

The logo for TIME magazine, featuring the word "TIME" in a bold, sans-serif font with a trademark symbol. The letters are a vibrant magenta color.

ANNUAL REPORT

2019

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# Performance Indicators

## REVENUE FY'19

**RM 1,113.9 mil**

(Pre-MFRS 16: RM1,113.9mil)

from

**RM983.4mil**

In FY'18

**13%**

(Pre-MFRS 16)

## EBITDA FY'19

**RM 479.8 mil**

(Pre-MFRS 16: RM455.9mil)

from

**RM427.4mil**

In FY'18

**7%**

(Pre-MFRS 16)

## OPERATING PROFIT FY'19

**RM 330.3 mil**

(Pre-MFRS 16: RM324.5mil)

from

**RM302.4mil**

In FY'18

**7%**

(Pre-MFRS 16)

## EPS FY'19

**53.7 SEN**

(Pre-MFRS 16: 53.8 SEN)

from

**49.6SEN**

In FY'18

**8%**

(Pre-MFRS 16)

## TOTAL SHAREHOLDERS' EQUITY FY'19

**RM 2,766.9 mil**

(Pre-MFRS 16: RM2,767.2mil)

from

**RM2,519.7mil**

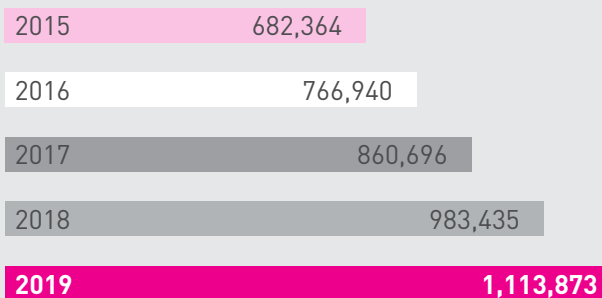
In FY'18

**10%**

(Pre-MFRS 16)

## REVENUE

(RM'000)



# Corporate Profile

## Introduction and Business Model



### Domestic Network

100% fibre optics-based domestic fixed-line telecommunications service provider.



### Global Networks

International bandwidth provider with a global footprint.



### Data Centres

Carrier-neutral data centre operator with world-class data storage facilities and ancillary services.



### ASEAN

Strategic acquisitions/joint ventures/partnerships with telecommunications service providers and data centre businesses in ASEAN.

TIME dotCom Berhad ("TIME" or "the Group") is a Malaysian-based telecommunications provider that offers a full range of telecommunications solutions including domestic and global connectivity, data centre and managed service solutions to its customers across the ASEAN region.

TIME's fibre optic network assets extend across Malaysia, Singapore, Thailand, Vietnam and Cambodia – countries in which it has established an operational presence. This is further supplemented by its stakes in the UNITY, FASTER, Asia Pacific Gateway ("APG") and Asia-Africa-Europe-1 ("AAE-1") international subsea cable systems.

The Group's data centre business, AIMS Data Centre ("AIMS") is a leading carrier-neutral data centre and managed services provider in Malaysia and Southeast Asia. As the anchor site for the Malaysian Internet Exchange ("MylX"), it handles traffic for over 88 peers and networks with international connectivity for customers from various industries. AIMS is headquartered in Malaysia, with data centre presence in Kuala Lumpur, Cyberjaya and Penang. AIMS also has data centre presence in key ASEAN cities in Singapore, Thailand and Vietnam, either directly or through associates.

ASEAN remains a key focus of TIME's regional business growth, with strategic acquisitions and partnerships initiated to strengthen business sustainability going forward by reducing reliance on a single market. Thus far, the Group counts Symphony Communications Public Company Limited ("SYMC") and KIRZ Co. Ltd. ("KIRZ") in Thailand, and CMC Telecommunications Infrastructure Corporation ("CMC") in Vietnam, as associates.

## TIME's Focus Areas and Telecommunications Solutions

### Telecom Segment

- Connectivity
- Co-location



### Networks/Assets

- Fibre Optic (Terrestrial)
- Fibre Optic (Subsea)
- Data Centre



### Customer Segment

- Wholesale
- Enterprise
- Retail



### Services

- Connectivity
- Data Centre
- Cloud
- Security
- Managed Services
- Voice\*



\*Secondary Business Focus

Note: Wholesale refers to other telecommunications operators, Over-The-Top content providers ("OTT") and Internet Service Providers (both domestic and international), while Enterprise includes customers from the Banking, Financial Services, Multinational Corporations, Education, Hospitality, Logistics, Government, Manufacturing and Small Medium Enterprise sectors.

# Corporate Profile

## BUSINESS STRENGTHS

TIME's ability to create value stems from its inherent business strengths as a leading telecommunications operator, both domestically and regionally.

### Business Strengths



#### Robust Business Model

The Group offers a diverse range of telecommunications and data centre related products and service offerings, which cater to a wide range of customers, both locally and regionally. This is made possible by its strong domestic fibre optic network and its stakes in international subsea cable systems: UNITY, FASTER, APG and AAE-1. This reduces reliance on a single geographical market ensuring that TIME is able to continue generating positive financial returns. Beyond connectivity solutions, TIME is also supported by its data centre business which further supplements its income.



#### Solid Financial Position

The Group's strong asset base and stable cash position enables it to fund required capital expenditure and drive business growth. TIME's solid financial performance equates to consistent returns for shareholders.



#### Expanding Domestic Presence

TIME continues to improve on the quality and technology of its high-speed, reliable fibre optic network in Malaysia. This allows the Group to deliver market-oriented and cost-competitive products and services that ensure strong customer satisfaction and retention.



#### Expanding Regional Presence

TIME continues to expand its presence in the region. Insights and best practices from different geographic markets are shared across the Group to enhance operational efficiency and competitive advantage.



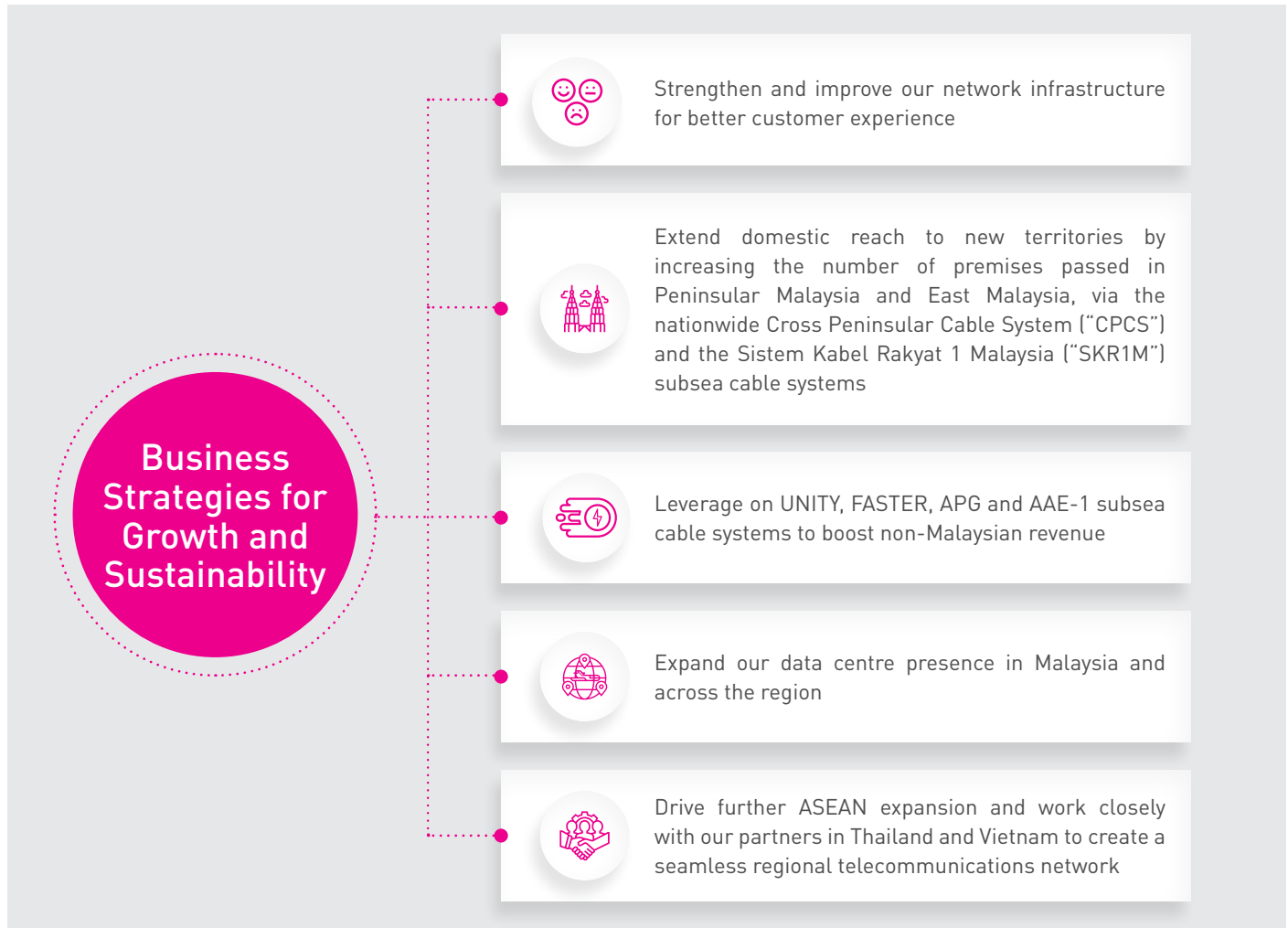
#### 1,200-Strong Professional Workforce

TIME leverages on its professional workforce whose collective skills, expertise and experience enable the delivery of services and power the Group's competitive ability. It is the unique skillset, mindset and culture of its talent that enables the Group to deliver on its business goals and develop a strong, customer-centric culture.

# Corporate Profile

## Business Strategies for Growth and Sustainability

The Group's business strategies are designed to leverage on its business strengths towards driving business and operational sustainability and, ultimately, long-term value creation for stakeholders.



## Continued Excellence

Moving forward, TIME will continue to leverage on its strengths to focus on increasing its market share across the geographies it operates in, by delivering a fast, reliable and unparalleled quality fibre network experience that is tailored to the present and future requirements of all its customer segments.

Having built a proven reputation for high-performance solutions, product innovation and unwavering customer commitment, TIME is equipped and dedicated to spearheading service excellence to its customers and stakeholders by pushing the boundaries of technological performance.

# Corporate Information

## Board of Directors

### Abdul Kadir Md Kassim

Independent, Non-Executive Director  
(Chairman)

### Elakumari Kantilal

Non-Independent, Non-Executive  
Director

### Ronnie Kok Lai Huat

Senior Independent, Non-Executive  
Director

### Hong Kean Yong

Independent, Non-Executive Director

### Mark Guy Dioguardi

Independent, Non-Executive Director

### Koh Cha-Ly

Independent, Non-Executive Director

### Afzal Abdul Rahim

Non-Independent, Executive Director  
(Commander-in-Chief)

### Patrick Corso

Non-Independent, Executive Director

### Lee Guan Hong

Non-Independent, Executive Director

## Audit Committee

Ronnie Kok Lai Huat (Chairman)  
Elakumari Kantilal  
Hong Kean Yong

## Nomination And Remuneration Committee

Elakumari Kantilal (Chairman)  
Ronnie Kok Lai Huat  
Hong Kean Yong

## Tender Committee

Hong Kean Yong (Chairman)  
Elakumari Kantilal  
Ronnie Kok Lai Huat  
Mark Guy Dioguardi

## Company Secretary

Misni Aryani Muhamad (LS 0009413)  
(SSM PC No.: 202008000300)

## Registered Office

Level 4, No.14  
Jalan Majistret U1/26  
HICOM Glenmarie Industrial Park  
40150 Shah Alam  
Selangor, Malaysia  
Tel : +603 5039 3000  
Fax: +603 5032 6063

## Website

[www.time.com.my](http://www.time.com.my)

## Share Registrar

Mega Corporate Services Sdn Bhd  
Level 15-2, Bangunan Faber Imperial  
Court, Jalan Sultan Ismail  
50250 Kuala Lumpur, Malaysia  
Tel : +603 2692 4271  
Fax: +603 2732 5388

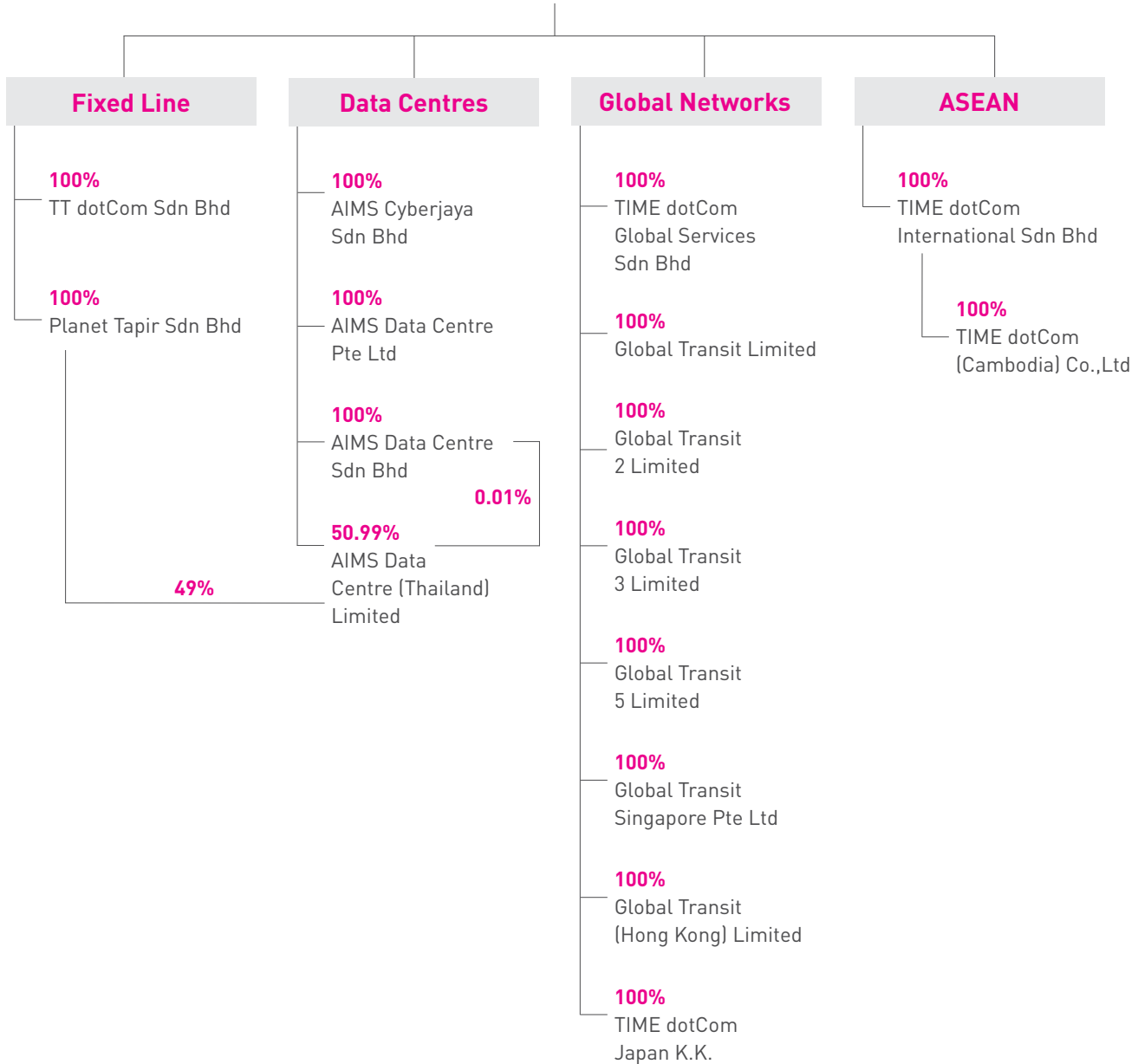
## Auditors

KPMG PLT  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor, Malaysia

## Stock Exchange Listing

Main Market of Bursa Malaysia  
Securities Berhad

# Corporate Structure





# Chairman's Statement

## Dear Shareholders,

2019 was yet another challenging year for the Malaysian economy. Macro-economic factors dampened economic growth as investors kept their eyes on the prolonged trade spat between the United States and China, Brexit and other geopolitical tensions. Given Malaysia's open economy and its position as a trading nation, the impact on Malaysia's domestic economic performance did not go unnoticed.

