an account is impaired, interest is suspended with retroactive adjustment made to the date of the first default. Thereafter, interest is recognised on a cash basis or such time when the account is no longer classified as impaired.

(c) **Dividend Income**

Dividend income is recognised when the shareholder's right to receive payment is established.

(d) **Fees and Commission**

Fees and commission are recognised on an accrual basis when services are rendered.

(e) **Rental Income from Investment Properties**

Rental income from investment properties is recognised on a straight-line-basis over the lease term. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 5 INVESTMENTS IN SUBSIDIARIES

	The Company	
	2020 RM'000	2019 RM'000
<b>Unquoted shares, at cost:</b>		
- Ordinary Shares	<b>139,991</b>	139,991
- Redeemable Non-Cumulative Convertible Preferences Shares ("RNCPS")	<b>86,000</b>	86,000
	<b>225,991</b>	225,991

The subsidiaries, all of which are incorporated and having their principal place of business in Malaysia, are as follows:-

Name of Subsidiary	Percentage of Issued Share Capital Held by Parent		Principal Activities
	2020	2019	
	%	%	
<b><i>Subsidiaries of the Company</i></b>			
JF Apex Securities Berhad (“JF APEX”)	100	100	Stock, share and futures broker and dealer in securities and investment advisor.
Apex Development Sdn. Bhd. (“ADSB”)	100	100	Property Holding.
Apex Equity Capital Sdn. Bhd. (“AEC”)	100	100	Money lending and property development.
<b><i>Subsidiaries of JF Apex</i></b>			
JF Apex Nominees (Tempatan) Sdn. Bhd.	100	100	Provision of nominee services.
JF Apex Nominees (Asing) Sdn. Bhd.	100	100	Provision of nominee services.

### The RNCPS

The salient features of RNCPS are as follows:-

<b>Tenure</b>	The RNCPS which has a 15 years tenure, are issued for cash by the following subsidiaries: - AEC issued 58 million RNCPS in September 2014; and - ADSB issued 28 million RNCPS in March 2017.
<b>Redemption</b>	The redemption is at the option of the subsidiary and may at any time apply any distributable profits or monies of the subsidiary and/or any amount standing to the credit of the share premium account which may be lawfully applied for the purpose in the redemption of RNCPS. Any partial redemption shall be at a minimum of RM1 million.
<b>Conversion Rights</b>	The RNCPS is convertible to ordinary shares upon expiry of the 15th year tenure at a conversion price of RM1.00 per share and at the conversion rate of one unconverted RNCPS for one new ordinary share.
<b>Dividend</b>	The holder of the RNCPS shall be entitled to a payment of dividend, the rate and date of which shall be determined by the Board of Directors of the subsidiary from time to time. Such dividends shall not be cumulative.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 6 INVESTMENT IN AN ASSOCIATE

	The Group	
	2020	2019
	RM'000	RM'000
Unquoted shares, at cost	7,075	7,075
Share of post-acquisition losses	(2,171)	(1,872)
	4,904	5,203

The details of the associate, which is incorporated in Malaysia and having its principal place of business in Malaysia, are as follows:-

Name of Company	Percentage of Issued Share Capital Held by Parent		Principal Activities
	2020	2019	
	%	%	
<i>Associate of JF Apex</i>			
Apex Investment Services Berhad ("AISB")	43	43	Establishment and management of unit trusts and wholesale funds and provision of portfolio management services.

The summarised financial information of the associate that is individually material to the Group is as follows:-

	2020	2019
	RM'000	RM'000
<b>At 31 December</b>		
Non-current assets	765	413
Current assets	12,130	12,232
Non-current liabilities	(509)	-
Current liabilities	(982)	(545)
<b>Net assets</b>	<b>11,404</b>	<b>12,100</b>
<b>12-month Period Ended 31 December</b>		
Revenue	3,891	4,235
Loss after taxation /Total comprehensive expenses for the financial year	(696)	(795)
Group's share of loss after taxation/total comprehensive expenses for the financial year	(299)	(342)
Carrying amount of Group's interests in the associate	4,904	5,203

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 7 PROPERTY AND EQUIPMENT

The Group	Note	Freehold land RM'000	Building and apartment units RM'000	Office equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Furniture, fixtures and fittings RM'000	Renovation RM'000	Total RM'000
<b>2020</b>									
<b>Cost</b>									
At 1 January		1,318	17,076	10,176	354	1,209	5,776	5,439	41,348
Additions		-	-	25	-	-	-	-	25
Written off		-	-	(625)	-	-	-	-	(625)
At 31 December		1,318	17,076	9,576	354	1,209	5,776	5,439	40,748
<b>Accumulated Depreciation</b>									
At 1 January		-	6,109	9,999	323	1,209	5,699	5,395	28,734
Charge for the financial year		-	336	86	29	-	13	25	489
Written off		-	-	(625)	-	-	-	-	(625)
At 31 December		-	6,445	9,460	352	1,209	5,712	5,420	28,598
<b>Carrying Amount</b>									
At 31 December		1,318	10,631	116	2	-	64	19	12,150

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 7 PROPERTY AND EQUIPMENT (CONT'D)

The Group	Note	Freehold land	Leasehold land	Building and apartment units	Office equipment	Motor vehicles	Plant and machinery	Furniture, fixtures and fittings	Renovation	Total
2019		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>										
At 1 January		1,318	143	17,076	10,215	354	1,209	5,768	5,439	41,522
Initial application of MFRS 16	10	-	(143)	-	-	-	-	-	-	(143)
Additions		-	-	-	59	-	-	8	-	67
Disposal		-	-	-	(98)	-	-	-	-	(98)
At 31 December		1,318	-	17,076	10,176	354	1,209	5,776	5,439	41,348
<b>Accumulated Depreciation</b>										
At 1 January		-	29	5,773	9,945	254	1,209	5,686	5,360	28,256
Initial application of MFRS 16	10	-	(29)	-	-	-	-	-	-	(29)
Charge for the financial year		-	-	336	152	69	-	13	35	605
Disposal		-	-	-	(98)	-	-	-	-	(98)
At 31 December		-	-	6,109	9,999	323	1,209	5,699	5,395	28,734
Carrying Amount										
At 31 December		1,318	-	10,967	177	31	-	77	44	12,614

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 7 PROPERTY AND EQUIPMENT (CONT'D)

Included in the cost of property and equipment are fully depreciated assets which are still in use as follows:-

	The Group	
	2020 RM'000	2019 RM'000
Office equipment	9,257	9,675
Furniture, fixtures and fittings	5,555	5,552
Renovation	5,420	5,356
Plant and machinery	1,209	1,209
Building and apartment units	258	258
Motor vehicles	349	7
	<b>22,048</b>	<b>22,057</b>

## 8 INVESTMENT PROPERTIES

The Group	Freehold land RM'000	Long leasehold land RM'000	Apartment unit RM'000	Total RM'000
2020				
<b>Cost</b>				
At 1 January/31 December	22,696	4,332	156	27,184
<b>Accumulated Depreciation</b>				
At 1 January	-	(9)	(66)	(75)
Charge for the financial year	-	(5)	(3)	(8)
At 31 December	-	(14)	(69)	(83)
<b>Carrying amount at 31 December</b>	<b>22,696</b>	<b>4,318</b>	<b>87</b>	<b>27,101</b>
<b>Fair Value</b>				
At 31 December	80,096	4,620	97	84,813
2019				
<b>Cost</b>				
At 1 January/31 December	22,696	4,332	156	27,184
<b>Accumulated Depreciation</b>				
At 1 January	-	(5)	(62)	(67)
Charge for the financial year	-	(4)	(4)	(8)
At 31 December	-	(9)	(66)	(75)
<b>Carrying amount at 31 December</b>	<b>22,696</b>	<b>4,323</b>	<b>90</b>	<b>27,109</b>
<b>Fair Value</b>				
At 31 December	80,986	4,620	97	85,703

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 8 INVESTMENT PROPERTIES (CONT'D)

The directors have opted for the cost model in determining the carrying amount of the investment properties.

Freehold land with a carrying value of RM22,695,670 (2019 – RM22,695,670) and the long leasehold land are held for currently undetermined future use. Both the freehold land and leasehold land are held vacant.

The freehold land in the previous reporting period includes a small parcel of land which was originally part of a plot of land taken over by the Government in a prior year, but subsequently this parcel was returned to the Group by the Government. The Group did not account for the carrying value of this parcel as it was insignificant. During the reporting period, the Group sold this parcel of land for a cash consideration of RM890,000 to a third party.