As a result, Malaysia's gross domestic product ("GDP") growth moderated to 4.3% in FY2019, amidst a slowdown in foreign investments, weaker export performance and continued decline in public and private expenditure.

Within the telecommunications industry, operating conditions grew increasingly challenging. Competition intensified as telco players looked to maintain or expand market share in a highly matured market. Ongoing efforts to improve nationwide broadband connectivity remains a top priority for industry players and will likely continue to be a vital component shaping the telecommunications landscape in the coming year.

However, by responding proactively to prevailing market conditions and by diligently pursuing our business strategies, TIME dotCom Berhad ("TIME" or "the Group") has continued to register healthy business growth for FY2019.

## Year In Review

The Group adapted its go-to-market strategies towards strengthening its position in all key markets, both locally and abroad in all customer segments.

With consumers expressing greater price sensitivity and reduced brand loyalty, TIME launched Malaysia's first no lock-in contract option for the retail market. This was a game-changer for the industry and marked a change towards providing contract flexibility and greater adaptability to market forces.

In January 2019, TIME became Malaysia's first telco provider and the world's second to achieve the Metro Ethernet Forum ("MEF") 3.0 certification. Companies certified under MEF 3.0 are held to more stringent quality and configuration standards and are verified as being capable of supporting 5G and LTE-A connectivity.

In the second half of the year, the Group achieved several milestones. TIME established direct connections to global cloud service providers, namely Microsoft Azure, Google Cloud Platform and Amazon Web Services through its TIME Cloud Interconnect Direct, a dedicated, faster and more secure connection to cloud service providers.

2019 was also the year the Group expanded its data centre business by establishing AIMS Data Centre (Thailand) Limited. This reflects the growing potential of data centre operations given the rapid adoption of big data analytics and other technological trends that require data warehousing capabilities.

## Financial Review

“Despite the challenges faced, TIME continued to achieve resilient growth for the financial year. In FY2019, revenue grew 13.3% to surpass the RM1 billion mark at RM1,113.9 million (FY2018: RM983.4 million).”

All core product segments recorded higher sales, and all core customer groups also contributed to overall revenue growth, notably from the wholesale and retail segments.

For a more detailed analysis of our financial performance as well as business and operational highlights, please refer to the Management Discussion and Analysis section of this Annual Report.

# Chairman's Statement

## Shareholder Rewards



In line with our financial performance, the Board of Directors have declared on 28 February 2020, an ordinary interim and a special interim tax exempt (single tier) dividend of 9.95 sen and 19.08 sen per ordinary share for the financial year ended 31 December 2019, which was paid on 31 March 2020.



The dividend declared and distributed is consistent with the Group's policy to pay shareholders up to 25% of normalised profit after tax and additional special interim dividend as a reward to shareholders for their support and loyalty to the Group. Our consistency in adhering to this policy has resulted in TIME being recognised as achieving highest returns to shareholders over three (3) years in the Telecommunications and Media category by The Edge Billion Ringgit Club Awards.

## Acknowledgements

On behalf of the Board, I would like to thank the Ministry of Communications and Multimedia and the Malaysian Communications and Multimedia Commission for their counsel as we navigate the changing telecommunications landscape in Malaysia.

To our loyal shareholders, who have stood by us through the ups and downs, I thank you for your vote of confidence during this financial year.

To our employees, my appreciation for your continued professionalism, dedication and efforts. You have been an important driving force behind the Group's continued growth and performance.

Finally, I express my appreciation to my fellow Board members for their wise counsel and service on the respective Board Committees and to the Senior Management for providing the strategic leadership that continues to guide the Group to greater heights.

**ABDUL KADIR MD KASSIM**

Chairman

# Management Discussion & Analysis

## OPERATING ENVIRONMENT REVIEW

Malaysia's real GDP growth moderated to 4.3% in 2019, a result of a slowdown in direct foreign investments and a decline in public and private expenditure. The operating environment in the telecommunications industry also proved to be challenging as competition intensified.

Despite facing such an environment, TIME has continued to achieve consistent growth driven by a focus on our core business strategies.

In Malaysia, the Group concentrated its efforts on strengthening and improving its domestic fibre network infrastructure while expanding coverage footprint. This has enabled the Group to grow its market share and customer base despite the emergence of new players in the industry.

Additionally, the Group continued to innovate in order to deliver market-oriented and cost competitive products to cater to market needs and demands. An example of this would be the no lock-in contract option for the retail market, a decision made based on data indicating the market wanted greater contract flexibility.

In light of its desire to reduce reliance on a single market, the Group has continued to expand its presence on the regional front. Increasing demand for cross-border connectivity across Southeast Asia provides opportunities to penetrate new high-growth markets and remains an area that the Group is actively tapping into.

Further to TIME's extensive connectivity, the Group's data centre business is also embarking on its journey to expand its data centre presence across the region.

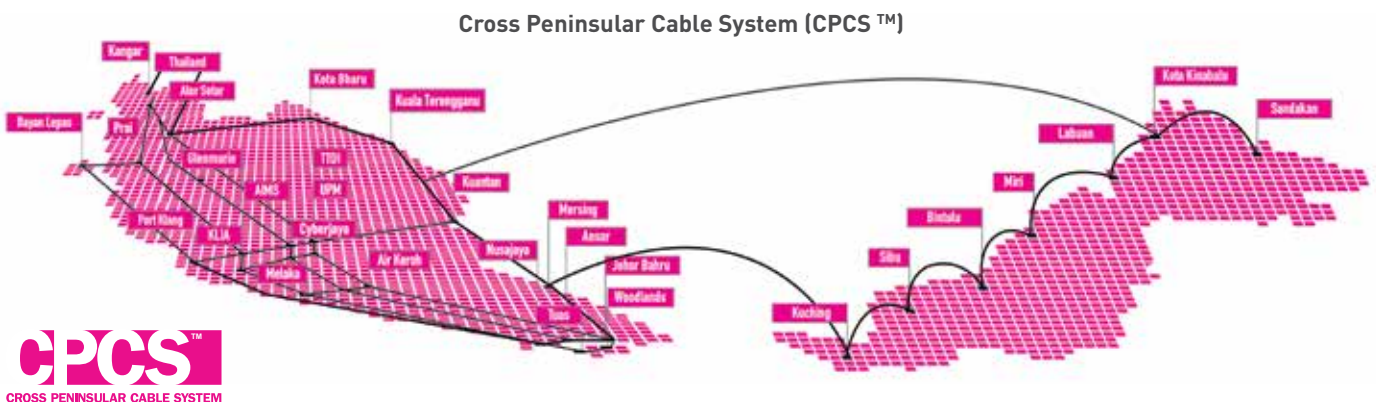
Employing these strategies and their subsequent effect on the business are discussed in further detail in the upcoming pages of this Management Discussion and Analysis.

## BUSINESS REVIEW

### Domestic Network

Revenue growth was recorded across all customer groups for the financial year ended 31 December 2019 ("FY2019"), led by contributions from Wholesale and Retail customers. The Retail customer group grew by 27% in FY2019. This is an encouraging development given that the Malaysian retail space is highly competitive.

The reach of TIME's domestic fibre network continues to increase further nationwide, growing approximately 30% year-on-year from financial year ended 31 December 2018 ("FY2018") to further close the gap to the Group's target of 1 million premises passed by the end of year 2020.

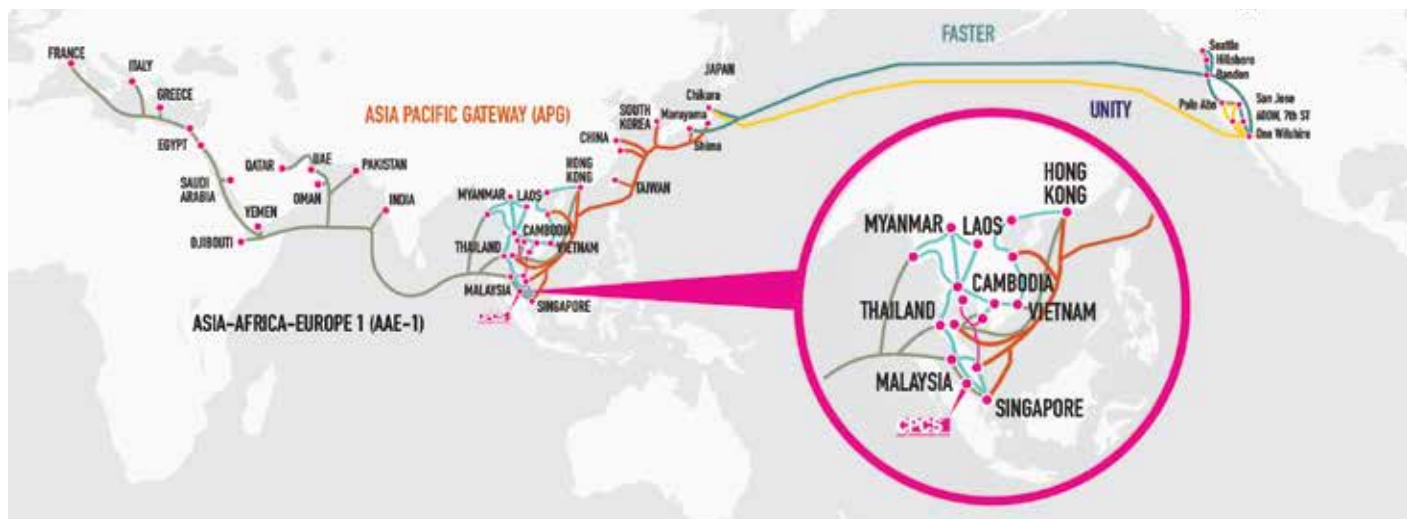


# Management Discussion & Analysis

## Global Networks

As in previous years, TIME has leveraged on the extensive reach of its subsea cable systems to continue delivering strong business and operational performance. More so, growth was achieved in the face of increasing competition and a general decrease in global bandwidth rates.

The strong value proposition of TIME's combined cable systems has enabled the Group to pull through in securing customers and consequently, improved revenue.



## Data Centres

AIMS Data Centre ("AIMS"), the Group's data centre business, is Malaysia's leading carrier-neutral data centre service provider and also home to the Malaysia Internet Exchange ("MyIX"). AIMS was recognised as Malaysia's Cloud Infrastructure Provider of the Year by Frost & Sullivan in FY2019.

The Group's data centre operations continued to see growing traction, largely attributed to increasing demand from Over-The-Top ("OTT") content providers, who are expanding strongly into the Southeast Asia ("SEA") region.

On 24 July 2019, TIME incorporated a new subsidiary in Thailand, AIMS Data Centre (Thailand) Limited. The intended principal activity of AIMS Data Centre (Thailand) Limited is the provision of data centre and other related services. AIMS Data Centre (Thailand) Limited is expected to commence data centre operations in the second half of 2020.

Overall, throughout FY2019, data centre floor space for the Group has expanded by a further 6% to reach a new high of 78,215 sq ft.

## Data Centres

Location	(Net Lettable Area In Sq Ft)
Menara AIMS, Kuala Lumpur	56,945
Cyberjaya	18,700
Others	2,570
<b>Total</b>	<b>78,215</b>

## ASEAN

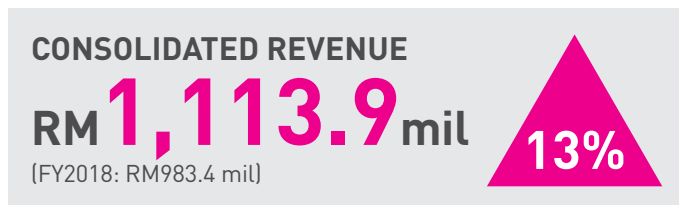
The Group has continued to pursue regional expansion as part of its diversification strategy to reduce over-reliance on a single geographic market.

Regional growth also provides opportunities to penetrate new high-growth markets where the telecommunications sector is still at a nascent stage of development. This will allow the Group to emulate the successfully proven Malaysia business model to spur faster business growth. The Group's regional operations continue to generate growing revenue and earnings for the Group as it continues to build on the established network presence in Thailand and Vietnam through its key associates, namely Symphony Communication Public Company Limited ("SYMC") and CMC Telecommunication Infrastructure Corporation ("CMC").

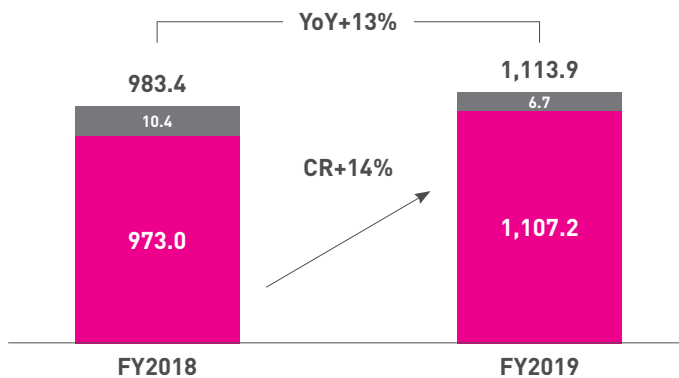
# Management Discussion & Analysis

## FINANCIAL REVIEW

TIME recorded a consolidated revenue of RM1,113.9 million in FY2019. This represents a 13% increase year-on-year from the RM983.4 million consolidated revenue recorded in FY2018.



### Revenue (RM'million) - TIME Group



- One-off non-recurring contracts
- Data, Data Centre, Voice and Others

CR: Core revenues

It also marked the first time that TIME has surpassed the RM1 billion mark for consolidated revenue.

The higher consolidated revenue was achieved on the back of stronger contributions seen across all customer groups led by contributions from the Group's Wholesale and Retail customers.

More importantly, the Group continues to see growing revenue from recurring income streams, thereby reducing our reliance on one-off non-recurring contract income. Excluding one-off revenues from non-recurring contracts, overall Group revenue growth for FY2019 would have shown an increase of RM134.2 million or 14%.

Malaysia remains the largest contributor to revenue accounting for 94% of total Group revenue with the balance derived from overseas.

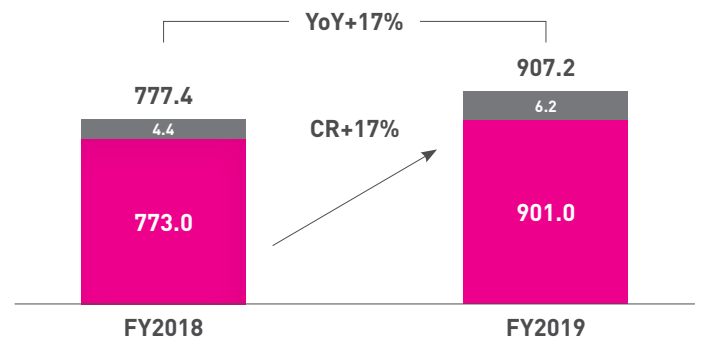
	FY2019 RM'mil	FY2018 RM'mil
<b>Operating Revenue</b>		
Within Malaysia	1,050.5	947.8
Outside Malaysia	63.4	35.6
	<b>1,113.9</b>	<b>983.4</b>

### Operating Revenue by Product

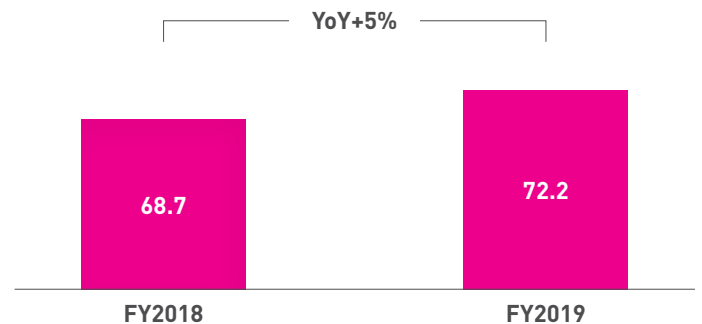
Data sales expanded by 17% year-on-year to post RM907.2 million in revenues in FY2019. Bucking the trend in previous years, voice revenue also grew by 5% to reach RM72.2 million in FY2019.