The Group acquired the long leasehold land in 2015 when it had a remaining leasehold period of 889 years.

The fair value of these properties at the end of the reporting period was determined by the directors by reference to the latest transacted value of similar properties at the end of the reporting period and after having considered the valuations of these properties by professional valuers as well as specific factors such as the locality and availability of amenities.

### 9 INVENTORIES

	The Group	
	2020	2019
	RM'000	RM'000
Freehold Land held for property development, at cost:-		
At 1 January	30,500	30,500
Reclassified to non-current assets held for sale (Note 16)	(30,500)	-
At 31 December	-	30,500

### 10 RIGHT-OF-USE ASSETS

The Group	Leasehold land	Motor Vehicles	Total
2020	RM'000	RM'000	RM'000
<b>Cost</b>			
At 1 January/31 December	143	1,092	1,235
<b>Accumulated Depreciation</b>			
At 1 January	(30)	(246)	(276)
Charge for the financial year	(2)	(246)	(248)
At 31 December	(32)	(492)	(524)
<b>Carrying Amount</b>			
At 31 December	111	600	711

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 10 RIGHT-OF-USE ASSETS (CONT'D)

The Group	Leasehold land	Motor Vehicles	Total
2019	RM'000	RM'000	RM'000
<b>Cost</b>			
At 1 January:			
- as previously reported	-	-	-
- initial application of MFRS 16	143	1,092	1,235
- as restated/			
At 31 December	143	1,092	1,235
<b>Accumulated Depreciation</b>			
At 1 January:			
- as previously reported	-	-	-
- initial application of MFRS 16	(29)	-	(29)
- as restated	(29)	-	(29)
Charge for the financial year	(1)	(246)	(247)
At 31 December	(30)	(246)	(276)
<b>Carrying Amount</b>			
At 31 December	113	846	959

- (a) The Group has entered into an operating lease agreement for the use of land. The lease is for a period of 99 (2019 – 99) years with no renewal or purchase option included in the agreements. The lease does not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.
- (b) The Group also has leased motor vehicles under lease arrangements over a tenure of 5 years. The Group has no option to purchase the motor vehicles at the expiry of the lease period.

## 11 OTHER ASSETS

		The Group	
		2020	2019
		RM'000	RM'000
Unquoted shares in Malaysia, at fair value	11.1	2,793	2,793
Contribution to clearing fund	11.2	1,236	1,200
		4,029	3,993

### 11.1 Unquoted Shares

Investment in unquoted shares represents investment in Malaysia Rating Corporation Berhad held by a subsidiary. Upon adoption of MFRS 9, the Group considered this investment as equity instruments and designated it at FVOCI.

### 11.2 Contribution to Clearing Fund

The contribution to the clearing fund which was made in accordance with the Business Rules of the Bursa Malaysia Derivatives Berhad ("BMDB"), is placed with Bursa Malaysia Derivatives Clearing Berhad ("BMDC"). The clearing fund earns an effective interest rate of 1.47% (2019 – 2.13%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 12 RECEIVABLES

		The Group		The Company	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
<b>Trade balances:-</b>					
Amount owing by brokers	(a)	10,321	2,880	-	-
Gross amount owing by clients	(a)	113,985	112,914	-	-
Less:-					
Impairment losses on receivables	(b)	(4,160)	(4,257)	-	-
		109,825	108,657	-	-
		120,146	111,537	-	-
<b>Non-trade balances:-</b>					
Deposits	(c)	11,704	11,605	7,005	7,010
Other receivables		302	292	-	-
Prepayments		266	284	9	-
		132,418	123,718	7,014	7,010

#### (a) Gross amount owing by brokers and clients

The amount owing by brokers which is interest-free, is from the normal business transactions of the Company.

The amount owing by clients comprises outstanding amounts receivable from clients on contra losses incurred, overdue and/or outstanding purchase contracts and margin trading accounts.

The normal credit term for the amounts owing by brokers and non-margin clients is transaction day plus 2 trading days ("T+2") (2019 - "T+2") in accordance with the Fixed Delivery and Settlement System trading rules of Bursa Malaysia Securities Berhad ("BMSB"). A contra interest at a flat rate of 10.5% (2019 - 10.5%) per annum is charged on outstanding amounts owing by non-margin clients after T+ 2 (2019 - T+2).

However, clients may opt for discretionary financing which is permitted by BMSB for an extended settlement period of T+7 (2019 - T+7) at a interest rate of 8% per annum. Gross amount owing by clients under this extended settlement period at the end of the reporting period amounted to RM10,935,019 (2019 - RM3,304,697).

Included in amount owing by clients of the Group at the end of the reporting period was an amount of RM3,542,297 (2019 - RM3,005,800) owing by a corporate shareholder or subsidiary of the corporate shareholder of the Company. The amount owing was subject to the normal credit term granted to the customers of the subsidiary.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 12 RECEIVABLES (CONT'D)

(b) Movements in impairment losses on amount owing by clients are as follows:-

	The Group	
	2020 RM'000	2019 RM'000
At 1 January	4,257	4,180
Additions	368	122
Reversal	(465)	(45)
At 31 December	4,160	4,257

### (c) Deposits

Included in deposits are the following:-

- (i) An amount of RM7 Million placed by the Company as deposit according to the BMA as disclosed in Note 35.1 to the financial statements. This deposit is subject to the terms and conditions precedent set out in the BMA and earns interest at a prevailing market interest rate applicable to fixed deposits. The deposit earns an effective interest rate of 1.50% (2019 - 1.81%) per annum at the end of the reporting period.
- (ii) An amount of RM2,489,536 (2019 - RM2,332,323) representing equity margin deposit placed with Bursa Malaysia Securities Clearing Sdn. Bhd. which earns an effective interest rate of 1.91% (2019 - 2.62%) per annum at the end of the reporting period.
- (iii) An amount of RM296,914 (2019 - RM291,663) representing clearing guarantee fund placed with Bursa Malaysia Securities Clearing Sdn. Bhd. which earns effective interest rates ranging from 1.20% - 2.64% (2019 - 2.66% - 3.07%) per annum at the end of the reporting period. The clearing fund has a maturity period of less than three months at the end of the reporting period.

## 13 AMOUNTS OWING BY/TO SUBSIDIARIES

The amounts owing by/to subsidiaries represent unsecured advances, which earn interest at the bankers' acceptances rate of a reference bank with an effective interest rate of 2.25% (2019 - 2.25%) per annum. The amount owing are receivable/repayable on demand and are to be settled in cash.

## 14 FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits have been pledged with financial institution and earn weighted average effective interest rate of 2.74% (2019 - 3.25%) per annum at the end of the reporting period. The fixed deposits have a maturity period of 12 months (2019 - 12 months).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 15 CASH AND SHORT-TERM FUNDS

### 15.1 ACCOUNTS OF THE GROUP AND THE COMPANY

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	55,002	36,039	9	30
Money at call and deposit placements maturing within one month	99,885	94,181	-	-
	154,887	130,220	9	30

The money at call and deposits placement maturing within one month earn effective interest rates of between 1.25% and 1.70% (2019 - 2.90% and 3.25%) per annum at the end of the reporting period and have maturity periods ranging from 4 to 31 days (2019 - 2 to 31 days).

Included in the Group's cash and short-term funds are accounts held in trust for remisers amounting to RM7,128,421 (2019 - RM5,860,970).

### 15.2 ACCOUNTS HELD IN TRUST

The following are money held in trust for clients which are not recognised in the financial statements as the Group held them in a fiduciary capacity:-

	The Group	
	2020	2019
	RM'000	RM'000
Money at call and deposit placements maturing within one month	95,879	84,013
Cash and bank balances	72,605	5,104
Clearing house/brokers	2,288	5,442
	170,772	94,559

The client trust accounts are maintained by certain subsidiaries for their clients pursuant to Section 111 of the Capital Market and Services Act 2007 and accounted for in accordance with Financial Reporting Standards Implementation Committee Consensus 18 'Money Held in Trust by Participating Organisations of BMSB' ('FRSIC 18').

## 16 NON-CURRENT ASSETS HELD FOR SALE

During the financial year, the Group has entered into a Sale and Purchase Agreement with a third party to dispose the entire inventories, comprising 4 parcels of commercial land held for development for a cash consideration of RM37 million as disclosed in Note 36.1 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 17 SHARE CAPITAL

	The Group/The Company			
	Number of shares			
	2020 '000	2019 '000	2020 RM'000	2019 RM'000
<b>Issued And Fully Paid-Up</b>				
Ordinary shares	<b>213,563</b>	213,563	<b>221,940</b>	221,940

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

## 18 TREASURY SHARES

	The Group/The Company			
	Number of shares			
	2020 '000	2019 '000	2020 RM'000	2019 RM'000
At 1 January/31 December	<b>10,923</b>	10,923	<b>7,459</b>	7,459

The shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

The treasury shares have no rights to vote, dividends or participation in other distributions.