The Group recorded revenues amounting to RM0.5 million from one-off non-recurring contracts from data centre business in FY2019. This represents a reduction of RM5.5 million when compared to the RM6.0 million data centre revenue from one-off non-recurring contracts recorded in FY2018. Excluding one-off non-recurring contracts, data centre revenues would have grown RM3.0 million, an increase of 2% over FY2018.

### Revenue (RM'million) - Data

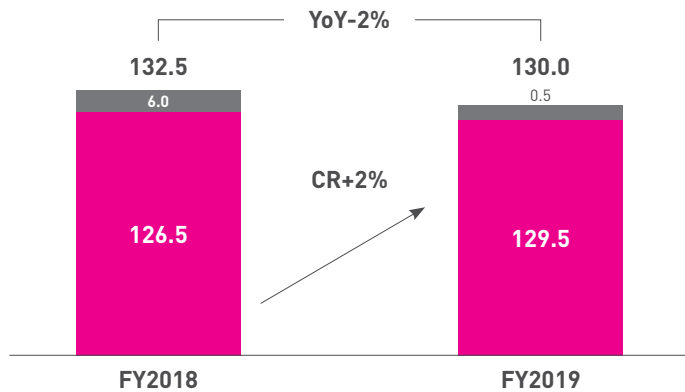


### Revenue (RM'million) - Voice



# Management Discussion & Analysis

Revenue (RM'million) - Data Centre



CR: Core revenues

## Revenue by Customer Group

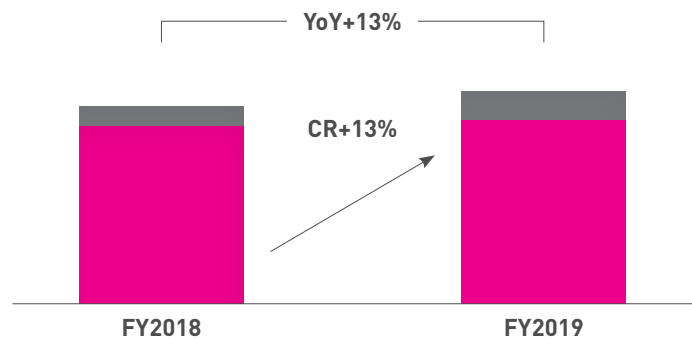
The Group's Retail and Wholesale segments were FY2019 key revenue growth drivers. Both segments posted revenue growth of 27% and 13% respectively in FY2019.

TIME had introduced new home fibre broadband offerings of up to 1Gbps towards the end of FY2018. The new competitively priced plans had the effect of reducing Average Revenue Per User ("ARPU") which resulted in some short term margin compression initially for the Group, but despite the reduced ARPUs, the Group still managed to grow retail revenues by 27% in FY2019 as the impact of ARPU erosion has been cushioned by higher sales volumes arising from strong demand for TIME Fibre Home Broadband offerings.

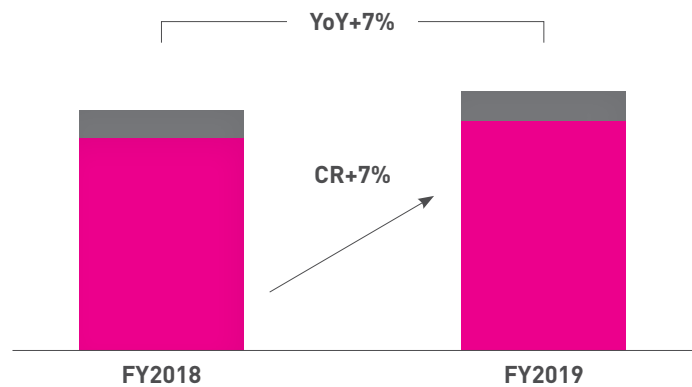
Wholesale growth is attributed to strong demand for the Group's submarine cable capacity seen from OTT customers as they move to expand closer to this part of the world, as well as from more traditional global telecommunication operators. Growth in wholesale revenues also came from more sales to domestic mobile operators as part of their domestic mobile network fiberisation initiatives.

Revenue growth in the Enterprise segment remained steady with a growth of 7% in FY2019.

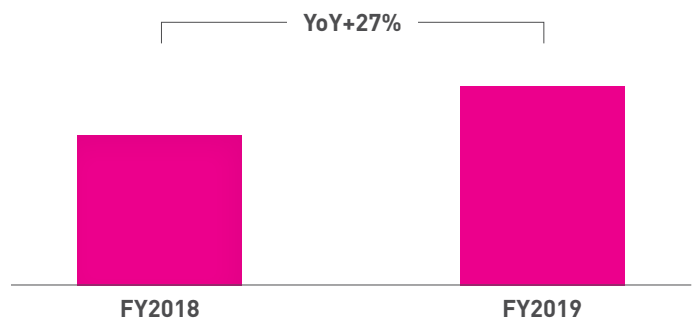
Revenue (RM'million) - Wholesale



Revenue (RM'million) - Enterprise



Revenue (RM'million) - Retail



CR: Core revenues

# Management Discussion & Analysis

## INCOME STATEMENT

RM'million	Actual As Reported Under MFRS 16 FY2019	MFRS Adjustments FY2019	Actual Pre-MFRS 16 FY2019	Actual Pre-MFRS 16 FY2018	YTD Variance
<b>REVENUE</b>	1,113.9		1,113.9	983.4	+13%
<b>EBITDA</b>	479.8	(23.9)	455.9	427.4	+7%
<b>PROFIT BEFORE TAX (PBT)</b>	328.1	0.4	328.5	304.8	+8%
<i>Adjustments</i>					
<b>EBITDA</b>					
Gain on disposal of Property, Plant and Equipment ("PPE")	(0.1)		(0.1)	(0.7)	
(Recovery)/Impairment for construction deposits	(0.7)		(0.7)	1.8	
Impairment loss in investment in associates	-		-	4.0	
Allowance for doubtful debts for advances to associates	6.5		6.5	7.2	
PPE written off	6.5		6.5	1.0	
Writeback provision of expenses	-		-	(3.9)	
Provision for financial guarantee	16.1		16.1	-	
Forex loss/(gain)	1.9		1.9	(17.0)	
<b>Total</b>	30.2		30.2	(7.6)	
<b>ADJUSTED EBITDA</b>	<b>510.0</b>	<b>(23.9)</b>	<b>486.1</b>	<b>419.8</b>	<b>+16%</b>
<b>ADJUSTED PBT</b>	<b>358.3</b>	<b>0.4</b>	<b>358.7</b>	<b>297.2</b>	<b>+21%</b>

The above table shows comparative financial results for the Group both pre and post-MFRS 16. Analysis and comparisons to the previous financial year are, however, done excluding the impact of MFRS 16 for better comparability.

Pre-MFRS 16 earnings before interest, tax, depreciation and amortisation ("EBITDA") in FY2019 rose to RM455.9 million which is 7% higher year-on-year (FY2018: RM427.4 million).

The Group's earnings and profit was impacted by provisions made for doubtful debts for shareholder loans given to an associate amounting to RM6.5 million (FY2018: RM7.2 million) and a provision for financial guarantees of RM16.1 million to secure banking facilities of the said associate in the current financial year. Note that, the Group's net investment value in the associate amounting to RM4.0 million had already been fully impaired in FY2018.

Taking the above as well as other non-operating adjustments (as disclosed in the table above) into consideration, the Group would have reported an adjusted pre-MFRS 16 EBITDA of RM486.1 million in FY2019, which is an increase of 16% when compared to similarly adjusted EBITDA of RM419.8 million in FY2018. The improved performance in FY2019 comes on the back of higher overall revenues (despite lower one-off non-recurring contract revenues), improved cost efficiencies, higher interest income and increased share of profits from associates, posted in the current year. A similarly adjusted pre-MFRS 16 profit before tax ("PBT") also showed a growth of 21% year-on-year to reach RM358.7 million in FY2019 (FY2018: RM297.2 million).

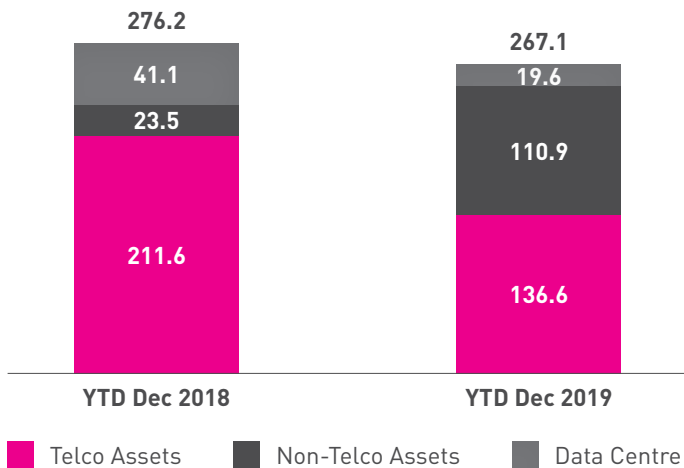
# Management Discussion & Analysis

## CAPITAL EXPENDITURE AND VALUE DISTRIBUTED

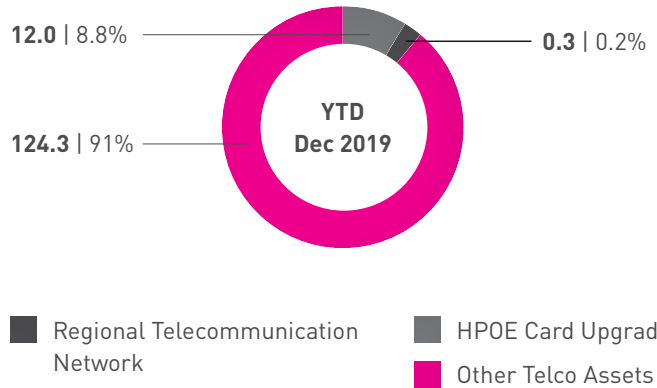
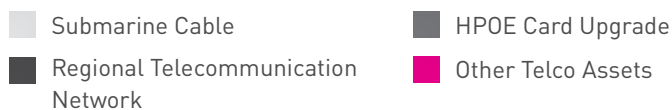
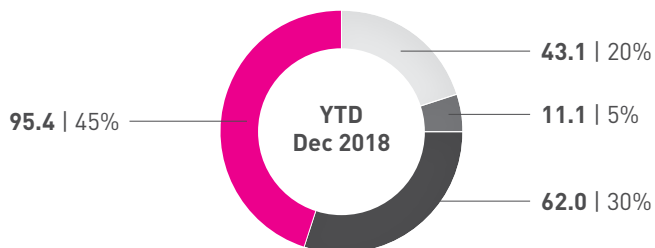
In FY2019, the Group spent a total of RM267.1 million on capital expenditure ("CAPEX"). RM136.6 million or 51% of CAPEX was spent on telecommunication assets. CAPEX in FY2019 focused mainly on expanding the Group's domestic network coverage as well as to upgrade the Group's network infrastructure. The higher CAPEX in FY2018 of RM211.6 million was due to CAPEX spent on expanding the Group's regional network presence in Singapore and Cambodia whilst also spending to improve and upgrade the domestic network.

Non-telco CAPEX increased in FY2019 mainly due to the acquisition of a building, Menara AIMS in Kuala Lumpur, for the Group's data centre business.

RM'million



## Breakdown of Telco Assets Acquired



## CASH FLOW

	FY2019 RM'mil	FY2018 RM'mil
Net cash inflow from operating activities	610.2	408.0
Net cash outflow from investing activities	(301.7)	(235.3)
<b>Net cash inflow from operating and investing activities</b>	<b>308.5</b>	<b>172.7</b>
<b>Net cash outflow from financing activities</b>	<b>(188.3)</b>	<b>(363.2)</b>
Net increase/(decrease) in cash balance	120.2	(190.5)
Exchange effects on cash balance	(2.7)	3.3
Cash balance at beginning of the year	389.4	576.6
<b>Cash balance at end of year</b>	<b>506.9</b>	<b>389.4</b>

In FY2019, the Group's cash balance increased by 30% to RM506.9 million from a year ago. The Group's cash position improved mainly due to higher cash flows generated from operations, which increased by 50% in FY2019, despite spending more in FY2019 on investing and financing activities.

## CASH BALANCE

**RM506.9 mil**  
(FY2018: RM389.4 mil)

**30%**



# Management Discussion & Analysis

The Group reported a net cash outflow of RM301.7 million from investing activities, which include RM318.4 million spent on new property, plant and equipment and RM0.8 million on unquoted investments. The amount is set-off by investment income receipts totalling RM15.5 million in FY2019, arising mainly from dividend receipts from associates and interest income, as well as proceeds from disposal of property, plant and equipment totalling RM1.9 million.

Net cash outflow from financing activities of RM188.3 million, includes net repayment of term loans and borrowings and total cash dividends paid in FY2019. The Group showed a net repayment of term loans and borrowings (including interests) amounting to RM68.3 million in FY2019 (FY2018: RM263.2 million).

## DIVIDENDS

The Group has an established dividend policy to pay an annual ordinary dividend of up to 25% of normalised profit after tax to our shareholders.

On 28 February 2020, TIME declared an ordinary interim and a special interim tax exempt (single tier) dividend of 9.95 sen and 19.08 sen per ordinary share, respectively, for FY2019. Both of which have been paid on 31 March 2020.

With that, TIME has returned to shareholders up to RM170.0 million in profits via dividends declared in respect of FY2019.

### DIVIDEND DECLARED FOR FY2019

**RM 170.0 mil**

(FY2018: RM120.0 mil)

**42%**

## BALANCE SHEET

	FY2019 RM'mil	FY2018 RM'mil
<b>ASSETS</b>		
Non-current assets	2,617.4	2,378.6
Current assets	903.3	799.0
<b>Total assets</b>	<b>3,520.7</b>	<b>3,177.6</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,200.1	1,186.7
Reserves	1,566.7	1,333.0
<b>Total equity attributable to owners of the Company</b>	<b>2,766.8</b>	<b>2,519.7</b>
Non-current liabilities	357.4	281.1
Current liabilities	396.5	376.8
<b>Total liabilities</b>	<b>753.9</b>	<b>657.9</b>
<b>Total equity and liabilities</b>	<b>3,520.7</b>	<b>3,177.6</b>
<b>Net assets per share attributable to ordinary owners of the Company</b>	<b>RM4.73</b>	<b>RM4.32</b>

Overall, the Group's balance sheet remains fundamentally strong with a net cash after borrowings balance of RM393.6 million. The Group's total shareholders' equity grew 10% whilst its net assets per share grew to RM4.73 per share as at 31 December 2019 (RM4.32 per share as at 31 December 2018).

The Group had total assets amounting to RM3,520.7 million as at 31 December 2019, which is 11% higher than a year ago. The growth in total assets was mainly due to the following:

- Increase of property, plant and equipment of RM103.0 million (net of depreciation charge) arising from coverage and network expansion, upgrades to improve capacity for the Group's submarine cable systems, data centre expansion as well as the acquisition of Menara AIMS which is home to the Group's main data centre operations in downtown Kuala Lumpur;

# Management Discussion & Analysis

- The adoption of MFRS 16 resulting in RM110.2 million Right-of-Use assets being recognised; and
- Increase in cash and cash equivalents of RM117.5 million on the back of strong revenue growth and collections in FY2019.

Total liabilities increased by RM96.0 million to RM753.9 million. The biggest changes in liabilities come from the adjustment for lease liabilities amounting to RM100.3 million, in line with the requirements of the newly adopted MFRS 16, the increase in unearned revenues from advanced billings to customers and from higher provisions made for Universal Service Obligations, offset by lower trade payables and lower loans and borrowings due to repayments made during FY2019.

The Group reduced the size of its loans and borrowings during the year resulting in a net reduction of 35% to RM113.4 million as at 31 December 2019 (31.12.2018: RM173.0 million). Funds from the Group's loans and borrowings had mainly been used to fund its working capital requirements, a submarine cable investment as well as the acquisition of an office building in Glenmarie, Selangor. The Group's gearing stands at 4% as at 31 December 2019 (31.12.2018: 7%). The low gearing position coupled with the Group's strong cash balance not only indicates that the Group is in a strong and healthy financial position but also shows that the Group has ample capacity to access more funding through debt should the need arise.

## RISK MITIGATION

The Group remains cognisant of the risks affecting its business and continues to develop plans to mitigate and manage against such identified risks. TIME employs a robust risk management framework, supported by industry recognised corporate governance practices to manage risk.