## 19 RESERVES

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Distributable</b>				
Retained profits	<b>102,753</b>	85,540	<b>26,158</b>	24,360
<b>Non distributable</b>				
Fair value reserve	<b>2,131</b>	2,131	-	-
	<b>104,884</b>	87,671	<b>26,158</b>	24,360

The fair value reserve represents the fair value changes (net of tax, where applicable) of equity instruments elected irrevocably to be designated at FVOCI. Upon disposal of these equity instruments, the related fair value changes are not subsequently reclassified to income statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 20 LEASE LIABILITIES

	The Group	
	2020 RM'000	2019 RM'000
At 1 January:		
- as previously reported	880	-
- initial application of MFRS 16	-	1,092
- as restated	880	1,092
Interest expenses recognised in profit or loss	66	85
Repayment of principal	(229)	(212)
Repayment of interest expense	(66)	(85)
At 31 December	651	880
Analysed by:-		
Current liabilities	250	229
Non-current liabilities	401	651
At 31 December	651	880

### 21 PAYABLES

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Trade balances:-</b>				
Amount owing to clients	16,503	2,432	-	-
Amount owing to brokers	4,917	14,296	-	-
	21,420	16,728	-	-
<b>Non-trade balances:-</b>				
Deposits	11,007	6,093	-	-
Other payables	4,693	2,451	-	96
Accruals	2,989	1,369	220	30
	18,689	9,913	220	126
	40,109	26,641	220	126

The amounts owing to clients and brokers are non-interest bearing and are from the normal business transactions of a subsidiary.

The normal credit terms of the amount owing to clients and brokers are within T+ 2 (2019 - T+2).

### 22 BANK OVERDRAFT

The bank overdraft facility granted to a subsidiary is at a floating rate financial instrument which is unsecured but guaranteed by the Company. The effective interest rate of the bank overdraft at the end of the reporting period was 7.14% (2019 - 8.39%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 23 REVENUE

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue from Contract with Customers				
Recognised at a point in time				
Brokerage income	43,661	18,867	-	-
Fees and commission	1,384	1,540	-	-
	45,045	20,407	-	-
Revenue from Other Sources				
Interest income	11,474	12,767	172	113
Gross dividend	-	-	3,000	6,000
Rental income from investment properties	619	777	-	-
Others	16	46	-	-
	12,109	13,590	3,172	6,113
	57,154	33,997	3,172	6,113

## 24 DIRECT OPERATING COSTS

	The Group	
	2020	2019
	RM'000	RM'000
Commission of remisiers, dealers and brokers and other direct expenses	17,815	8,000
Direct operating expenses of investment properties	523	569
	18,338	8,569

## 25 NET IMPAIRMENT REVERSAL/(LOSSES) ON FINANCIAL ASSETS

	The Group	
	2020	2019
	RM'000	RM'000
Net impairment reversal/(losses) on trade receivables (Note 12(b)):		
- addition during the financial year	368	122
- reversal during the financial year	(465)	(45)
	(97)	77

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 26 PROFIT FROM OPERATIONS

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Profit from operations is stated after charging/(crediting):-</b>				
Auditors' remuneration:				
- audit fee:				
- current year	153	128	40	30
- underprovision in the previous financial year	5	-	-	-
- non-audit fee	13	50	13	50
Depreciation:				
- property and equipment	489	605	-	-
- investment properties	8	8	-	-
- right-of-use assets	248	247	-	-
Directors' remuneration	1,550	1,570	564	371
Interest expenses on financial liabilities measured at amortised cost:				
- lease liabilities	66	85	-	-
- amount owing to a subsidiary	-	-	37	2
- bank overdraft	25	14	-	-
Staff costs:				
- short-term employment benefits	6,073	5,601	-	-
- defined contribution plans	783	696	-	-
- others	140	142	-	-
Operating leases:				
- rental of equipment	1,736	1,341	-	-
- rental of premises	205	205	-	-
Gain on disposal of:				
- investment properties	(792)	-	-	-
- marketable securities	-	(46)	-	-
Gross dividend from:				
- a subsidiary	-	-	(3,000)	(6,000)
- unquoted investments	(196)	(98)	-	-
Interest income on financial assets measured at amortised cost:				
- security deposit	-	-	-	(127)
- amount owing by subsidiaries	-	-	(172)	(113)
- fixed and time deposits	(898)	(1,353)	-	-
Rental income from operating leases of:				
- investment properties	(619)	(776)	-	-
- inventories	(544)	(569)	-	-
Realised (gain)/loss on foreign exchange	(21)	3	-	-

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company and the directors of the subsidiaries were RM21,250 (2019 – RM16,915) and RM30,572 (2019 – RM36,763) respectively.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 27 INCOME TAX EXPENSE

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
- for the financial year	6,148	3,489	25	53
- (over)/underprovision in the previous financial year	(35)	(20)	-*	(13)
	6,113	3,469	25	40

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

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit before taxation				
(excluding share of associate's results)	23,625	9,822	1,823	3,951
Tax at the statutory tax rate of 24% (2019 - 24%)	5,670	2,357	438	948
Tax effects of:-				
Tax effect of expenses not deductible in determining taxable profit	872	1,186	307	545
Tax effect of income not taxable in determining taxable profit	(237)	(12)	(720)	(1,440)
Utilisation of deferred tax assets not previously recognised	(157)	(42)	-	-
(Over)/Underprovision of current tax in the previous financial year	(35)	(20)	-*	(13)
Income tax expense for the financial year	6,113	3,469	25	40

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019 – 24%) of the estimated assessable profit for the financial year.

\*less than RM1,000

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	The Group	
	2020	2019
	RM'000	RM'000
Unused tax losses	71,670	71,667
Allowance for impairment losses on receivables	4,160	4,257
Accelerated capital allowances over depreciation	629	897
Unabsorbed capital allowances	-	291
	76,459	77,112

No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The unused tax losses which were brought forward since the year of assessment 2018, expire in the year of assessment 2025.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 28 EARNINGS PER ORDINARY SHARE

The earnings per ordinary share has been calculated based on the consolidated profit after taxation of RM17.213 million (2019 – RM6.011 million) attributable to owners of the Company and on 202.640 million (2019 – 202.640 million) ordinary shares in issue during the financial year after deducting treasury shares calculated as follows:-

	The Group	
	2020 RM'000	2019 RM'000
Number of ordinary shares in issue at 31 December	213,563	213,563
Less:-		
Number of treasury shares held at 31 December (Note 18)	(10,923)	(10,923)
	202,640	202,640
Basic earnings per share (sen)	8.49	2.97

#### Diluted earnings per share:

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

### 29 DIVIDEND

	The Company	
	2020 RM'000	2019 RM'000
Recognised as distribution to owners of the Company:-		
Interim single tier dividend of 2 sen for the financial year ended 31 December 2019	-	4,053
Net dividend per ordinary share (sen)	-	2.00



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 30 CASH FLOW INFORMATION

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

	The Group	
	2020 RM'000	2019 RM'000
<b>Lease Liabilities:-</b>		
At 1 January:		
- as previously reported	880	-
- effect on adoption of MFRS 16	-	1,092
- as restated	880	1,092
<b>Change in Financing Cash Flows</b>		
Repayment of principal	(229)	(212)
<b>Non-cash Changes</b>		
Interest expense recognised in profit or loss (Note 20 and Note 26)	66	85
Interest paid during the financial year	(66)	(85)
	-	-
At 31 December	651	880
	The Company	
	2020 RM'000	2019 RM'000
<b>Amount owing to a subsidiary:-</b>		
At 1 January	779	-
<b>Change in Financing Cash Flows</b>		
Advances received during the financial year	1,650	777
<b>Non-cash Changes</b>		
Interest expense recognised in profit or loss (Note 20 and Note 26)	37	2
At 31 December	2,466	779

(b) The total cash outflows for leases as a lessee are as follows:-

	The Group	
	2020 RM'000	2019 RM'000
Payment for short-term leases	1,941	1,546
Interest paid on lease liabilities	66	85
Payment of lease liabilities	229	212
	2,236	1,843

\* less than RM1,000

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 CASH FLOW INFORMATION (CONT'D)

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

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with a licensed bank	208	202	-	-
Cash and short-term funds	154,887	130,220	9	30
Bank overdraft (Note 22)	(5,003)	(4,997)	-	-
	150,092	125,425	9	30
Less:-				
Fixed deposits pledged and/or with tenure more than 3 months (Note 14)	(208)	(202)	-	-
	149,884	125,223	9	30

### 31 KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company are the executive and non-executive directors of the Company and certain directors of the subsidiaries.