This includes a triple line of defence mechanism, a frequently updated Risk Register and Profile, a heat map that assesses the probability and severity of risk impacts and other measures. The Board has oversight of risk matters via its respective Board Committees and is ably supported by Senior Management in managing risks.

Risks are also managed on a day-to-day basis across the organisation and are monitored and assessed at all operating levels of the organisation.

For more information on the various risk and mitigation strategies that the Group employs, kindly refer to the Directors' Statement on Risk Management & Internal Control outlined on pages 59 to 64.

## OUR STRATEGIC PRIORITIES & FUTURE ORIENTATION

Whilst the financial and operating performance of the Group has been robust in FY2019, the Movement Control Order, which has been in force in Malaysia since 18 March 2020 as a measure to slow down and control the spread of the COVID-19 virus, has had a profound impact on consumers and businesses across the country. The Group is classified as an essential service, hence has been allowed to continue to operate throughout this period. However, it is still too early to provide guidance on the full impact of COVID-19 and the government's Movement Control Order. The Group will continue to monitor and take pro-active measures where necessary to protect and safeguard all its employees, while minimising any potential disruptions to its operations.

The Group remains committed to ensuring 100% network availability and stability throughout these challenging times for the country. Over the medium-term, the Group will continue to focus on supporting the Malaysian government achieve its national telecommunications objectives by strengthening and improving its existing domestic fibre network infrastructure, whilst at the same time intensifying efforts to expand its coverage footprint throughout the country. The Group will also work to increase market share by delivering fast, reliable and unparalleled quality network experience at competitive prices and by understanding and providing meaningful solutions and services to all its customers. TIME will also closely monitor developments within the industry to be able to leverage on any additional opportunities that may arise.

On the regional front, TIME will continue to work with its partners in Thailand, Vietnam and Cambodia to focus on tapping the increasing demand for cross-border connectivity across the region while looking to create a seamless ASEAN telecommunications network which will connect Indochina to Malaysia and Singapore.

The Group will also assess opportunities to further establish itself as a key regional data centre player and operator and to unlock the long-term potential of its data centre business. This may include the building of new data centres, entering into joint ventures and/or acquiring new assets in Malaysia as well as within the ASEAN region. These opportunities may initially be capital intensive with funding expected to come from a combination of internally generated funds as well as external borrowings.

# Sustainability Statement

**TIME dotCom (“TIME” or “the Group”) continues to make progress on its sustainability journey as it takes greater cognisance of the economic, environmental and social (“EES”) material matters impacting its business strategy and performance and its ability to create stakeholder value.**

The Group’s sustainability focus also includes dependence and usage of capital as well as future resource allocation towards ensuring the viability of its business model and business strategies going forward.

In FY2019, TIME has continued to improve its sustainability performance with noteworthy progress made in relation to addressing EES matters, as well as linking these to the overall business performance.

Increasingly, the Board of Directors and Management have provided greater stewardship and oversight on sustainability matters, towards progressively embedding sustainability at the core of TIME’s business and value creation model.

## REPORTING GUIDELINES

The TIME Sustainability Statement FY2019 (“Statement”) has been developed in accordance with Bursa Malaysia’s Sustainability Reporting Guide Second Edition. The Statement has also drawn from other related sources such as the Global Reporting Index (“GRI”) 2018 Sustainability Framework, Bursa Malaysia FTSE4Good Index Disclosures and the UN Sustainable Development Goals (“UN SDGs”).

## REPORTING SCOPE AND BOUNDARY

This Report covers business operations, key projects, initiatives and activities of TIME’s three (3) primary business segments. These are Fixed Line, Global Networks and Data Centre. The three (3) segments function within a unique and interconnected sphere in the telecommunications industry.

Excluded are sustainability matters and impacts involving third party contractors, suppliers, vendors, and other related value chain partners.

## REPORTING PERIOD

All data and disclosures for this Statement are for the financial year ended 31 December 2019 (“FY2019”), which is for the period of 1 January 2019 to 31 December 2019.

This Statement is to be read together with the rest of the Group’s annual report for FY2019.

## SUSTAINABILITY GOVERNANCE STRUCTURE

TIME has developed a governance structure that allows both the Board and Senior Management to maintain oversight over sustainability related matters across the organisation.

The Board of Directors provide overall leadership and guidance on sustainability and corporate governance. In turn, they are supported by the Group’s Sustainability Steering Committee (“SSC”) which comprises Executive Directors, the Company Secretary and the Chief Financial Officer. The Sustainability Working Group comprises the heads of various divisions within the Group.

# Sustainability Statement



Through this structure, TIME is able to achieve a robust framework that supports the achievement of accountability, internal controls, risk mitigation as well as oversight and management of EES related matters.

## Sustainability Steering Committee

- Aligns the Group's sustainability strategy to long term business growth and goals.
- Executes sustainability matters in line with strategies approved by the Board.
- Evaluates and reviews sustainability strategies, policies and other matters.
- Endorses plans and targets.

## Sustainability Working Group

- Tasked with ensuring that strategies and plans affirmed by the SSC are implemented.
- Monitors progress of sustainability projects, activities and targets, and reports to SSC.

The aforementioned governance structure allows for organisation-wide representation to drive the sustainability agenda.

In addition to the direct involvement of the Board and Senior Management, sustainability in TIME is driven by the Group's strong focus on good corporate governance. Governance practices continue to be strengthened with the introduction of new policies and frameworks in line with industry best practices. The following are some of the policies and frameworks that support the development of strong sustainability and corporate governance within the organisation:

- Terms Of Reference ("TOR")
- Code of Conduct & Ethics ("CCE")
- Anti-Bribery & Corruption Policy ("ABC Policy")
- Whistleblowing Policy
- Corporate Disclosure Policy
- Conflict of Interest Policy

For further information on the Group's corporate governance practices, please refer to the Group's Corporate Governance Overview Statement in the FY2019 annual report or the Corporate Governance Report 2019 ("CG Report 2019") on TIME's website, [www.time.com.my](http://www.time.com.my) as well as via announcement on the website of Bursa Malaysia Berhad.

## STAKEHOLDER MANAGEMENT AND ENGAGEMENT

The Group has continued to actively engage with stakeholders in FY2019. Stakeholder engagement is essential to ensuring relevance and impact of TIME's sustainability approach. Sustainability is a connected effort and hence, in FY2019, the Group has continued to initiate active engagement with a wide range of stakeholders across a broad range of material topics through various communication channels.

The Group has continued to garner and where relevant, incorporate the views, opinions, concerns and perspectives of stakeholder groups to guide and enrich its sustainability journey. The Group's inclusive approach helps ensure that the views of all who may be impacted and who may impact the Group, are brought to the fore and given due consideration.

This is of tremendous importance towards securing stakeholder buy-in for the Group's sustainability journey and its supporting policies and action plans.

# Sustainability Statement

STAKEHOLDER GROUPS	ENGAGEMENT APPROACH	FREQUENCY	STRATEGIES
<b>Employees</b>	<ul style="list-style-type: none"> <li>Intranet, newsletters and broadcast</li> <li>Engagement events (in-house talks, training, development programmes, culture programmes, etc)</li> <li>Town halls</li> <li>Annual performance appraisal</li> <li>Employee satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Regular</li> <li>Regular</li> <li>Quarterly</li> <li>Annually</li> <li>Annually</li> </ul>	Ensure that information relating to the Group is cascaded to the employees and gives them a platform to feedback. Talent development is also a key area of focus.
<b>Customers</b>	<ul style="list-style-type: none"> <li>Customer contact centre (emails, phone calls &amp; hotlines)</li> <li>Social media</li> <li>Advertising &amp; promotions</li> <li>Client/service manager</li> <li>Tactical events &amp; roadshows</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>Regular</li> <li>Regular</li> <li>Regular</li> <li>Regular</li> </ul>	Ensure that customers are kept abreast of the offerings that are available to them as well as to act as a means of eliciting feedback.
<b>Shareholders, Investors &amp; Analysts</b>	<ul style="list-style-type: none"> <li>Shareholder updates</li> <li>Investor relations roadshows/events</li> <li>Investor relations page on website</li> <li>Financial reports and investor briefings</li> <li>Annual report</li> <li>Annual general meetings</li> </ul>	<ul style="list-style-type: none"> <li>Regular</li> <li>Periodic</li> <li>Periodic</li> <li>Quarterly</li> <li>Annually</li> <li>Annually</li> </ul>	Keep shareholders, investors and analysts updated on the progress of the Group.
<b>Suppliers, Business Partners and Industry Groups</b>	<ul style="list-style-type: none"> <li>Meetings and site visits</li> <li>Supplier assessment system</li> <li>Product launches and roadshows</li> <li>Briefings and trainings</li> </ul>	<ul style="list-style-type: none"> <li>Ad-hoc</li> <li>Ad-hoc</li> <li>Ad-hoc</li> <li>Ad-hoc</li> </ul>	Ensure that the suppliers, business partners and industry groups are given the necessary training and exposure as well as opportunities for business collaboration.
<b>Government and Regulators</b>	<ul style="list-style-type: none"> <li>Official meetings and visits</li> <li>Reports</li> <li>Participation in Government and Regulatory events</li> </ul>	<ul style="list-style-type: none"> <li>Regular</li> <li>Periodic</li> <li>Ad-hoc</li> </ul>	Ensure that the Group is compliant to Government and Regulatory guidelines.
<b>Media</b>	<ul style="list-style-type: none"> <li>Social media</li> <li>Press releases</li> <li>Media coverage</li> <li>Official launches</li> <li>Website</li> </ul>	<ul style="list-style-type: none"> <li>Regular</li> <li>Periodic</li> <li>Periodic</li> <li>Ad-hoc</li> <li>Ad-hoc</li> </ul>	Ensure that the media are up to date with the Group's business including company growth, business strategy & direction, etc.
<b>Community</b>	<ul style="list-style-type: none"> <li>Social media</li> <li>CSR activities</li> <li>Advertising and promotions</li> <li>Website</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>Regular</li> <li>Regular</li> <li>Periodic</li> </ul>	Ensure brand awareness is maintained in the public eye and to continue growing as a socially responsible corporate citizen.

# Sustainability Statement

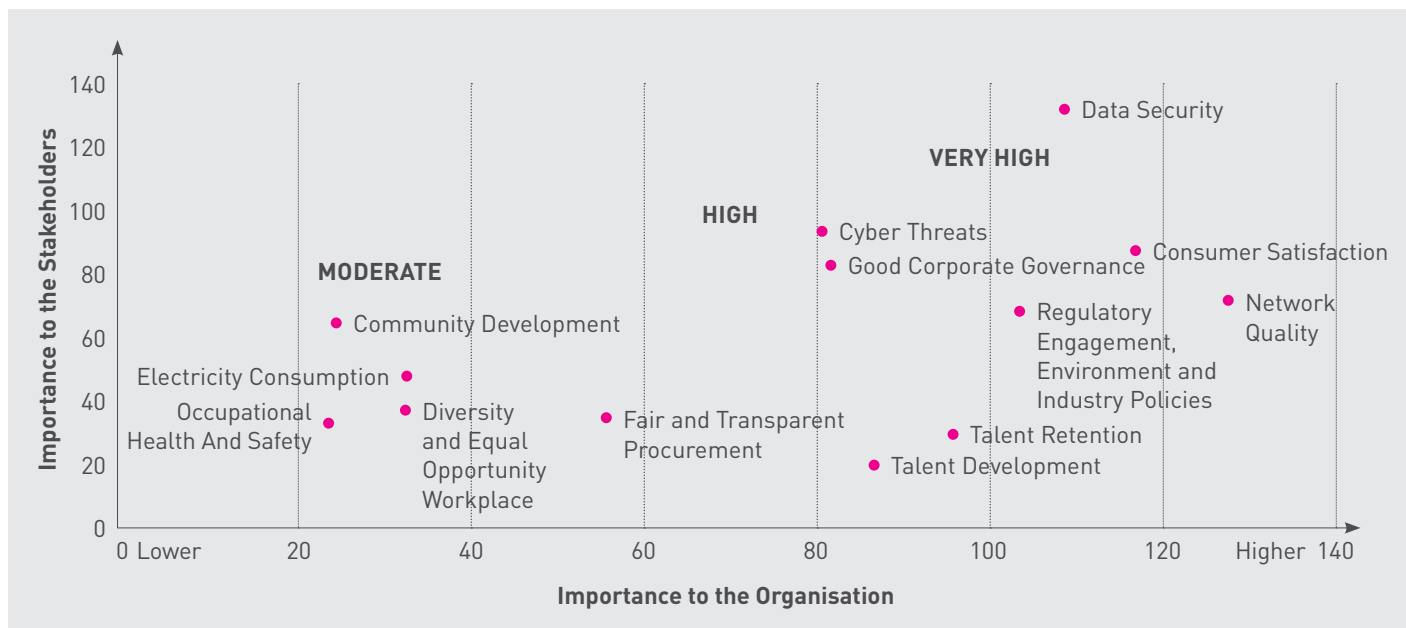
## MATERIALITY ASSESSMENT

In FY2019, TIME initiated a materiality assessment and prioritisation exercise in response to changing market dynamics and a rapidly evolving industry landscape.

With disruptive forces in the form of regulatory changes, new technologies, increasing cyber threats moderating economic growth and reducing customer spending capability, the Group has looked into its materiality topics again and developed a prioritisation of these topics towards driving more effective strategic decision making.

Having conducted its materiality assessment, the results in terms of identification and prioritisation of materiality matters are given in the following materiality matrix.

## MATERIALITY MATRIX



In terms of significance of impact, TIME has ranked the following materiality topics in descending order. These have been aligned to the Group's five (5) sustainability pillars.

TOPIC	PILLAR
Data Security & Cyber Threats	Customers
Network Quality	Customers
Consumer Satisfaction	Customers
Regulatory Engagement, Environment & Industry Policies	Governance
Talent Development & Retention	People
Good Corporate Governance	Governance
Fair and Transparent Procurement	Governance
Community Development	Community
Electricity Consumption	Environment

# Sustainability Statement



## CUSTOMERS PILLAR

### Data Security & Cyber Threats










The impact of breaches in data security and cyberattacks can potentially impact a large number of stakeholders. Data privacy and any disruption to services would have adverse effects leading to potential financial losses, data theft and disclosure of confidential information.

Financial losses aside, the impact on brand credibility and trust would be significant, not forgetting the loss of public trust. Hence, in mitigating these serious material threats, the Group has implemented strong access controls for critical systems to

increase data security. TIME has also implemented advanced threat detection and prevention to protect its assets. TIME's ICT systems are certified as per the following:

- ISMS (ISO 27001:2013) for TIME Core Network Services.
- ISMS (ISO 27001:2013) & QMS (ISO 9001:2015) for TIME Cloud Services, Data Centre Managed Services and TIME Security Advanced Monitoring.
- ISMS (ISO 27017:2015) and PCI-DSS for TIME Cloud Services.

There were no incidents of data breaches in FY2019. All denial of service attacks faced in FY2019 were arrested and mitigated, without any material effect on TIME's systems, customers or other stakeholders.

ISO/IEC 27001:2013 Information Security Management System	ISO/IEC 27017:2015 Security Control For Cloud Services	ISO 9001:2015 Quality Management System	Payment Card Industry Data Security Standards
<p>ISMS outlines the requirements for information security management systems and provides a systematic approach to managing company and customer information based on periodic risk assessments.</p>	<p>An additional code of ISMS practice used for cloud services information security controls.</p>	<p>QMS specifies requirements to consistently provide products and services that meet the needs of the customers and other relevant stakeholders.</p>	<p>PCI-DSS defines operational and technical requirements for ensuring data security for sharing, processing and transmitting payment cards data i.e. credit card.</p>
<ul style="list-style-type: none"> <li> TIME Cloud Services</li> <li> Data Centre Managed Services</li> <li> TIME Security Advanced Monitoring</li> <li> TIME Core Network Services</li> </ul>	<ul style="list-style-type: none"> <li> TIME Cloud Services</li> </ul>	<ul style="list-style-type: none"> <li> TIME Cloud Services</li> <li> Data Centre Managed Services</li> <li> TIME Security Advanced Monitoring</li> </ul>	<ul style="list-style-type: none"> <li> TIME Cloud Services</li> </ul>

# Sustainability Statement

## Network Quality

Network quality is essential in ensuring effective delivery of services and customer satisfaction. Hence, the Group continues to invest in the quality and reach of its network. Proactive monitoring systems are in place to trigger operation and maintenance to solve network performance issues quickly.