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

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>(a) Directors</b>				
(i) Directors of the Company				
<i>Executive Director</i>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	-	339	-	-
Define contribution benefits	-	41	-	-
Benefits-in-kind	-	17	-	-
	-	397	-	-
<i>Non-executive Directors</i>				
Short-term employee benefits:				
- fees	501	322	501	322
- other benefits	42	49	42	49
- benefits-in-kind	21	-	21	-
	564	371	564	371
	564	768	564	371

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(a) Directors (Cont'd)				
(ii) Directors of Subsidiaries				
<i>Executive Director</i>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	849	676	-	-
Define contribution benefits	106	84	-	-
Benefits-in-kind	31	37	-	-
	986	797	-	-
<i>Non-executive Directors</i>				
Short-term employee benefits:				
- fees	-	5	-	-
Total directors' remuneration	1,550	1,570	564	371
(b) Other Key Management Personnel				
Short-term employee benefits	1,301	1,047	-	-
Defined contribution benefits	164	133	-	-
Benefits-in-kind	19	12	-	-
Total compensation of other key management personnel	1,484	1,192	-	-

## 32 RELATED PARTY DISCLOSURES

### (a) Identities of Related Parties

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

### (b) Significant Related Party Transactions and Balances

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

	The Company	
	2020 RM'000	2019 RM'000
Transactions with subsidiaries:-		
Dividend received from a subsidiary	3,000	6,000
Repayment of advances from subsidiaries	1,296	6,495
Advances:		
- from a subsidiary	1,650	777
- to subsidiaries	(4,696)	(7,133)
Interest charged:		
- to a subsidiary	172	113
- by a subsidiary	(37)	(2)

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 33 OPERATING SEGMENTS

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

The Group is organised into 5 main business segments as follows:-

- (i) Stock and futures broking segment
- (ii) Building management and property investment
- (iii) Money lending and property development
- (iv) Investment holdings
- (v) Other segments

The Directors assess the performance of the operating segments based on operating profit or loss which is measured in accordance with operating segment which are disclosed in the consolidated financial statements.

Group financing (including finance costs) is managed and allocated to operating segments while income tax is managed at group level.

Inter-segment income and expenses are eliminated to arrive at Group profit before taxation.

#### BUSINESS SEGMENTS

	Stock and Futures Broking	Building Management and Property Investment	Money Lending and Property Development	Investment Holdings	Others	The Group
2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
External revenue	56,506	619	-	-	29	57,154
Inter-segment revenue	-	1,384	-	3,172	-	4,556
	56,506	2,003	-	3,172	29	61,710
Adjustments and eliminations						(4,556)
Consolidated revenue						57,154
<b>Results</b>						
Segment results	23,869	949	(57)	(1,312)	17	23,466
Interest income	-	-	893	-	5	898
Depreciation:						
- property and equipment	(149)	(340)	-	-	-	(489)
- investment properties	-	(8)	-	-	-	(8)
- right-of use assets	(80)	(168)	-	-	-	(248)
Net Impairment reversal on receivables	97	-	-	-	-	97
Interest expense	(47)	(44)	-	-	-	(91)
Profit/(Loss) before taxation after eliminations	23,690	389	836	(1,312)	22	23,625
Share of results of an associate						(299)
						23,326
Income tax expense						(6,113)
Consolidated profit after taxation						17,213

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 33 OPERATING SEGMENTS (CONT'D)

### BUSINESS SEGMENTS (CONT'D)

	Stock and Futures Broking	Building Management and Property Investment	Money Lending and Property Development	Investment Holdings	Others	The Group
2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>						
Segment assets	244,739	42,597	74,996	243,325	379	606,036
Elimination/adjustments	(349)	(2,465)	(10)	(236,302)	(2)	(239,128)
Consolidated total assets	244,390	40,132	74,986	7,023	377	366,908
<b>Liabilities</b>						
Segment liabilities	53,203	582	3,856	2,686	35	60,362
Elimination/adjustments	(10,287)	-	(10)	(2,492)	(30)	(12,819)
Consolidated total liabilities	42,916	582	3,846	194	5	47,543
<b>Other segment items</b>						
Additions to non-current assets other than financial instruments:						
- property and equipment	22	3	-	-	-	25

### 2019

<b>Revenue</b>						
External revenue	33,000	777	176	-	44	33,997
Inter-segment revenue	-	1,386	-	6,113	-	7,499
	33,000	2,163	176	6,113	44	41,496
Adjustments and eliminations						(7,499)
Consolidated revenue						33,997
<b>Results</b>						
Segment results	12,194	(71)	(362)	(2,289)	33	9,505
Interest income	-	7	1,207	128	11	1,353
Depreciation:						
- property and equipment	(255)	(350)	-	-	-	(605)
- investment properties	-	(8)	-	-	-	(8)
- right-of use assets	(80)	(167)	-	-	-	(247)
Net Impairment loss on receivables	(77)	-	-	-	-	(77)
Interest expense	(42)	(57)	-	-	-	(99)
Profit/(Loss) before taxation after eliminations	11,740	(646)	845	(2,161)	44	9,822
Share of results of an associate						(342)
						9,480
Income tax expense						(3,469)
Consolidated profit after taxation						6,011

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 33 OPERATING SEGMENTS (CONT'D)

#### BUSINESS SEGMENTS (CONT'D)

	Stock and Futures Broking	Building Management and Property Investment	Money Lending and Property Development	Investment Holdings	Others	The Group
2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>						
Segment assets	216,052	41,391	70,859	239,746	360	568,408
Elimination/adjustments	(43)	(893)	(96)	(232,705)	(1)	(233,738)
<b>Consolidated total assets</b>	<b>216,009</b>	<b>40,498</b>	<b>70,763</b>	<b>7,041</b>	<b>359</b>	<b>334,670</b>
<b>Liabilities</b>						
Segment liabilities	38,258	801	252	905	30	40,246
Elimination/adjustments	(6,714)	(114)	(96)	(779)	(25)	(7,728)
<b>Consolidated total liabilities</b>	<b>31,544</b>	<b>687</b>	<b>156</b>	<b>126</b>	<b>5</b>	<b>32,518</b>
<b>Other segment items</b>						
Additions to non-current assets other than financial instruments:						
- property and equipment	67	-	-	-	-	67
- right-of-use assets	361	731	-	-	-	1,092

#### GEOGRAPHICAL INFORMATION

An analysis by geographical segment is not presented as the Group operates primarily in Malaysia.

#### MAJOR CUSTOMERS

There is no single customer contributing revenue equal to or more than 10% of Group's revenue.

### 34 FINANCIAL INSTRUMENTS

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

#### 34.1 FINANCIAL RISK MANAGEMENT POLICIES

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

##### (a) Market Risk

##### (i) Foreign Currency Risk

The Group's exposure to foreign currency risk is limited as its foreign currency balances at the end of the reporting period are not significant.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 34 FINANCIAL INSTRUMENTS (CONT'D)

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

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

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

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

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 34.1(c) to the financial statements.

##### Interest rate risk sensitivity analysis

A 100 basis points (2019 - 100 basis points) strengthening or weakening in the interest rates at the end of the reporting period would have immaterial impact on profit after taxation. This assumes that all other variables remain constant.

##### (iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices.

The Group's exposure to equity price risk is limited as its investment in quoted instrument is not significant.

#### (b) Credit Risk

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

A major subsidiary of the Group adheres strictly to the BMSB guidelines on accounting for receivables. This enables the subsidiary to monitor its major client account positions continuously to minimise any potential exposure to credit risk.

The Company's exposure to credit risk arises principally from advances to subsidiaries, corporate guarantee given to a third party on behalf of a subsidiary. The Company monitors the results of these subsidiaries regularly and repayments made by these subsidiaries.

##### (i) Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual client or counterparty.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 34 FINANCIAL INSTRUMENTS (CONT'D)

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

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

##### (ii) Exposure to credit risk

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

The maximum exposure to credit risk is as follows:-

	The Group	
	2020 RM'000	2019 RM'000
Trade receivables	120,146	111,537
Less: Collateral held	(78,650)	(86,773)
Net exposure to credit risk	41,496	24,764

##### (iii) Assessment of impairment losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The Group's carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

##### Trade Receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation.

The Group considers amount overdue for clients with outstanding balances more than 30 days are deemed as credit impaired.