With regards to network quality, TIME continues to distinguish itself as per the following achievements:

1. 1<sup>st</sup> in Malaysia to deploy network functions virtualisation infrastructure (NFVI) architecture - TIME CLOUD NFVI, in a tie-up with Huawei
2. 1<sup>st</sup> in Malaysia to deploy 200GB DWDM backhaul
3. 1<sup>st</sup> in Malaysia to offer vCPE/vFW managed services
4. 1<sup>st</sup> in Malaysia (and 2<sup>nd</sup> in the world) to achieve the MEF3.0 accreditation

The Group is constantly exploring new technologies and methodologies to optimise network architecture from a Stability and Scalability perspective.

## Consumer Satisfaction

The perceived quality of our products and services is material to the Group as it is directly linked to customer acquisition and retention rates. Hence, the Group has continued to focus on delivering positive customer experiences at every interaction point, be it via marketing, customer service channels or when providing information about TIME and its products.

In FY2019, the Group implemented the following strategies towards improving customer satisfaction.

- **Digitalisation and automation of processes** in order to address requests and increase the speed of resolution.
- **Focus on increasing first call resolution (“FCR”)** by implementing initiatives to help identify customers faster to expedite resolution of issues.
- **Driving accessibility** through the implementation of initiatives such as enhanced features on the TIME Self Care portal and the TIME Internet app, automated IVR, artificial intelligence chat bot and live chat on the website.

As a result, we were able to achieve the following results:

- 92% of calls to the call centre were answered in 40 seconds and 89% of calls to the call centre were answered in 20 seconds. The Malaysian Communications and Multimedia Commission (“MCMC”) has set an industry standard that requires providers to answer 90% of calls within 40 seconds and 80% of calls within 20 seconds.
- 15% decrease in the total volume of calls to the call centre.
- The TIME Customer Complaint Handling Procedure has also received the ISO 9001:2015 QMS Certification.

## GOVERNANCE PILLAR

### Regulatory Engagement, Environment And Industry Policies

Any changes in the regulatory environment that include shifting policies will impact industry players across the value chain. Hence, it is imperative that the Group remains abreast of any changes.

The launch of the National Fiberisation and Connectivity Plan (“NFCP”) as well as the proposed Mandatory Standard of Quality of Service (“MSQoS”) were some of the developments in the regulatory space that have had an effect across the industry.

The Group’s approach with regards to changes in the regulatory environment is to adopt a proactive stance; that is to engage relevant ministries and government agencies via two-way dialogues on a regular basis.

Where possible, TIME continues to extend its views and perspectives towards developing a robust and sustainable industry ecosystem. As an industry leader and pioneer, TIME remains diligent in playing its part towards contributing to conducive policies and legislation that would spur the growth of the industry.

The Group also participated in various industry forums, roundtable discussions and other high-level industry discussions.



# Sustainability Statement

## Good Corporate Governance

TIME is committed to the practice of good corporate governance across its organisation. The tone is set at the top and is shared across the Group with transparency, accountability, separation of powers, risk management and other matters given due importance at all levels of the organisation.

Management is of the view that strong corporate governance builds robust organisations and therefore it is a material topic of significant importance. Corporate governance has been reinforced with the introduction of clear written policies on a wide range of pertinent matters such as whistleblowing, fair and transparent procurement, equal opportunity and diversity and more.

With the coming into force of the new section 17A of the Malaysian Anti-Corruption Commission Act 2009, TIME recently put into place the Anti-Bribery & Corruption ("ABC") Policy to reinforce the Group's promise to conduct business in an honest and ethical manner, acting fairly and with integrity in all business and regulatory dealings as well as to abide and uphold laws relating to the prevention of bribery and corruption in all jurisdictions in which the Group operates.

## Code Of Conduct & Ethics

The Group's Code of Conduct & Ethics is communicated in written form to all employees during their induction session. The same applies to incoming Directors of the Board. The Code sets out accepted norms of corporate behaviour for employees and covers compliance with respective local laws and regulations, integrity, conduct in the workplace, business conduct, protection of the Group's assets, confidentiality and conflicts of interest.

## Whistleblowing Policy

In compliance with the Whistleblower Protection Act 2010 ("Act 711"), TIME has established its whistleblowing policy which provides for a confidential channel for anyone to whistleblow on any unethical or corrupt practices that are related to the organisation. The whistleblower shall be accorded full confidentiality and will be protected from victimisation, harassment or disciplinary action for his / her disclosure.

The whistleblowing mechanism is managed by Internal Audit and all whistleblowing reports are to be channeled to the Audit Committee.

For further information on TIME's corporate governance practices, please refer to the Corporate Governance Overview Statement in the FY2019 annual report.

## Fair And Transparent Procurement

The Group practices an equal playing field approach in the selection of vendors and suppliers for procurement. The Group's Procurement Policy promotes competitive bidding as part of its procurement practice.

Unless there are no local suppliers, the Group's preference is to always support local suppliers. Local is defined as local to where the organisation operates. For example, within Malaysia, close to 90% of suppliers to the Group are Malaysian.

In encouraging good governance and sustainability practices within its value chain, TIME has made it a mandatory requirement in FY2019 for all suppliers to accept the TIME Code of Conduct in order to qualify for any tender process.

The Code of Conduct covers business integrity, anti-bribery and corruption, labour and human rights, safety, environmental management and business continuity management as part of its vendor registration requirements.

Vendors found to have violated the Code of Conduct may find their services terminated or face legal action.

## TALENT PILLAR

### Talent Development & Retention

TIME is cognisant that its 1200-strong workforce is the Group's greatest competitive asset. Driven by this belief, the Group has continued to focus on providing a conducive workplace environment and developing mutually rewarding career paths for all employees. In addition to these, the Group has continued to focus on driving employee retention and development as a key part of its talent management approach.

In FY2019, the Group is happy to report that the Group's attrition rate remains at a low 15.3%, which is comparative to the average industry rate, while overall employee numbers continued to be on the uptrend.

Employee Satisfaction Index (ESI) Surveys are also conducted to measure general employees' satisfaction and happiness index.

# Sustainability Statement

All employees are paid competitive remuneration as per industry benchmarks, which includes both short and long term incentives to retain talent.

There are no employees hired below the minimum wage threshold set by the government. The Group's annual remuneration review was continued in tandem with its pay-for-performance philosophy, and thus the Group has given out performance bonuses as well as annual salary increments.

100% of employees receive job appraisals and employees have the right to seek redress or voice grievances via a clearly defined grievance mechanism, which has been developed and managed by the Group's Human Resources Department.

The Group adheres to the Malaysian Employment Act 1955, which prohibits exploitative labour practices. The Company also adheres to the Children and Young Persons (Employment) Act 1966. Both of these are aligned to the International Labour Organisation ("ILO") and the Universal Declaration of Human Rights.

Employees are entitled to a wide range of benefits. This includes various types of leave such as annual leave, statutory sick leave, study leave and others.

More specifically, below is a non-exhaustive summary of the benefits available to our employees:

- A period of up to 28 days of statutory sick pay leave without hospitalisation
- A period up to 60 days is granted if hospitalisation is necessary
- A period of up to 90 days of maternity leave
- Medical and general insurance plan
- Free medical check-up
- Insurance benefits
- Transport allowance
- Allowances and reimbursement claims
- Employee welfare
- Company mobile line
- TIME Academic Recognition Award (TARA)

## Employee Engagement

In FY2019, the Group continued to engage employees across a wide range of two-way communication channels. This includes quarterly townhalls, the company intranet, annual dinner and other formal and informal platforms.

The objective of these engagements is to disseminate information on key company announcements, to share on its performance and strategies as well as future plans. At these sessions, employees are highly encouraged to actively participate by asking questions or seeking clarification on information shared or issues raised during these sessions.

## Encouraging Work-Life Balance

The Group has continued to support employees in their pursuit of achieving a balanced lifestyle between work and other interests outside of the office. This could be family, leisure pursuits, CSR activities and others.

The Group has established the TIME Recreational Society, which is effectively a social and recreational club that continues to spearhead a wide range of non-work related activities for staff.

In FY2019, the Group funded 44 activities for a wide range of social, sporting and leisure activities for the benefit of staff.

## Equal Opportunity And Diversity

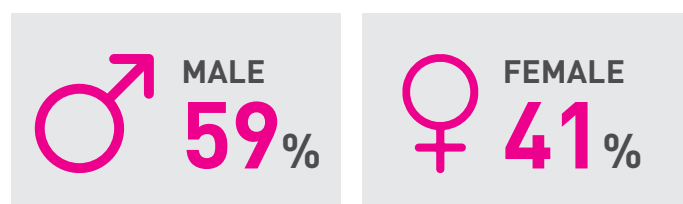
The Group continued to uphold its policy of non-discrimination against employees or potential employees, where prospects of employment, promotion, rewards, training opportunities and other forms of incentives are accorded based purely on merit and in accordance to set protocols and procedures. This ensures that employees are selected purely on their competence, qualifications, experience and professional contributions.

TIME's workforce reflects the multi-ethnic nature of Malaysia and comprises Malaysians and other nationalities of diverse demographic backgrounds. This extends to the Board and Senior Management of the Group. With a collaborative culture, greater industry exposure for women and equal compensation practices, women comprise more than 40% of TIME's workforce.

Through the Group's development & talent management platform, TIME provides the opportunity and motivation to women in the company to take challenging roles and develop their full potential from executive level to managerial level. Women comprise 36% of all TIME Managerial positions.

# Sustainability Statement

## SUMMARY OF HEADCOUNT BY GENDER COMPOSITION - DECEMBER 2019



TIME continues to take concrete steps in promoting gender diversity in its workforce as well as in the activities that it runs within the Group.

### Talent Recruitment And Retention

Talent Reviews are conducted in identifying talents within the organisation to retain High Potentials and High Performance individuals.

In FY2019, the Group increased its training budget, while the corresponding number of employees and training hours also increased.

Training courses were largely technical in nature but there were some management focused and soft skill oriented training programmes conducted in FY2019. The Group released more titles under its ongoing E-Learning Series-Active Blended initiative.

No.	Area	Percentage
1	Technical Skill	37%
2	People Skill (include Team Building)	33%
3	Leadership	30%

### Occupational Health & Safety

The Group is happy to report that FY2019 has been another year without a single fatality occurring. The exceptional track record affirms the robustness of the Group's occupational Health, Safety, Security and Environment (HSSE) policy.

TIME's health and safety management systems are OHSAS 18001:2007 certified, and regional health and safety committees roll out safety inspections and health programmes. The Group conducts hazard identification, risk assessment and risk control (HIRARC) projects. TIME's Construction Industry Development Board ("CIDB") registration has been renewed in FY2019, certifying TIME as a recognised contractor for related works.

Health and safety related training courses conducted in FY2019 were as follows:

- Hazard Identification, Risk Assessment and Control
- Developing Effective Safety and Health Committee
- Authorised Entrant & Standby Person for Confined Space (For field engineers)
- Tenaga Safety Passport (For field engineers)
- Oil Gas Safety Passport (For field engineers)
- Traffic Management Officer (For project rollout engineers)
- Managing Leadership In OSHA & OSHA Act

The Movement Control Order in Malaysia has been in force since 18 March 2020 as a measure to slow down and control the spread of the COVID-19 virus. The Group, which has been classified as an essential service, has continued to operate throughout this period with proactive and stringent measures in place to protect and safeguard all of its employees.

- Work From Home (WFH) and rotating shifts as part of the Group's Business Continuity Plan
- Safe distancing protocols in place for office seating, common areas, meeting areas, lifts and lobbies
- Body temperature screening at all points of entry and exit of employees, visitors and vendors
- Regular updates via internal communications to staff on safety protocols being implemented
- Submission of daily situation reports on COVID-19 for Management and Department of Occupational Safety and Health (DOSH) review in accordance with Item 16 under the Ministry of International Trade and Industry (MITI)

## COMMUNITY PILLAR

### Community Development

TIME has continued to play its role as a responsible corporate citizen, contributing significantly to the development of the community.

Community development programmes and activities are aimed at delivering sustainable, long-term benefits for the community.

In FY2019, TIME employees volunteered a total of 1,668 hours towards noteworthy CSR projects.

In 2019, the focus was on improving the quality of education in schools within the Klang Valley and Selangor area. Activities included:

# Sustainability Statement

- Provision of free tuition classes for underprivileged students at Projek Perumahan Rakyat (“PPR”) / People’s Housing Project
- Cleaning, repainting and refurbishment of classrooms to make them better and more conducive for learning
- Library enhancement projects
- Back to school programmes for underprivileged children through the sponsorship of school uniforms and stationery
- Sponsorship of school transportation for children to attend school



## ENVIRONMENT

### Electricity Consumption

The Group continues to focus on minimising its environmental impact. In this regard, the biggest identified material aspect is power or energy consumption, largely pertaining to its data centre operations.

	2017	2018	2019
Energy Consumption (MWh)	30,486	32,959	35,913
Net Lettable Area (Sq Ft)	63,155	74,015	78,515
Energy Consumption/ Net Lettable Area (MWh/Sq Ft)	0.483	0.445	0.457

The Group’s consumption of energy for its data centre remains on the rise due to increased service demand. However, energy consumption is more efficient in FY2019 than it was 2 years ago, largely attributable to the various power-saving measures introduced.

These include creating a uniform and predictable airflow that eliminates hot spots, the use of diesel rotary uninterruptible power supply (“DRUPS”) devices and the use of oil-free magnetic bearing water cooled chillers.

Moving forward with the continued liberalisation of Malaysia’s energy sector, the Group looks forward to the future possibility of sourcing its electricity supply from renewable energy (“RE”) sources such as solar energy. This would be consistent with global best practices presently undertaken by international brand names.

Apart from its data centre operations, TIME has also implemented various energy saving initiatives across the Group. These include installation of LED lighting at its Taman Gembira, Bayan Lepas and CLS Butterworth centres and constant reinforcement to employees across various communication channels.

In addition, TIME continues to optimise its energy footprint via the following:

- Maintain and service all electrical installation periodically
- Monitor monthly energy consumption
- Service air conditioning units routinely for optimal energy consumption
- Maintain the air conditioning temperature to between 23°C and 24°C

# Board of Directors

## Abdul Kadir Md Kassim

### Independent, Non-Executive Director (Chairman)

**Nationality**  
Malaysian

Abdul Kadir holds a Bachelor of Laws (Honours) degree from the University of Singapore and is the Senior Partner of Messrs Kadir, Andri & Partners.

He sits on the Board of Datuk Yaw Teck Seng Foundation. On 15 February 2016, he was reappointed as trustee of The Renong Group Scholarship Trust Fund.

**Age**  
80

Abdul Kadir is also a member of the Corporate Debt Restructuring Committee.

**Gender**  
Male

He has no securities holdings in the Company and/or its subsidiaries. He also has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

**Appointed To The Board**  
22 October 2001

He has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

**Appointed As Chairman**  
15 January 2010

## Board of Directors

# Elakumari Kantilal

## Non-Independent, Non-Executive Director

### Nationality

Malaysian

Elakumari holds a Master of Science in Accounting and Finance from the University of East Anglia and a Bachelor of Accounting from University Kebangsaan Malaysia. Besides her executive education in IMD Switzerland, she has also attended the Harvard Premier Business Management Program and is a member of the Malaysian Institute of Accountants.

### Age

63

She was actively involved in the establishment of Khazanah Nasional Berhad ("Khazanah") whilst in the Ministry of Finance. She was in Khazanah since its inception in 1994, moving from the position of Senior Manager to Director in Investment Division from 2004 until 2017.

### Gender

Female

She started her career in the government sector in 1981 and held various positions within the sector namely in the Accountant General's Office, Ministry of Agriculture and Ministry of Finance. She was involved in the monitoring and restructuring of companies, including debts of non performing companies held by Ministry of Finance (Incorp).

### Appointed To The Board

8 March 2001

Elakumari also serves as a Director on the Boards of UEM Edgenta Berhad and Danajamin Nasional Berhad.

### Board Committees

Nomination and  
Remuneration (Chairman)  
Tender (Member)  
Audit (Member)

She has no securities holdings in the Company and/or its subsidiaries. She also has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

She has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

## Board of Directors

# Ronnie Kok Lai Huat

## Senior Independent, Non-Executive Director

### Nationality

Malaysian

Ronnie holds a Degree in Business Administration from the University of Strathclyde, United Kingdom.

### Age

65

Prior to joining the Board of TIME, Ronnie held the position of Global Head of Marketing at Sampoerna International from September 2004 to January 2007 and was Sampoerna Malaysia's Marketing Director from June 2002 to August 2004.

### Gender

Male

Between 1996 and 2002, he served as the Vice President of Marketing & Sales at JT International Tobacco Sdn Bhd where he also held the position of Executive Director on the Board of the company. He also sat on the Board of Privasia Technology Berhad until February 2020.

He has direct interest in the securities of the Company. He has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

### Appointed To The Board

31 January 2008

He has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

### Board Committees

Audit (Chairman)  
Nomination and  
Remuneration (Member)  
Tender (Member)

## Board of Directors

# Hong Kean Yong

## Independent, Non-Executive Director

**Nationality**  
Malaysian

Hong holds a Bachelor of Engineering (Hons) in Electrical and Electronics Engineering from University of Malaya.

**Age**  
57

He began his career in Accenture Malaysia, where he held various senior positions from March 1987 to December 1994.

**Gender**  
Male

Hong has also served in various senior capacities in MBf Group of Companies, Multimedia University, Avancode Malaysia Sdn Bhd and Motorola Multimedia Sdn Bhd prior to his last position as the Group Chief Information Officer in Hong Leong Financial Group from April 2008 to March 2011.

**Appointed To The Board**  
1 September 2012

He joined Taylor's Education Group in April 2011 and held the position of Executive Vice President, Board Architect until March 2018.

**Board Committees**  
Tender (Chairman)  
Audit (Member)  
Nomination and  
Remuneration (Member)

Hong also sits on the Board of AMMB Holdings Berhad.

He has no securities holdings in the Company and/or its subsidiaries. He also has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

He has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.



## Board of Directors

# Mark Guy Dioguardi

## Independent, Non-Executive Director

**Nationality**  
Australian

Mark holds a Bachelor of Engineering (Honours) in Electronic and Electrical Engineering and a Master of Business Administration (MBA), Melbourne Business School from the University of Melbourne, Australia.

**Age**  
50

Mark has more than 28 years' experience in the telecommunications sector with a focus on technology, engineering, construction and operations. He spent the first 11 years of his career at Telstra Corporation Limited ("Telstra"), Australia, the majority in the cellular wireless division, including a one (1) year secondment to BTCellnet in the United Kingdom in 2000.

**Gender**  
Male

In 2002, Mark joined Maxis Berhad ("Maxis") as General Manager of Radio Planning until 2005 when he returned to Australia to complete an MBA and run his own Information Communication Technology consultancy. In 2009, Mark expatriated a second time to Maxis as their Chief Technical Officer and in 2011, he took the role of joint Chief Operating Officer adding the portfolios of Information Technology, Enterprise Business, Consumer Broadband, Internet Protocol Television (IPTV) as well as Human Resource.

**Appointed To The Board**  
17 June 2016

In 2014, Mark joined iiNet Limited, an Australian Internet Service Provider as their Chief Technology Officer until January 2016. He was also a Board member of the Australian Communication Alliance as well as the Competitive Carriers' Coalition and also sits on an Advisory Board for a private company, Skand.

**Board Committees**  
Tender (Member)

In 2018, Mark joined Spirit Telecom Limited, an Australian Securities Exchange listed provider of high speed internet solutions as Chief Operating Officer and in June 2019, he became an Executive Director of Spirit Telecom Limited.

He has no securities holdings in the Company and/or its subsidiaries. He also has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

He has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

## Board of Directors

# Koh Cha-Ly

## Independent, Non-Executive Director

**Nationality**  
Malaysian

Cha-Ly holds a Masters in City Planning from the Massachusetts Institute of Technology, Massachusetts, United States of America and a Bachelor of Arts (Physics) with Honours from Middlebury College, Vermont, United States of America with Summa Cum Laude and is a member of Phi Beta Kappa.

**Age**  
37

Cha-Ly is currently the founder and Chief Executive Officer of Urbanmetry Sdn Bhd ("Urbanmetry"), a data company that cleans and analyses large amount of city data, through its proprietary algorithms and provides data intelligence to various companies and government agencies including the World Bank, MyHSR Corporation Sdn Bhd, banks and listed property companies.

**Gender**  
Female

Prior to Urbanmetry, she founded Urban Matters Solutions where she acted as the consultant for the World Class Competitive City study commissioned by the Prime Minister's Department Economic Planning Unit in collaboration with the World Bank. She was also consultant for business and organisational strategy for Think City Kuala Lumpur and provided Planning and Business Feasibility Advisory services to various private property developers in Kuala Lumpur.

**Appointed To The Board**  
28 February 2020

Prior to that, Cha-Ly served as a Project Manager for the River of Life Entry Point Project of the Kuala Lumpur/Klang Valley Performance Management and Delivery Unit (PEMANDU) and later as the Vice President, Hotel Operations of Destination Resorts and Hotels, Kuala Lumpur.

She has no securities holdings in the Company and/or its subsidiaries. She also has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

She has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

## Board of Directors

# Afzal Abdul Rahim

## Non-Independent, Executive Director (Chief Executive Officer)

**Nationality**  
Malaysian

Afzal holds a Degree in Mechanical Engineering with Electronics, specialising in Acoustic Wave Theory from the University of Sussex, United Kingdom.

**Age**  
42

He started his career in the automotive industry culminating in a regional role with Group Lotus PLC. A technology entrepreneur, he also founded the Malaysian Internet Exchange (MyIX), which was established in 2006.

**Gender**  
Male

He currently sits on the Boards of CIMB Group Holdings Berhad, Symphony Communication Public Company Limited, CMC Telecommunication Infrastructure Corporation, Megawisra Investments Limited, Megawisra Sdn Bhd, Global Transit International Sdn Bhd and Pulau Kapas Ventures Sdn Bhd.

**Appointed To The Board**  
7 October 2008

Afzal has direct and indirect interests in the securities of the Company through Pulau Kapas Ventures Sdn Bhd, Megawisra Sdn Bhd and Global Transit International Sdn Bhd.

He has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

He has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

## Board of Directors

# Patrick Corso

## Non-Independent, Executive Director

### Nationality

Italian

### Age

46

### Gender

Male

### Appointed To The Board

26 November 2015

Patrick holds a BA (Hons) Degree in European Business Administration from the European Business School, London, United Kingdom.

He has over 20 years of experience in the investment banking and private equity industries, with a focus on the telecoms sector. He spent the first 8 years of his career at Credit Suisse First Boston and Morgan Stanley in London in their European Telecoms groups, with a brief interim stint at Trader Classified Media in a corporate development role.

In 2003, Patrick joined Providence Equity Partners in London, a leading private equity firm focused on the telecoms, media and technology industry sectors. In 2008, he relocated with Providence Equity Partners to Hong Kong to take up the role of Managing Director and Head of the Hong Kong office.

In 2013, he established OST Capital, a private investment firm in Hong Kong, of which he remains a non-executive Director.

He currently sits on the Boards of Symphony Communication Public Company Limited, CMC Telecommunication Infrastructure Corporation, Megawisra Investments Limited, Megawisra Sdn Bhd, Global Transit International Sdn Bhd and Pulau Kapas Ventures Sdn Bhd.

Patrick has direct and indirect interests in the securities of the Company through Pulau Kapas Ventures Sdn Bhd, Megawisra Sdn Bhd and Global Transit International Sdn Bhd.

He has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

He has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

## Board of Directors

# Lee Guan Hong

## Non-Independent, Executive Director

### Nationality

Malaysian

Guan Hong holds a Degree in Management Information Systems from the University of Oklahoma, United States of America.

He has over 20 years of experience in the technology and telecommunications industry, moving up the management ranks in the last 21 years.

### Age

46

Guan Hong's career started off with a 2-year Information Technology stint in Malaysia. He went on to spend 6 years in a Singapore-based Internet Service Provider where he played a pivotal role in the company's regional expansion.

### Gender

Male

He joined DiGi.Com Berhad in 2004 and moved on to TIME in 2009 where, on 1 November 2014, he was appointed as Chief Executive Officer of the Company's fixed line business.

Guan Hong has direct interest in the securities of the Company.

### Appointed To The Board

9 March 2017

He has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

He has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

# Leadership Team

## Afzal Abdul Rahim

### Commander-In-Chief

Afzal's profile can be found on page 33 of this Annual Report.

**Nationality**

Malaysian

**Age**

42

**Gender**

Male

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## Lee Guan Hong

### Executive Director

Guan Hong's profile can be found on page 35 of this Annual Report.

**Nationality**

Malaysian

**Age**

46

**Gender**

Male

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## Patrick Corso

### Executive Director

Patrick's profile can be found on page 34 of this Annual Report.

**Nationality**

Italian

**Age**

46

**Gender**

Male

## Leadership Team

# Long Sher Neng

## Chief Financial Officer

**Nationality**

Malaysian

**Age**

46

**Gender**

Male

Sher Neng joined TIME in March 2010 and was appointed Chief Financial Officer on 1 September the same year. He helped steer TIME through a period of immense transition and growth, and has been contributing significantly to the Group's financial stability. Sher Neng graduated with a Bachelor of Business Administration (Hons) from Western Michigan University, USA. He is a member of the Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) and Virginia Society of Certified Public Accountants (VSCPA USA). He has more than 20 years of experience in financial management and operations.

He does not hold any directorship in the Company or any public listed companies. He has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

He has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

# Corporate Governance Overview Statement

This Corporate Governance Overview Statement of TIME dotCom Berhad (“TIME” or the “Company”) is made pursuant to paragraph 15.25(1) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Main Market Listing Requirements”). In producing this Corporate Governance Overview Statement, guidance was drawn from Practice Note 9 of Main Market Listing Requirements and the Corporate Governance Guide (3<sup>rd</sup> edition) issued by Bursa Malaysia Berhad.

The Board is committed in ensuring that high standards of corporate governance are being practised by the Company and its subsidiaries (collectively referred to as the “Group”). In this regard, the Board views disclosures on corporate governance as an opportunity to profile its corporate governance agenda and showcase how the Group is attuned to stakeholders’ expectations. This Corporate Governance Overview Statement outlines the Group’s corporate governance approach, summary of corporate governance practices during the financial year as well as key focus areas and future priorities in relation to corporate governance.

The Corporate Governance Overview Statement is complemented with a Corporate Governance Report, based on a prescribed format as encapsulated in paragraph 15.25(2) of the Main Market Listing Requirements so as to provide a detailed articulation on the application of the Group’s corporate governance practices against the Malaysian Code on Corporate Governance (“MCCG”).

The Corporate Governance Report is made available on the Company’s website, [www.time.com.my](http://www.time.com.my) as well as via announcement on the website of Bursa Malaysia Berhad. This Corporate Governance Overview Statement should also be read in conjunction with the other statements in the Annual Report (e.g. Directors’ Statement on Risk Management and Internal Control, Audit Committee Report and Sustainability Statement) as the application of certain corporate governance enumerations may be better contextually elucidated in the respective statements.

## CORPORATE GOVERNANCE APPROACH

The Board endeavours to ensure that the Group remains strong, viable and sustainable in delivering value to its stakeholders. The Board views corporate governance as synonymous with four (4) key concepts of the Group; namely transparency, integrity and accountability as well as corporate performance. The Group adopts these key concepts in the various facets of its operations and management.

The Group’s approach to corporate governance is to:

- consider corporate governance requirements critically and with a view to determine how the different modalities could be implemented within the Group in a value-adding way;
- adopt the substance behind good corporate governance and not merely the form, with the aim of enhancing stakeholders’ value; and
- drive the application of good corporate governance practices through the alignment of the interests of stakeholders and Board as well as Management.

The Board’s efforts to promote and drive meaningful and thoughtful application of good corporate governance practices include monitoring local and global developments in corporate governance and assessing their implications.

Acknowledging that improving corporate governance requires adjustments and recalibration to its framework and structures, TIME will continue to enhance its daily processes with a view of reflecting its position as a good corporate citizen.



# Corporate Governance Overview Statement

## SUMMARY OF CORPORATE GOVERNANCE PRACTICES

TIME has applied all the Practices encapsulated in MCGG for the financial year ended 31 December 2019, save for the following:

- **Practice 4.1** (Board to comprise majority Independent Directors for Large Companies);
- **Practice 4.5** (Board to comprise 30% women Directors);
- **Practice 4.7** (The Nominating Committee is chaired by an Independent Director or the Senior Independent Director);
- **Practice 5.1** (Conduct of externally facilitated Board evaluation periodically);
- **Practice 7.2** (Disclosure of Senior Management personnel's remuneration on a named basis and in bands of RM50,000); and
- **Practice 12.3** (Leveraging on technology to facilitate remote shareholders' participation).

As at 28 February 2020, the Board appointed Ms Koh Cha-Ly as an Independent Non-Executive Director of the Company. With this appointment, the Company has complied with Practice 4.1. With respect to Practice 12.3 of MCGG, the Board has put in place measures to enable the conduct of a virtual Annual General Meeting ("AGM") which will commence from its 23<sup>rd</sup> AGM. Where it has departed from the said practices, TIME has provided meaningful explanation based on the flexibility accorded in the application lever of MCGG. The explanations provided on the departures are supplemented with an articulation on the alternative measures that are in place to achieve the Intended Outcome of the departed Practices, measures that TIME has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices.

Additional details on TIME's application of each individual Practice of MCGG are available on the Corporate Governance Report which is made available on the Company's website as well as via an announcement on the website of Bursa Malaysia Berhad.

A summary of TIME's corporate governance practices with reference to the MCGG is described below.

## BOARD RESPONSIBILITIES

The Board of TIME is responsible for overseeing the management of the business and affairs of the Group, including fashioning the strategic direction, establishing short, medium and long-term business goals and monitoring the achievement of these goals.

In order to assist in the oversight function with respect to specific responsibility areas, the Board has established three (3) Board Committees, namely, Audit Committee ("AC"), Nomination and Remuneration Committee ("NRC") and Tender Committee ("TC"). The Board is regularly updated on the proceedings and deliberations of the Committees and recommendations would be highlighted and reported to the Board. Whilst authority is delegated to the Board Committees in accordance with the Terms of Reference of these Committees and the Group's Limits of Authority, it should be noted that the Board retains collective oversight over the Board Committees at all times. The functionalities of these Board Committees are outlined below:

The **AC** is responsible to support the Board with its oversight role in the areas of financial reporting, related party transactions and conflicts of interests, internal control environment, internal audit and external audit as well as the Group's overall risk management system.

The **NRC** is responsible to recommend candidates to be appointed to the Board, Board Committees and Senior Management positions, annually evaluate the performance of the Board, Board Committees and individual Directors as well as develop succession plan for Directors and Senior Management besides setting the overarching Group remuneration policy and procedures for Directors and Senior Management.

The **TC** was established to facilitate the procurement process. The main objective of the TC is to examine the tenders received and ensure that all necessary criteria, specifications and requirements of the Group have been met and complied with.

## Corporate Governance Overview Statement

The Board and its Committees meet regularly to deliberate on matters under their purview. In addition to the scheduled meetings, the Board and Board Committees also convene special meetings when urgent and important deliberations need to be made or decisions need to be taken between scheduled meetings. During the year, the Board has deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget, significant acquisitions and disposals, financial results as well as key performance indicators. The attendance of individual Directors for the meetings of the Board and Board Committees are outlined below:

Directors	Board	AC	NRC	TC
Abdul Kadir Md Kassim	9/9			
Elakumari Kantilal <sup>1</sup>	9/9	4/4	3/3	5/5
Afzal Abdul Rahim	9/9			
Patrick Corso	9/9			
Lee Guan Hong	9/9			
Ronnie Kok Lai Huat	9/9	4/4	3/3	5/5
Hong Kean Yong <sup>2</sup>	9/9	4/4	3/3	5/5
Mark Guy Dioguardi	9/9			5/5

■ Board/Board Committee Chairman    ■ Member

- Elakumari Kantilal ceased as the Chairman of TC on 29 November 2019 but remains as a member of TC.*
- Hong Kean Yong was appointed as the Chairman of TC on 29 November 2019.*

The responsibilities of the Board and Management are clearly demarcated. The Chairman leads the Board and is responsible to ensure the effective and smooth interaction of Directors, both within and outside the boardroom as well as driving the discussions toward consensus and to achieve closure in every deliberation. The Chief Executive Officer (“CEO”) as the head of Management is meanwhile responsible for developing and implementing strategy of the Group, reflecting short, medium and long term objectives as well as priorities established by the Board. The CEO assumes full responsibility and accountability to the Board for all aspects of the Group’s operations and performance. He also represents the Group in interfacing with major customers, employees, suppliers and professional associations.