The expected loss rates are based on the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and any forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 34 FINANCIAL INSTRUMENTS (CONT'D)

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

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

##### (iii) Assessment of impairment losses (Cont'd)

##### Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables represented by amount owing by clients and brokers are summarised below:-

The Group	Gross Amount	Credit Impaired	Carrying Value
2020	RM'000	RM'000	RM'000
Current (not past due)	120,146	-	120,146
Credit impaired	4,160	(4,160)	-
	124,306	(4,160)	120,146
2019			
Current (not past due)	111,537	-	111,537
Credit impaired	4,257	(4,257)	-
	115,794	(4,257)	111,537

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Note 12 to the financial statements.

##### Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

##### Fixed deposits and Cash and Short-term Funds

The Group considers fixed deposits and cash and short-term funds have low credit risks. In addition, some of the bank balances are insured by the Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

##### Amount Owing By Subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 34 FINANCIAL INSTRUMENTS (CONT'D)

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

#### (c) Liquidity Risk

The Group seeks to ensure all its business units manage their liquidity requirements efficiently by maintaining sufficient cash for their investing and operational activities at all time to earn maximum returns for the Group.

The Group's management has to mainly deal with the day to day demands and supplies within the stock market and futures market, thus an effective working capital management is paramount to its operations.

Due to the nature of its operations, the Group maintains large amounts of liquid assets and ensures sufficient credit lines are available at all times to meet its liquidity requirements, while maintaining efficient working capital management within its business units.

#### Maturity Analysis

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

	<i>Weighted Average Effective Interest Rate</i>	<b>Carrying Amount</b>	<b>Contractual Undiscounted Cash Flows</b>	<b>Within 1 Year</b>	<b>1 – 5 Years</b>
The Group 2020	%	RM'000	RM'000	RM'000	RM'000
<b>Non-derivative Financial Liabilities</b>					
Trade payables	-	21,420	21,420	21,420	-
Other payables, deposits and accruals	-	18,689	18,689	18,689	-
Bank overdraft	7.14	5,003	5,003	5,003	-
Lease liabilities	8.50	651	723	295	428
		45,763	45,835	45,407	428
<b>2019</b>					
<b>Non-derivative Financial Liabilities</b>					
Trade payables	-	16,728	16,728	16,728	-
Other payables, deposits and accruals	-	9,913	9,913	9,913	-
Bank overdraft	8.39	4,997	4,997	4,997	-
Lease liabilities	8.50	880	1,018	295	723
		32,518	32,656	31,933	723

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 34 FINANCIAL INSTRUMENTS (CONT'D)

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

- (c) Liquidity Risk (Cont'd)  
Maturity Analysis (Cont'd)

The Company	Weighted Average Effective Interest Rate	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	1 – 5 Years
2020	%	RM'000	RM'000	RM'000	RM'000
<b>Non-derivative Financial Liabilities</b>					
Other payables and accruals	-	220	220	220	-
Amount owing to a subsidiary	2.25	2,466	2,466	2,466	-
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	-	-	5,003	5,003	-
		2,686	7,689	7,689	-
<b>2019</b>					
<b>Non-derivative Financial Liabilities</b>					
Other payables and accruals	-	126	126	126	-
Amount owing to a subsidiary	2.25	779	779	779	-
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	-	-	4,997	4,997	-
		905	5,902	5,902	-

### 34.2 CAPITAL RISK MANAGEMENT

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

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions. As the Group has insignificant amount of borrowings, the debt-to-equity ratio is not presented as it may not provide a meaningful indicator of the risk of borrowings.

A major subsidiary, JF Apex, is required to comply with the BMSB guidelines on capital, to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 34 FINANCIAL INSTRUMENTS (CONT'D)

#### 34.2 CAPITAL RISK MANAGEMENT (CONT'D)

The subsidiary manages its capital based on the capital adequacy ratio. The subsidiary's strategies were unchanged from the previous financial year. The capital adequacy ratio is calculated as the subsidiary's liquid capital divided by its total risk requirement. Liquid capital represents its financial resources or liquid capital maintained in a readily realisable form to meet its total risk requirement, as calculated in accordance with Chapter 13 Rule 13.02 of BMSB. Total risk requirement means the sum of operational risk requirement, position risk requirement, counterparty risk requirement, large requirement subject always to Chapter 13 Rule 13.02 of BMSB.

The capital adequacy ratio of the subsidiary at the end of the reporting period was as follows:-

	2020 RM'000	2019 RM'000
Liquid capital	<b>176,919</b>	162,720
Total risk requirement	<b>5,041</b>	5,030
Capital adequacy ratio	<b>35.09</b>	32.35

The liquid capital of the subsidiary is as follows:-

	2020 RM'000	2019 RM'000
Total non-current assets *	<b>8,604</b>	8,811
Total current assets #	<b>484,396</b>	342,601
Less:-		
Total current liabilities	<b>(301,465)</b>	(173,618)
	<b>191,535</b>	177,794
Less:-		
Assets not ranking for liquid capital	<b>(14,616)</b>	(15,074)
Liquid capital	<b>176,919</b>	162,720

\* This includes equipment, investment in associate and unquoted investment.

# These includes assets and liabilities classified as current for capital adequacy requirement reporting purposes and are presented on a gross basis, and include money held in trust for clients.

The following table presents the components of total risk requirement of the subsidiary:-

	2020 RM'000	2019 RM'000
Operational risk requirement	<b>5,000</b>	5,000
Counterparty risk requirement	<b>41</b>	22
Position risk requirement	<b>-</b>	8
	<b>5,041</b>	5,030

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 34 FINANCIAL INSTRUMENTS (CONT'D)

### 34.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Financial Assets</b>				
<u>Equity Instruments at FVOCI</u>				
Unquoted investments (Note 11)	2,793	2,793	-	-
<u>Amortised Cost</u>				
Contribution to clearing fund (Note 11)	1,236	1,200	-	-
Trade receivables (Note 12)	120,146	111,537	-	-
Other receivables (Note 12)	302	292	-	-
Amount owing by subsidiaries	-	-	10,286	6,714
Fixed deposits with a licensed bank	208	202	-	-
Cash and short-term funds	154,887	130,220	9	30
	276,779	243,451	10,295	6,744
<b>Financial Liability</b>				
<u>Amortised Cost</u>				
Trade payables (Note 21)	21,420	16,728	-	-
Other payables, deposits and accruals (Note 21)	18,689	9,913	220	126
Amount owing to subsidiaries	-	-	2,466	779
Bank overdraft (Note 22)	5,003	4,997	-	-
Lease liabilities (Note 20)	651	880	-	-
	45,763	32,518	2,686	905

### 34.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Financial Assets</b>				
<u>Equity Instruments at FVOCI</u>				
Gain recognised in profit or loss	196	98	-	-
<u>Mandatorily at FVPL</u>				
Gain recognised in profit or loss	-	46	-	-
<u>Amortised Cost</u>				
Net gain recognised in profit or loss	1,016	1,273	172	240
<b>Financial Liability</b>				
<u>Amortised Cost</u>				
Loss recognised in profit or loss	(91)	(99)	(37)	(2)

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 34 FINANCIAL INSTRUMENTS (CONT'D)

#### 34.5 FAIR VALUE INFORMATION

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

##### Fair Value of Financial Instruments Carried at Fair Value

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

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
2020								
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

##### Financial Assets

##### Other assets:

- unquoted shares in Malaysia	-	-	2,793	-	-	-	2,793	2,793
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2019
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##### Financial Assets

##### Other assets:

- unquoted shares in Malaysia	-	-	2,793	-	-	-	2,793	2,793
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- (i) The fair value of the unquoted shares in Malaysia is determined based on input and the information applicable to level 3 fair value measurement.
- (ii) There were no transfer between level 1 and level 2 during the financial year.

### 35 MATERIAL LITIGATIONS

#### 35.1 BACKGROUND OF MATERIAL LITIGATIONS

On 21 September 2018, the Company and JF Apex entered into a Heads of Agreement ("HOA") with Mercury Securities Sdn. Bhd. ("Mercury") and subsequently on 18 December 2018 signed a Business Merger Agreement ("BMA") with Mercury for the proposed merger of businesses of JF Apex, a wholly-owned subsidiary of the Company and Mercury via the transfer by Mercury to JF Apex of its stockbroking, corporate advisory and other related businesses together with the requisite business assets and business liabilities for a consideration of RM140 million ("the Proposed Merger").

The Company on 18 December 2018, signed a Share Subscription Agreement with certain third parties for the proposed private placement of 20 million new ordinary shares at RM0.94 per share ("Proposed Private Placement"), to part finance the Proposed Merger.

In addition to the Proposed Private Placement, the Company has also proposed to issue 100 million new ordinary shares at RM0.92 per share to Mercury as required under the BMA. The balance of the consideration for the Proposed Merger is to be funded from the Group's internally generated funds.

The above are collectively known as the Proposals.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 35 MATERIAL LITIGATIONS (CONT'D)

### 35.1 BACKGROUND OF MATERIAL LITIGATIONS (CONT'D)

The Company received the necessary approvals from the relevant authorities for the Proposals on 16 January 2019. At an Extraordinary General Meeting ("EGM") of the Company held on 19 June 2019, the shareholders of the Company approved the Proposals based on a circular to shareholders dated 3 June 2019.

In light of the High Court's decision on the circular dated 3 June 2019, refer to Note 35.2(b), the Company convened another EGM on 18 November 2019 and obtained the approvals on the Proposals from its shareholders based on a circular to shareholders dated 1 November 2019.

### 35.2 MATERIAL LITIGATIONS

#### (a) Originating Summons ("OS56")/Appeal 1551

On 25 February 2019, Concrete Parade Sdn. Bhd. ("Concrete Parade"), a corporate shareholder of the Company filed OS56 at the High Court against amongst others, the Company and JF Apex to declare that the HOA and the BMA related to the Proposed Merger, as illegal and/or unlawful and/or null and void.

On 7 August 2019, the High Court dismissed OS56. Concrete Parade subsequently appealed to the Court of Appeal against the dismissal of OS56 ("Appeal 1551").

On 20 November 2019, Concrete Parade obtained an order from the Court of Appeal to stay the proceedings in OS345 as disclosed in Note 35.2(b) below, pending the disposal of Appeal 1551. The hearing of Appeal 1551 finally concluded on 18 February 2021.

In light that the BMA has lapsed as stated in Note 37.2 to the financial statements, the Court of Appeal has been notified of this development, and the Court of Appeal had vacated the decision date of Appeal 1551 (which was originally fixed on 28 April 2021), to a date to be fixed.

#### (b) Originating Summons ("OS345")

JF Apex and Mercury, filed OS345 on 1 July 2019 and obtained the Vesting Order from the High Court for the Proposed Merger.

Concrete Parade and another corporate shareholder of the Company, Pinerains Sdn. Bhd. ("Pinerains") applied to intervene in OS345 and set aside the Vesting Order.

On 15 July 2019, Concrete Parade's application to set aside the Vesting Order was allowed. Both Concrete Parade and Pinerains were allowed to intervene in OS345.

On 18 September 2019, the High Court set aside resolutions passed at the EGM held on 18 June 2019 in respect of the Proposals as the High Court was of view that the shareholders' circular dated 3 June 2019 did not clearly define the assets in the Proposed Merger. Costs of RM100,000 was awarded to Pinerains and damages was ordered to be assessed. OS345 was however not dismissed.

On 30 April 2021, Pinerains's application for assessment of damages was allowed with nominal damages of RM5,000. No costs was awarded to Pinerains.

The hearing of OS345 has been put on hold by the Court of Appeal vide the Civil Appeal 1551, which allowed OS345 to be stayed pending resolution of Appeal 1551. OS345 is now fixed for further case management on 24 May 2021.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 36 SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

### 36.1 SALE OF COMMERCIAL LAND HELD FOR DEVELOPMENT

In late December 2020, one of the wholly owned subsidiary, AEC entered into a Sales and Purchase Agreement ("SPA") with a third party for the sale of inventories of four parcels of freehold commercial land held under inventories as land held for development purposes, for a total cash consideration of RM37,000,000. The completion of the disposal is subject to fulfilment of the terms and conditions stipulated in the SPA and approval of the relevant authorities.

### 36.2 IMPACT OF COVID-19 PANDEMIC

#### During the Reporting Period

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has imposed the Movement Control Order ("MCO") from 18 March 2020 to 3 May 2020, Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020 and Recovery Movement Control Order ("RMCO") from 10 June 2020 to 31 December 2020 to curb the spread of the COVID-19 pandemic in Malaysia.

The management has assessed the impact on the Group and of the opinion that there were no material financial impacts arising from the pandemic. Nevertheless, the Group has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs.

#### Subsequent to Reporting Date

Subsequent to the reporting date the numbers of new COVID-19 cases increased substantially in Malaysia. As the outbreak is evolving, the full effect of the COVID-19 pandemic is subject to uncertainty and could not be ascertained reliably at this juncture.

## 37 SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

### 37.1 DISPOSAL OF THE ENTIRE EQUITY INTEREST IN ASSOCIATE

On 23 March 2021, JF Apex, a wholly-owned subsidiary of the Company entered into a Share Sale Agreement with certain third parties (who are acting together as purchasers) for the proposed disposal of its entire 43% equity interest representing 10,105,000 issued and fully paid-up ordinary shares in its associate, Apex Investment Services Berhad for a cash consideration of RM5,183,865.

The completion of the disposal is subject to fulfilment of conditions precedent, which include approval from the relevant authorities.

Upon completion of the proposed disposal, Apex Investment Services Berhad shall cease to be an associate of the JF Apex.

### 37.2 DISCONTINUATION OF PROPOSED MERGER AND PROPOSED PRIVATE PLACEMENTS ("THE PROPOSALS")

On 16 April 2021, the Company received a letter dated 15 April 2021 from Mercury notifying that they are not seeking a further extension of the conditions fulfilment period for the BMA, referred to in Note 35.1 to the financial statements. The said conditions fulfilment period for the BMA had previously been mutually extended for 10 times over a period of more than 2 years. Resulting therefrom, the BMA lapsed and accordingly the related Proposals as stated in Note 35.1 are discontinued. An announcement was made by the Company on the same day.

The Company also announced that the discontinuation of the Proposals is not expected to have material impact on the financial results of the Group for the financial year ending 31 December 2021.



# SHAREHOLDERS' ANALYSIS REPORT

## AS AT 19 APRIL 2021

<b>Issued and Fully Paid up capital</b>	RM213,563,324 comprising 213,563,324 ordinary shares (including 10,923,118 treasury shares)
<b>Class of shares</b>	Ordinary share
<b>Voting rights</b>	One vote per ordinary share held

### SHAREHOLDERS BY SIZE OF HOLDINGS

	No. Of Shareholders	% Of Shareholders	No. Of Shares	% Of Issued Share Capital
Less than 100	739	22.38	26,903	0.01
100-1,000	223	6.75	115,903	0.05
1,001-10,000	1,904	57.66	6,086,747	2.85
10,001-100,000	385	11.66	10,113,022	4.74
100,001-Less than 5% of issued shares	46	1.39	78,104,827	36.57
5% and above of issued shares	5	0.15	119,115,922	55.78
<b>Total</b>	<b>3,302</b>	<b>100</b>	<b>213,563,324</b>	<b>100</b>

### DIRECTORS' SHAREHOLDINGS

NAME	Direct Interest		Indirect Interest	
	No. Of Shares	% Of Shares	No. Of Shares	% Of Shares
Chithra Ganesalingam	-	-	-	-
Lee Cheow Fui	-	-	-	-
Choong Chee Meng	-	-	-	-
Chin Kok Sang (Appointed on 29 January 2021)	-	-	-	-
Yeoh Hong Hwang (Appointed on 29 January 2021)	-	-	-	-

### SUBSTANTIAL SHAREHOLDERS

NAME	Direct Interest		Indirect Interest	
	No. Of Shares	% Of Shares	No. Of Shares	% Of Shares
Mercsec Nominees (Tempatan) Sdn Bhd	48,683,509	22.80	-	-
Pledged Securities Account for ACE Credit (M) Sdn Bhd				
Fun Sheung Development Limited	31,966,914	14.97	-	-
Permanent Mutual Holdings Sdn. Bhd.	15,663,827	7.33	-	-
Mah Siew Eng	11,878,554	5.56	15,663,827(i)	7.33
Chan Jian Ming	5,939,277	2.78	15,663,827 (i)	7.33

Note:

(i) Deemed interested by virtue of their respective shareholdings in Permanent Mutual Holdings Sdn. Bhd., pursuant to Section 8(4) of the Companies Act, 2016.