The Board has formalised a Board Charter which delineates the responsibilities of the Board, Board Committees and individual Directors, including the matters that are solely reserved for the Board’s decision. The Board Charter also serves as a primary induction literature that guides newly appointed and existing Board members on their duties and functions of the Board and its Committees. The Board Charter is periodically reviewed by the Board to ensure it reflects the fast-changing market dynamics as well as the evolving needs of the Group. The Board Charter is also made available on the Company’s website.

In discharging its responsibilities, the Board is supported by a professionally qualified and competent Company Secretary. The Company Secretary is present for all Board and Board Committee meetings and acts as counsel and resource support on corporate governance matters to the Board whilst also coordinating information flow and meeting proceedings. Directors are provided with complete, adequate and timely information prior to meetings and on an ongoing basis to enable them to make informed decisions on pertinent matters. The Board is also updated by the Company Secretary on new statutory and regulatory requirements concerning their duties and responsibilities from time to time.

The Board is also cognisant of its responsibility to set the “tone from the top” and as a result, drive the “tune in middle” and “beat at the feet”. A Code of Conduct and Ethics and Whistleblowing Policy have been put in place to foster an ethical culture and allow bona fide suspected or presumed malpractices to be raised in confidence without the risk of reprisal. The Code of Conduct and Ethics is reviewed periodically by the Board and published on the Company’s website.

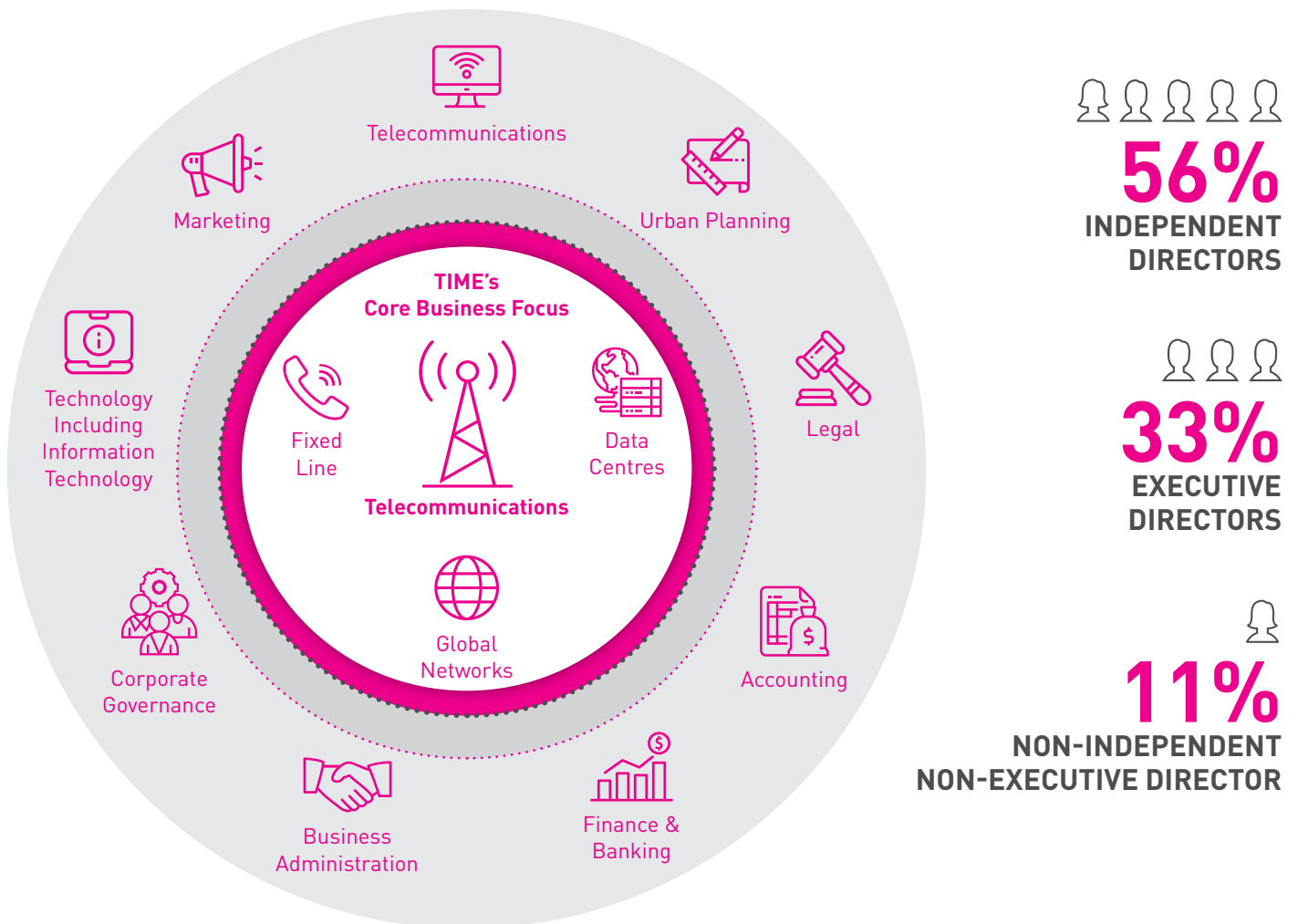
# Corporate Governance Overview Statement

## BOARD COMPOSITION

The Board acknowledges that besides being a domestic fixed-line telecommunications service provider, TIME is a leading carrier-neutral data centre operator and an international bandwidth provider with a growing network footprint. Premised on this, the Board endeavours to ensure that it has an appropriate mix of skills, experience and diversity to reflect the Group's nature of business. The Board, from time to time, undertakes a review of its composition to determine areas of strengths and improvement opportunities.

The Directors of TIME channel their combined knowledge and professional experience to provide valuable perspectives on TIME's business operations and strategies. The expertise possessed by Management as well as access of Directors to external professional experts complement the effective functioning of the Board. The composition of the Board which comprises nine (9) members can be viewed in a more granular lens as follows:

### Directors' Skill Sets



## Corporate Governance Overview Statement

With the appointment of a new independent director on 28 February 2020, the Board now comprises five (5) Independent Non-Executive Directors including one (1) Senior Independent Non-Executive Director, one (1) Non-Independent Non-Executive Director and three (3) Executive Directors including the CEO. The majority Independent Non-Executive Directors present on the Board helps to mitigate any possible conflict of interest between the policy-making process and the day-to-day management of the Group. The composition of the respective Board Committees meet the independence criteria outlined in Main Market Listing Requirements and there is appropriate cross-memberships to further promote effectiveness.

The NRC assesses Independent Directors annually to ascertain if they display a strong element of detached impartiality. In conducting this assessment, the NRC and Board adopt a qualitative approach in assessing if Independent Directors possess the intellectual honesty and moral courage to advocate professional views without fear or favour. The Board is cognisant of the widely held notion that extended tenure leads to entrenchment and as such, the Board remains watchful for such indicators of entrenchment amongst long serving Independent Directors.

The NRC also reviews the terms of office and performance of the AC and each of its members annually to determine whether the AC and its members have carried out their duties in accordance with their terms of reference.

Appointments to the Board are made via a formal, rigorous and transparent process, premised on meritocracy and taking into account the skills, experience and diversity needed on the Board in the context of the Group's strategic direction. In terms of gender diversity, the Board currently comprises two (2) female Directors and the Board is taking steps to improve women representation on the Board by casting "a wider net" in its sourcing and nomination process.

### REMUNERATION

The Board is mindful that fair remuneration is critical to attract, retain and motivate the Directors and Senior Management. Towards this end, the Board has adopted a remuneration policy and respective procedures to provide a formal structure for remunerating Directors and Senior Management.

The Board seeks to ensure the remuneration package of the Group is at a level which is sufficient to attract and retain high-calibre Directors and Senior Management needed to run the business successfully, taking into consideration all relevant factors including the functions, workload and responsibilities involved.

The component remuneration packages for Executive Directors and Senior Management have been structured to link rewards to corporate and individual performance whilst Non-Executive Directors' remuneration package reflects the experience and level of responsibilities undertaken by individual Non-Executive Directors.

A detailed review on the remuneration of Directors and Senior Management is undertaken periodically and benchmarked against relevant industry players. Changes made to the remuneration of Directors and Senior Management will be reviewed by the NRC before it is recommended to the Board.

### AUDIT COMMITTEE

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions and conflict of interest situations as well as risk management framework.

The AC is led by the Senior Independent Director who is distinct from the Chairman of the Board. All members of the AC are financially literate and possess a sound understanding of the business for them to discharge their responsibilities effectively. The AC has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the AC. The AC has established formal and transparent arrangements to maintain an appropriate relationship with the Company's external auditor. These includes policies and procedures to review the suitability and independence of the external auditor.

# Corporate Governance Overview Statement

During the year under review, the external auditor has confirmed to the AC that its personnel are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By-Laws (On Professional Ethics, Conduct and Practice).

In relation to related party transactions, a list of related parties is disseminated to the Group's various business units to determine the number and type of related party transactions. All related party transactions are presented to the AC for their notation on a quarterly basis. Interested Directors who have interest in such transactions abstain from all deliberations and voting on the matter either at the Board level or at the general meeting convened for the purpose of considering the matter.

## **RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

The Board is cognisant that a robust risk management and internal control framework supports the Group to achieve its value-creation targets by providing information on risks to enable better formulation of the Group's strategies and decision making. The Group's risk management and internal control framework covers not only financial controls but also non-financial controls which inter alia include operational and compliance controls.

The Risk Management Steering Committee (a Management-level Committee) takes responsibility for risk management, building upon already established structures and mechanisms to implement the processes for identifying, evaluating, monitoring and reporting of risks as well as to take appropriate and timely corrective actions as required. A Risk Management Framework and Risk Management Procedure Manual have been adopted to guide the Risk Management Secretariat and Divisional Risk Coordinators to identify, analyse and evaluate business and operational risks. The Risk Management Secretariat monitors implementation and updates of action plans and report to the Risk Management Steering Committee.

The Group has an in-house internal audit department reporting to the AC which is independent of the activities or operations of the other operating units in the Group. The internal audit function provides the AC and the Board with assurance regarding the adequacy and integrity of the systems of risk, governance and internal controls.

Further information on the Group's risk management and internal framework is made available on the Statement of Risk Management and Internal Control of the Annual Report.

## **COMMUNICATION WITH STAKEHOLDERS**

The Board believes that all stakeholders of the Group should be apprised in a timely manner of all material business events that impact the Group. The Board ensures continuous disclosures are made through announcements to Bursa Malaysia Securities Berhad as well as the Company's website. The Company's website contains recent announcements, past and current reports to shareholders, including summaries of key financial data, operational briefing presentations as well as copies of recent notices and minutes of general meetings. The Annual Report meanwhile discloses comprehensive details about the Group's business activities and financial performance for the financial year.

Whilst the Group endeavours to provide as much information as possible to its stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Board has identified the Senior Independent Non-Executive Director as the conduit to address minority shareholders' issues and to whom minority shareholders' concerns may be conveyed.

In terms of investor relations activities, during the year under review, the Group worked with bankers and analyst to target key institutional investors with an investment matrix that fits the Group.

During the year under review, the Group also engaged various investor groups through regular face-to-face meetings, site visits, investor conferences etc. to keep them abreast of constant updates and latest developments within the Group, the regulatory environment and the telecommunications industry in general.

# Corporate Governance Overview Statement

## CONDUCT OF GENERAL MEETING

The AGM serves as the principal open forum at which shareholders and investors are informed of the current developments of the Group. During the previous AGM, all Directors were present to answer questions raised by shareholders.

At each AGM, shareholders are accorded the opportunity to participate in the question and answer session. An interactive dialogue is conducted for shareholders to inquire about the Group's activities and prospects as well as to communicate their expectations and concerns. The Chairman, CEO and Chairmen of Board Committees will provide written answers to any significant questions that cannot be readily answered. Whenever appropriate, a press conference is held at the end of each AGM whereby the CEO will advise the press on the resolutions passed and answer questions in respect of the Group as well as to clarify and explain any issues.

The date, venue and time of the General Meetings are determined by taking into consideration the need to provide shareholders with a wide window of opportunity to attend and participate either in person, by corporate representative or by proxy. Each item of special business included in the Notice of AGM is accompanied by a full explanation of the effects of the proposed resolutions.



**As called upon by MCCG, the notice to the upcoming AGM alongside relevant accompanying materials will be provided more than 28 days in advance to enable shareholders to make adequate preparation.**

## FOCUS AREAS ON CORPORATE GOVERNANCE

During the year under review, the Group incorporated a new subsidiary in Thailand namely AIMS Data Centre (Thailand) Limited with the principal activity of provision of data centre and other related services. The move was part of the Board's regionalisation strategy to invest in telecommunications and data centre businesses whilst realising its full potential in ASEAN. The Board remains committed to enhance its corporate governance practices as it continues its expansion.

The Board is taking steps to narrow the gaps of the remaining few departures from the MCCG practices and instill governance awareness culture throughout the organisation.

The Board continues to enhance its sustainability efforts to identify Environmental, Social and Governance as key focus areas in the future and will provide the appropriate guidance to Management towards developing a more robust sustainability agenda for the Group.

The corporate governance areas which were at the forefront of the Board's radar are as follows:-



### Business Integrity and Anti-Corruption Policy

On 28 May 2020, the Board approved the adoption of the Business Integrity and Anti-Corruption Policy ("ABC Policy") for the implementation of the ABC Policy on 1 June 2020 for the Company to comply with Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The Company recently launched and communicated to its employees the ABC Policy which sets out the Company's policy and general principles, guidelines and processes to minimise and eliminate the Company's exposure to the risk of unlawful conduct relating to bribery and corruption. Employees will receive regular and relevant trainings to assist them to adhere to this policy.



### Human Capital

TIME recognises the adage that "a chain is as strong as its weakest link" and therefore, human capital is the biggest driver of the Group's governance and performance. Since 2018, talent reviews have been officiated and conducted for the Group with a view of identifying top talents and determining ways to retain them either through competitive compensation, development opportunities and career growth.

## Corporate Governance Overview Statement

TIME also places emphasis on talent mobility and integration of corporate culture with its regional presence. A global mobility policy has been carved to enable mobility for overseas assignments. Human capital policies and procedures are continually being harmonised for the Group. In terms of training, internal development solutions for leadership, soft skills, technical and regulatory areas have been rolled out to maximise knowledge and experience sharing.

The Board acknowledges that succession planning is critical for the continuity of TIME's business operations in a seamless manner. Successors for key Management positions have been identified and the Board will continue to ensure that succession planning is a priority for positions that have been earmarked as critical.



### Risk Management and Internal Control Framework

The Group continues to place risk management as its utmost priority. Guided by the Enterprise Risk Management (ERM) framework, the Group implemented several initiatives in 2019 to minimise key risks which included operational, technological and cyber-security related risks. Such initiatives were implemented to ensure that the Service Level Guarantees (SLGs) were continuously met and its growing customer base remains well served. Additionally, significant investments were made to ensure that business and operations were supported by the latest technology and infrastructure. The Group is also consistently improving its network security to minimise the threats of cyber attacks, data theft and information leakage.

The Risk Management Secretariat, which is governed by the AC, is tasked to enforce the ERM framework and ensure that mitigating action plans are successfully executed to address key risks.

In relation to internal audit, any observation noted will be addressed on a Group-wide basis covering the process under consideration. Improvement opportunities identified in relation to internal audit will also be subjected to a root-cause analysis.



### Professional Development of Directors

During the year under review, Directors were provided with opportunities to develop and maintain their skills and knowledge. Directors attended training programmes to keep themselves abreast of changes in legislative promulgations, new accounting standards, industry practices and new technology.