## SHAREHOLDERS' ANALYSIS REPORT (CONT'D)

### TOP THIRTY LARGEST SECURITIES ACCOUNT HOLDERS

NAME	NO. OF SHARES	% OF SHARES
Mercsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for ACE Credit (M) Sdn Bhd	48,683,509	22.80
Fun Sheung Development Limited	31,966,914	14.97
Permanent Mutual Holdings Sdn Bhd	15,663,827	7.33
Mah Siew Eng	11,878,554	5.56
Apex Equity Holdings Berhad (Share Buy Back Account)	10,923,118	5.11
Yenson Investments Limited	10,495,800	4.91
Concrete Parade Sdn Bhd	10,000,000	4.68
Pinerains Sdn Bhd	8,898,480	4.17
Joymap Bridge Sdn Bhd	7,579,700	3.55
Cergas Megah (M) Sdn Bhd	7,549,040	3.53
Chan Jian Ming	5,939,277	2.78
Lim Siew Kim	5,656,920	2.65
Yeo Boon Leong	3,820,000	1.79
Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Azizan Bin Abd Rahman (MY0531)	2,756,974	1.29
Pacific & Orient Insurance Co Berhad	1,281,400	0.60
Chan Kean Chuan	1,187,120	0.56
ACE Credit (M) Sdn Bhd Pledged Securities Account for Ong Hay Thong	1,000,000	0.47
ACE Credit (M) Sdn Bhd Pledged Securities Account for Leong Kim Fong	1,000,000	0.47
RP Kelapa Sawit Sdn Bhd	1,000,000	0.47
Chan Eng Keong	967,980	0.45
Chan Kean Siew	926,160	0.43
Maybank Securities Nominees (Tempatan) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for Chan Teik Huat	822,120	0.39
Chan Kean Chai	821,100	0.38
Mercsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yong Chong Hee	617,000	0.29
Khor Keng Saw @ Khaw Ah Soay	475,044	0.22
Ong Bee Lian	472,500	0.22
Tee Jin Gee Enterprise Sdn Bhd	453,340	0.21
Mercsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chew Beow Soon	432,200	0.20
Tajul Arifin bin Mohd Tahir	343,900	0.16
HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Geok Lian	291,472	0.14
<b>Total</b>	<b>193,903,449</b>	<b>90.79</b>

# LIST OF PROPERTIES

## AS AT 31 DECEMBER 2020

The Group's properties owned by Apex Development Sdn Bhd and Apex Equity Capital Sdn Bhd, details of which are set out below :-

Location	Description of property held	Title No.	Approx. Age (Years)	Tenure	Land Area (Sq.Ft.)	Usage	Net Book Value RM	Date of acquisition of property
Mukim of Kajang Hulu Langat	Office Building	EMR 8560 Lot 7382	19	Freehold	51,008	Office Building	11,770,127	1/9/94
Mukim of Sepang Kuala Langat	Vacant Land Lot 429	C.T.12098	-	Freehold	4,361,446	Investment Property	12,709,330	20/7/95
Mukim of Klang	Vacant Land	H.S (D) 41810 P.T 9324	-	Freehold	82,896	Land Held for Development	10,300,000	5/9/03
Mukim of Ulu Yam Hulu Selangor	Vacant Land	Geran No. 6636 Lot 1677	-	Freehold	4,312,441	Investment Property	9,986,339	13/12/96
Mukim of Klang	Vacant Land	H.S (D) 41813 P.T 9328	-	Freehold	75,610	Land Held for Development	9,000,000	5/9/03
Mukim of Klang	Vacant Land	H.S (D) 41811 P.T 9325	-	Freehold	72,623	Land Held for Development	8,700,000	5/9/03
Mukim of Beaufort	Vacant Land	PL 176194880	114	Leasehold Expiry: 2095	14,374,949	Investment Property	4,317,682	9/12/15
Mukim of Klang	Vacant Land	H.S (D) 41816 P.T 9331	-	Freehold	26,302	Land Held for Development	2,500,000	5/9/03
APT 28/A(C)/(L) Hartaya Bay Resort Mukim Kijal	Apartment Unit	H S (D) 2302 P.T 2865	20	Leasehold Expiry: 2095	1,206	For Staff Use	198,030	30/8/96
Parcel No. D7 Building D Bukit Mewah Kajang	Apartment Unit	-	25	Freehold	1,059	Occupied By Staff	88,380	16/5/94
Parcel No. E7 Building E Bukit Mewah Kajang	Apartment Unit	-	25	Freehold	1,067	Occupied By Staff	88,380	16/5/94
Unit No. E/F1 Strawberry Park Resort Apartment	Apartment Unit	-	36	Leasehold Expiry: 2067	1,232	For Staff Use	-	7/6/95

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 31st Annual General Meeting of Apex Equity Holdings Berhad ("the Company") will be held at the Conference Room, 10th Floor, Menara Apex, Off Jalan Semenyih, Bukit Mewah, 43000 Kajang, Selangor Darul Ehsan on Monday, 28 June 2021 at 10.00 a.m. to transact the following businesses:

## AGENDA

- |  |   |
|--|---|
| <p>1. To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.</p>   | <p><b>Please refer to Explanatory Note 1</b></p>      |
| <p>2. To approve the payment of Directors' fees and benefits to the Non-Executive Directors of the Company from the conclusion of this Annual General Meeting up till the conclusion of the next Annual General Meeting of the Company to be held in 2022.</p>               | <p><b>Resolution 1</b></p>                            |
| <p>3. To re-elect Mr. Choong Chee Meng who retires pursuant to Article 102 of the Company's Articles of Association, and being eligible, has offered himself for re-election.</p>  | <p><b>Resolution 2</b></p>                            |
| <p>4. To re-elect the following Directors who retire pursuant to Article 109 of the Company's Articles of Association and being eligible, have offered themselves for re-election:</p> <p>(i) Mr. Chin Kok Sang</p> <p>(ii) Mr. Yeoh Hong Hwang</p>                          | <p><b>Resolution 3</b></p> <p><b>Resolution 4</b></p> |
| <p>5. To re-appoint Crowe Malaysia PLT as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting to be held in 2022 and to authorise the Directors to fix their remuneration.</p> | <p><b>Resolution 5</b></p>                            |

## As Special Business

To consider and if thought fit, to pass the following ordinary and special resolutions, with or without modification:

- |  |                            |
|--|----------------------------|
| <p><b>6. ORDINARY RESOLUTION 1</b></p> <p><b>RETENTION OF MR. LEE CHEOW FUI AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR FROM 8 OCTOBER 2021 TO 7 OCTOBER 2022</b></p> <p><b>THAT</b> Mr. Lee Cheow Fui who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years be and is hereby retained as an Independent Non-Executive Director of the Company from 8 October 2021 to 7 October 2022.</p>  | <p><b>Resolution 6</b></p> |
| <p><b>7. ORDINARY RESOLUTION 2</b></p> <p><b>AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO THE COMPANIES ACT 2016</b></p> <p><b>THAT</b> subject always to the Companies Act 2016 ("the Act"), Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other governmental/regulatory bodies, where such approval is necessary, the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit PROVIDED THAT the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.</p> | <p><b>Resolution 7</b></p> |

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### 8. SPECIAL RESOLUTION

Resolution 8

#### PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

**THAT** approval be and is hereby given to the Company to revoke its existing Memorandum and Articles of Association in its entirety with immediate effect and in place thereof, the new Constitution as set out in Appendix I be and is hereby adopted as the new Constitution of the Company.

**AND THAT** the Board of Directors of the Company ("Board") be and is hereby authorised and empowered to sign, execute, deliver and cause to be delivered on behalf of the Company, all documents as the Board may consider necessary, with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such things in any manner as the Board may deem fit, necessary and/ or expedient to implement, finalise and give full effect to the Proposed Adoption of the New Constitution of the Company.

9. To transact any other business that may be transacted at the 31st Annual General Meeting of which due notice shall have been given in accordance with the Companies Act 2016 and the Articles of Association of the Company.

By Order of the Board

**Tan Cheng Han** (MIA 11280)

SSM PC No. 202008000103

**Low Kim Heow** (MAICSA 7007682)

SSM PC No. 201908002950

**Mak Chooi Peng** (MAICSA 7017931)

SSM PC No. 201908000889

Company Secretaries

Kajang

28 May 2021

### EXPLANATORY NOTES

#### 1. Item 1 of the Agenda – Receipt of Reports and Audited Financial Statements

Item 1 of the Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 ("the Act") does not require a formal approval from the shareholders for the audited financial statements. Hence, this Agenda item will not be put forward for voting.

#### 2. Item 2 of the Agenda – Payment of Directors' Fees and Benefits

The total estimated amount of Directors' fees and benefits payable to the Non-Executive Directors of RM750,000/- includes meeting allowance for the period from the conclusion of this Annual General Meeting ("AGM") up till the conclusion of the next AGM of the Company to be held in 2022. In the event that the proposed Directors' fees and benefits are insufficient, approval will be sought at the next AGM for additional Directors' fees and benefits to meet the shortfall.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### 3. Item 6 of the Agenda – Retention of Mr. Lee Cheow Fui as an Independent Non-Executive Director of the Company

The Nominating Committee and the Board of Directors of the Company ("Board") had assessed the independence of Mr. Lee Cheow Fui, who has served as an Independent Non-Executive Director ("INED") of the Company for a cumulative term of nine (9) years, and with his consent, had collectively recommended for him to continue to act as an INED of the Company based on the following justifications:-

- (a) he fulfilled the criteria of the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and had expressed his willingness to continue in office as an INED of the Company;
- (b) he met the criteria of character, experience, integrity, competence and time required to effectively discharge his role as a Director, as prescribed by Paragraph 2.20A of the MMLR.
- (c) his vast experience which enables him to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Group;
- (d) he has served the Company as an INED for a cumulative term of nine (9) years during which he had acted in good faith and in the best interests of the Company, exercising his independent judgement during deliberations and decision making during the Company's meetings; and
- (e) he has proven to be a reliable INED with his professionalism aptitude and outlook of business perspective, devoted sufficient time and attention to his professional obligations for informed and balance decision making and had also exercised due care during his tenure in the best interests of the Company and the shareholders.

### 4. Item 7 of the Agenda – Authority to Issue and Allot Shares Pursuant to the Companies Act 2016 ("Act")

The Ordinary Resolution 2 proposed under Resolution 7 of the Agenda is for the purpose of renewing the general mandate for issuance of shares by the Company pursuant to Sections 75 and 76 of the Act.

The Company did not issue any shares pursuant to Sections 75 and 76 of the Act under the general mandate sought at the Adjourned 30th Annual General Meeting ("AGM") held on 2 September 2020, which will lapse upon the conclusion of the forthcoming 31st AGM.

The proposed Ordinary Resolution 2, if passed, will give authority to the Directors of the Company, from the date of the 31st AGM, to allot and issue shares or to make or grant offers, agreements or options in respect of shares to such persons, in their absolute discretion including to make or grant offers, agreements or options which would or might require shares in the Company to be issued after the expiration of the approval, without having to convene a general meeting, provided that the aggregate number of shares issued does not exceed 10% of the total number of issued shares of the Company for the time being.

This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company. The general mandate sought will enable the Directors of the Company to allot and issue shares, including but not limited to making a placement of shares for the purposes of raising funding for investment(s), working capital and general corporate purposes as deemed necessary.

### 5. Item 8 of the Agenda - Proposed Adoption of New Constitution of the Company

The proposed Special Resolution on the adoption of the new Constitution of the Company, if passed, will streamline the Company's Constitution with the new provisions of the Act and amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board of Directors has again proposed that the existing Memorandum and Articles of Association of the Company ("M&A") be replaced in its entirety with the proposed new Constitution as set out in Appendix I of the Annual Report as the new Constitution of the Company. The proposed adoption shall take effect once it has been passed by a majority of not less than 75% of such members who are entitled to attend and vote in person or by proxy at a general meeting.

To re-cap, this Special Resolution had been tabled twice at the Company's Extraordinary General Meetings held on 19 June 2019 and 18 November 2019 ("EGMs"), and once at the Adjourned 30th AGM held on 2 September 2020 ("Adjourned AGM") with a new version of the Constitution which is more structured and provides better clarity and eases understanding for the readers.

By way of information for the benefit of shareholders, no queries were raised at the EGMs on the proposed amendments and yet the Special Resolution was not carried. At the Adjourned AGM on 2 September 2020, a shareholder raised queries on a few clauses in the proposed constitution which were addressed at the said meeting. All the same, the Special Resolution was not carried.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

The Company had made three (3) attempts to seek its shareholders' approval for the Special Resolution but to no avail. This 31st AGM will be the fourth (4) attempt.

Bursa Malaysia Securities Berhad had, vide its letter dated 6 October 2020, granted the Company a further extension of time until its AGM in year 2021 or 30 June 2021, whichever is earlier, to adopt a new Constitution.

### NOTES:

#### Entitlement to Attend/Participate, Speak and Vote

Only members whose names appear in the Record of Depositors on 18 June 2021 shall be entitled to attend, speak and vote at this 31st Annual General Meeting ("Meeting").

#### Proxy

1. A member entitled to attend and vote at this Meeting is entitled to appoint one (1) or more proxies to attend and vote in his stead. If a member wishes to personally participate in this Meeting, please do not appoint any proxy(ies).
2. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. There shall be no restriction as to the qualification of the proxy.
4. The instrument appointing the proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, the instrument appointing a proxy shall be given under the corporation's common seal or under the hand of an officer or attorney of the corporation duly authorised in that behalf.
5. Where a member is an authorized nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member is an exempt authorised nominee ("EAN"), as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
7. All Proxy Forms must be deposited at the Company's Registered Office at 6th Floor, Menara Apex, Off Jalan Semenyih, Bukit Mewah, 43000 Kajang, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding this Meeting or any adjournment thereof.

#### Voting

1. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of the 31st AGM shall be put to vote by way of poll.

**PROXY FORM**

CDS ACCOUNT NO.	NO. OF SHARES HELD



I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
 [Full name in block, NRIC No./Company No. and telephone number]

of \_\_\_\_\_

[Address]

being a member/members of Apex Equity Holdings Berhad, hereby appoint:

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or (delete as appropriate)

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting as my/our proxy to attend and to vote for me/us and on my/our behalf at the 31st Annual General Meeting of the Company to be held at Conference Room, 10th Floor, Menara Apex, Off Jalan Semenyih, Bukit Mewah, 43000 Kajang, Selangor Darul Ehsan on Monday, 28 June 2021 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

Item	Agenda	Resolution	For	Against
1.	Approval for payment of Directors' fees and benefits	Resolution 1		
2.	Re-election of Mr. Choong Chee Meng as a Director	Resolution 2		
3.	Re-election of Mr. Chin Kok Sang as a Director	Resolution 3		
4.	Re-election of Mr. Yeoh Hong Hwang as a Director	Resolution 4		
5.	Re-appointment of Crowe Malaysia PLT as the Auditors of the Company	Resolution 5		
6.	Ordinary Resolution 1 - Retention of Mr. Lee Cheow Fui as an Independent Non-Executive Director	Resolution 6		
7.	Ordinary Resolution 2 - Authority to issue and allot shares	Resolution 7		
8.	Special Resolution – Proposed Adoption of New Constitution of the Company	Resolution 8		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2021

\_\_\_\_\_  
 Signature of Shareholder/Common Seal

**NOTES:****Entitlement to Attend/Participate, Speak and Vote**

Only members whose names appear in the Record of Depositors on 18 June 2021 shall be entitled to attend, speak and vote at this 31st Annual General Meeting ("Meeting").

**Proxy**

- A member entitled to attend and vote at this Meeting is entitled to appoint one (1) or more proxies to attend and vote in his stead. If a member wishes to personally participate in this Meeting, please do not appoint any proxy(ies).
- Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- There shall be no restriction as to the qualification of the proxy.
- The instrument appointing the proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, the instrument appointing a proxy shall be given under the corporation's common seal or under the hand of an officer or attorney of the corporation duly authorised in that behalf.
- Where a member is an authorized nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member is an exempt authorised nominee ("EAN"), as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
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**Voting**

- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of the 31st AGM shall be put to vote by way of poll.



PLEASE FOLD HERE

STAMP

The Company Secretary

**Apex Equity Holdings Berhad**

[Company No.: 199001016563 (208232-A)]

6th Floor, Menara Apex,  
Off Jalan Semenyih,  
Bukit Mewah, 43000 Kajang  
Selangor Darul Ehsan, Malaysia

PLEASE FOLD HERE

**Apex Equity Holdings Berhad**

[Company No.: 199001016563 (208232-A)]

6th Floor, Menara Apex,  
Off Jalan Semenyih,  
Bukit Mewah, 43000 Kajang  
Selangor Darul Ehsan, Malaysia

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