Visits to the Company's operations within the ASEAN region were also arranged, as necessary, for Directors to gain first-hand views on the operations. The list of training programmes that were attended by the Board members are outlined below:

Name	Programme title	Date(s)
<b>Executive Directors</b>		
Afzal Abdul Rahim	(i) Invest Malaysia 2019	19 March 2019
	(ii) Perdana Leadership Foundation CEO Forum 2019	4 April 2019
	(iii) Empower Summit 2019	30 May 2019
	(iv) Malaysia Tech Week 2019	18 June 2019
	(v) Macquarie Malaysia Macro and Policy Day Conference	29 August 2019
	(vi) Securities Commission Conference (Business Foresight Forum 2019)	19 September 2019
	(vii) Khazanah Megatrends Forum 2019	7 - 8 October 2019
Patrick Corso	(i) Senior Management Leadership Programme	25 - 27 April 2019
	(ii) MIRA Evening Talk and Networking: US-China Trade War - Its impact on Business and Consumers in Asean	9 October 2019

## Corporate Governance Overview Statement

Name	Programme title	Date(s)
<b>Executive Directors</b>		
Lee Guan Hong	(i) Khazanah Megatrends Forum 2019	7 - 8 October 2019
	(ii) Peering Asia 3.0	6 - 7 November 2019
<b>Non-Independent Non-Executive Director</b>		
Elakumari Kantilal	(i) FIDE Programme - Module A (Insurance)	19 - 22 February 2019
	(ii) Briefing on Financial Condition Report	18 March 2019
	(iii) RAM Sharing Session on Credit Rating	29 April 2019
	(iv) Khazanah Megatrends Forum 2019	7 - 8 October 2019
	(v) FIDE Programme - Module B (Insurance)	23 - 25 October 2019
	(vi) Global and Malaysia Renewable Energy Outlook	1 November 2019
	(vii) Types of Security: Recovery Options	14 November 2019
<b>Independent Non-Executive Directors</b>		
Abdul Kadir Md Kassim	(i) Perdana Leadership Foundation's Leadership Roundtable "Competitive Leadership in the Era of VUCA"	15 August 2019
	(ii) Khazanah Megatrends Forum 2019	7 - 8 October 2019
Ronnie Kok	(i) An overview of the Listing Requirements	5 August 2019
	(ii) What do Boards need to know?	13 August 2019
	(iii) Audit Oversight Board Conversation with Audit Committees	8 November 2019
Hong Kean Yong	(i) Executive Talk on Integrity and Governance	7 November 2019
	(ii) Singapore Fintech Festival	11 - 12 November 2019
Mark Guy Dioguardi	Essential Director Update 19: Melbourne	18 October 2019

### Corporate Governance Priorities (2020 and Beyond)

The Board acknowledges that improvement in corporate governance is a "marathon and not a sprint". In recognition of this journey, the Board has identified the following forward-looking action items that will help it to achieve its corporate governance objectives.

### Short and medium-term plan (one (1) to three (3) years)

#### Evaluation of Board, Board Committees and Individual Directors

The Board aims to undertake an externally facilitated evaluation of its Board, Board Committees and individual Directors once every three (3) years. The Board is considering to enlist an independent expert for the forthcoming year so as to inject rigour and objectivity into the process.

The Board recognises that independent experts can frequently pinpoint areas of improvement as the experts would likely have accumulated a database of results from their experience of conducting similar assessments for other Boards, Board Committees and individual Directors.



# Corporate Governance Overview Statement

## Boardroom Independence

With the appointment of an additional independent director on 28 February 2020, TIME has achieved a majority of Independent Directors in its boardroom fostering greater objectivity in its deliberations and decision making. The Board believes that equipped with the critical mass, Independent Directors will be able to encourage, support and drive each other in the value creation process of the Group. In the course of making this change, TIME will not compromise on the business imperative and make unwieldy changes to its Board composition. In order to create a more conducive environment for insightful deliberations, the Board will consider enlisting Independent Directors with strong business acumens and a broad range of industry experience.

During the year 2019, the Board was satisfied that none of the Independent Non-Executive Directors had any relationship that could materially interfere with, or perceived to be materially interfere with their unfettered and independent judgement and ability to act in the best interest of the Company.

The Senior Independent Director, Mr Ronnie Kok completed his 12-year tenure as INED of the Company on 31 January 2020. The Board vide its NRC conducted rigorous assessment on the independence of Mr Ronnie Kok and is satisfied that he is still able to bring independent and objective judgement to the Board. He challenges Management in an effective and constructive manner, providing a check and balance in Board proceedings. He actively participates in Board discussions and provided an independent voice on the Board. He has not established or maintained any significant personal or social relationship, whether direct or indirect with the executive directors or substantial shareholders and/or persons connected to them other than the normal engagements and interactions on professional level consistent with his duties and expected of him to carry out his duties as Independent Non-Executive Director.

## Long-term plan (three (3) to five (5) years)

## Boardroom Diversity

The Board of TIME will focus its efforts to constitute a diverse Board which bears a variety in the dimensions of skills, experience, age, cultural background and gender. The Board recently welcomed Ms Koh Cha-Ly, an Independent Non-Executive Director of the Company to the Board, concurrently increasing the percentage of its women directors to 22%.

The Board continues in its efforts to achieve the national target of having 30% women on the boards of corporate Malaysia, will broaden its search mechanisms to source for meritorious female candidates. The Board recognises that diversity should extend to Senior Management and not just the Boardroom.

## Corporate Reporting

TIME has embarked on its journey of Integrated Reporting and will seek to progress towards a more mature form of Integrated Reporting in the upcoming years.

In this regard, the Company will seek to better synergise its connectivity of reporting from management, its business analysis and decision-making process. The Board will set the direction for Management to establish the necessary supporting infrastructure with the presence of quality non-financial data that will support the progression towards an enhanced Integrated Report.

# Additional Compliance Information

## 1. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed below, there were no material contracts entered by the Company and/or its subsidiaries involving shareholders' interest either subsisting as at 31 December 2019 or entered since the end of the previous financial year.

Wayleave and Right of Use Agreement between Projek Lebuhraya Usahasama Berhad ("PLUS") and TT dotCom Sdn Bhd ("TTdC") dated 8 May 2017. This Agreement grants a wayleave and right of use to TTdC to use the telecommunications infrastructure in or along the Applicable Expressways including the North-South Expressway ("NSE"), New Klang Valley Expressway ("NKVE"), North-South Expressway Central Link ("ELITE"), Malaysia-Singapore Second Crossing ("LINKEDUA"), Butterworth-Kulim Expressway ("BKE") and Penang Bridge.

This Agreement shall expire upon the lapse of the Concession as granted by the Government of Malaysia ("GoM") to PLUS which is now on 31 December 2038 or in the event the GoM expropriates PLUS.

On 27 October 2017, the GoM made an announcement of the abolishment of toll collection at Batu Tiga and Sungai Rasau toll plazas on the Federal Highway Route 2 and at the Bukit Kayu Hitam toll plaza on the North-South Expressway, effective as at 1 January 2018. On 12 February 2018, PLUS and TTdC entered into a Supplemental Agreement to address this matter.

PLUS is a wholly-owned subsidiary of PLUS Malaysia Berhad ("PLUS Malaysia") and PLUS Malaysia is jointly controlled by UEM Group Berhad ("UEMG") and Employees Provident Fund Board, which owns 51% and 49% of PLUS Malaysia's equity. UEMG is a wholly-owned subsidiary of Khazanah Nasional Berhad.

## 2. AUDIT AND NON-AUDIT FEES

The amount of audit fees paid or payable to the external auditors, KPMG PLT and firms affiliated to KPMG PLT for services rendered to the Company and the Group for the financial year ended 31 December 2019 are RM150,000 and RM595,000 respectively.

The amount of non-audit fees paid or payable to the external auditors and corporations affiliated to the auditors' firm, for services rendered to the Company and the Group for the financial year ended 31 December 2019 are RM30,000 and RM49,000 respectively.

# Audit Committee Report

The Board of Directors is pleased to present the Report of the Audit Committee (“the Committee”) for the financial year ended 31<sup>st</sup> December 2019.

## COMPOSITION

The Committee presently comprises three (3) members, of whom two (2) are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director.

The members of the Committee during the financial year ended 31<sup>st</sup> December 2019 are as follows:

Ronnie Kok Lai Huat (Chairman)	Senior Independent Non-Executive Director
Elakumari Kantilal	Non-Independent Non-Executive Director
Hong Kean Yong	Independent Non-Executive Director

The profiles of the Committee members are contained in the “Board of Directors’ Profile” set out on pages 27 to 35.

## TERMS OF REFERENCE

The Committee was established on 27<sup>th</sup> September 2000 to act as a Committee of the Board of Directors, with the terms of reference as set out on pages 53 to 58.

## MEETINGS

The Committee convened four (4) meetings during the financial year ended 31<sup>st</sup> December 2019. The details of attendance are as follows:

Name	Attendance	Percentage of attendance
Ronnie Kok Lai Huat (Chairman)	4/4	100%
Elakumari Kantilal	4/4	100%
Hong Kean Yong	4/4	100%

The Chief Executive Officer, other Senior Management members and the external auditors attended these meetings upon invitation to brief the Committee on specific issues. The Company Secretary being the secretary of the Committee was present at all the meetings. The Committee had also met with the external auditors without the presence of Management.

Minutes of meetings of the Committee are circulated to all members of the Board and significant issues are discussed at the Board meetings.

# Audit Committee Report

## PRINCIPAL ACTIVITIES IN THIS FINANCIAL YEAR

The Committee carried out its duties in accordance with its terms of reference during the year. The principal activities of the Committee were as follows:

### (a) Financial Statements

- (i) The Committee reviewed the audited statutory financial statements, quarterly financial results of the Group for 2019 and discussed significant issues before recommending them to the Board of Directors for approval prior to the announcement to Bursa Malaysia.
- (ii) Additionally, the Committee also reviewed the annual, interim and any other related financial statements and announcements of the Group for quality of disclosure, and compliance with the Listing Requirements of Bursa Malaysia, approved accounting standards and other relevant legal and regulatory requirements.

### (b) Internal Audit

- (i) The Group Internal Audit & Compliance Division conducted audit activities as per the 2019 Audit Plan approved by the Committee on 26<sup>th</sup> November 2018. The Head of Internal Audit & Compliance presented the status of audit plan and audit reports at every AC meeting during the year, for the Committee to review and discuss on the following:
  - a) Results of the internal audit reports, findings and recommendations and action taken on the recommendations;
  - b) Key audit issues identified by Internal Audit in the current period and proposed action plans by Management;
  - c) Major findings of internal investigation reported through the whistleblowing channel; and
  - d) Status of completion of Audit Plan 2019.
- (ii) The 2019 Audit Plan was reviewed on a quarterly basis or as required, which required inclusion of unplanned audit assignments to be carried out on an ad-hoc basis upon Management's request or arising from significant corporate events. A total of 30 audit assignments were completed in 2019, categorised as follows:
  - a) IT Audits: Information Technology related audits, including application development and management;
  - b) Strategic and Operational Audits: Audits of core operations within the Group such as Tenancy Management and Carrier Sales Management, and support services such as Material Management and Staff Claims Management;
  - c) Regional Audit: Operation and support service audit of Symphony Communication Public Company Limited and CMC Telecommunication, which includes Sales and Procurement, Network Services and Fleet Management.
  - d) Fraud Investigation: Ad-hoc / unplanned investigation based on complaint or report made via whistleblowing channel; and
  - e) Recurring Audit: Recurring audit assignments conducted on annual basis such as periodic stocktake, sales incentive and Information Security Management System.

# Audit Committee Report

## PRINCIPAL ACTIVITIES IN THIS FINANCIAL YEAR (cont'd)

### (b) Internal Audit (cont'd)

- (iii) Performance, adequacy and competency of the Group Internal Audit & Compliance Division is assessed on an annual basis, or as necessary.
- (iv) Appraise and approve the appointment and termination of Head of Internal Audit & Compliance.

### (c) Related Party Transactions

The Committee reviewed the related party transactions presented by Management to ensure that the transactions were not more favourable to the related parties than those generally available to the public and not detrimental to minority shareholders.

### (d) Risk Management

- (i) Reports on key operational risks were presented to the Committee for their review to ensure the risks identified are being managed effectively and actively overseen, in order to ensure the effectiveness of the process for identifying, evaluating and managing risks.
- (ii) Statement on Risk Management and Internal Control for inclusion in the 2019 Annual Report.

### (e) External Audit

- (i) The Committee reviewed the reappointment of the external auditors and the annual audit fee, together with the engagement letter confirming their independence and objectivity and their scope of work as follows:
  - a. Annual audit plan and scope of audit prior to its implementation;
  - b. Annual audit report and accompanying reports to the Committee and Management;
  - c. The Management Letters together with Management's responses, in order to be satisfied that appropriate actions are being taken; and
  - d. Provision of non-audit services by the external auditors for recommendation to the Board for approval.
- (ii) The Committee also held private meetings with the external auditors without Management to ensure there were no restrictions on the scope of their audit and to discuss any items that the auditors did not wish to raise in the presence of Management.
- (iii) Additionally, the Committee also reviewed and approved the policy established to assess suitability and independence of external auditors, and methodology in assessing the assessment tools of suitability and independence of external auditors.

The Chairman of the Committee reported regularly to the Board on the activities of the Committee.

# Audit Committee Report

## TRAINING

The training attended by the Committee members during the financial year is reported under the Corporate Governance Statement on page 45 to 46.

## INTERNAL AUDIT FUNCTION

The Board of Directors is committed to establish and maintain an efficient and effective internal audit function that is able to function independently to obtain sufficient assurance of regular review and appraisal of the effectiveness of the Group's system of internal controls.

The internal audit function is performed in-house by a group of 12 internal auditors that are free from any relationships or conflicts of interest, which could impair their objectivity and independence. The function is headed by Syed Abdul Qader bin Mohd Ansari, who has more than 15 years of internal auditing experience in the telecommunications, airlines and banking industry. All the internal auditors have tertiary qualifications and the level of expertise and professionalism as at the end of 2019 is as follows:

Expertise Category	Number of Auditors
Bachelor's Degree	8
Professional (ACCA, CISA, CA, and ISMS)	7
Professional Membership (ACCA, MIA, IIA & ISACA)	7

The total costs incurred for the internal audit function for the financial year ended 31<sup>st</sup> December 2019 amounted to RM 2,171,647.54.

The internal audit function is guided by its Audit Charter and reports to the Committee. Its primary role is to assist the Committee to discharge its duties and responsibilities by independently reviewing and reporting on the adequacy and integrity of the Group's system of internal controls.

In 2019, Internal Audit executed a range of audit reviews covering financial, operational, fraud investigation and information systems audit. Other reviews were also performed to ensure that the Group's resources are utilised effectively and efficiently. The Internal Audit reports were issued for the audited division's comments and for their response on the action plans and implementation date. Internal Audit also coordinated the follow up reviews on the resolutions of internal audit issues and reported the status to the Committee.

Findings and recommendations for improvements were communicated to Senior Management and the Committee. The Internal Audit function adopts a risk-based approach in the review of internal controls based on an annual audit plan approved by the Committee. The Internal Audit function also adopts the COSO framework in assessing internal controls related to areas of review.

# Audit Committee Report

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### (a) Membership

- There should be a minimum of three (3) non-executive directors, of which a majority must be independent directors.
- The Chairman of the Audit Committee shall be an independent non-executive director who is not the Chairman of the Board.
- There should be at least one (1) member who is a member of the Malaysian Institute of Accountants or should have at least three (3) years working experience and passed the examinations specified in Part I of the 1<sup>st</sup> schedule of the Accountants Act, 1967 or is a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act, 1967.
- Vacancies in the Audit Committee must be filled within three (3) months. The Nomination Committee will review and recommend, to the Board for approval, another director to fill up such vacancies based on the following personal qualities:-
  - (a) the ability to act independently and be proactive in advising the Board of any concerns;
  - (b) the ability to ask relevant questions, evaluate the responses and continue to probe for information until completely satisfied with the feedback provided;
  - (c) the ability and desire to constantly engage in self-development programmes;
  - (d) the ability to appreciate the company's values and a determination to uphold these values coupled with a thoughtful approach to the ethical issues that may be faced;
  - (e) have a professional approach to duties, including an appropriate commitment of time and effort;
  - (f) have the courage to take and stand by tough decisions and high ethical standards; and
  - (g) the ability to encourage openness and transparency which is demonstrated by the ability to accept mistakes and not ascribe blame.
- The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Nomination and Remuneration Committee annually.
- Alternate directors cannot be a member of the Audit Committee.
- All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company.
- Members of the Audit Committee may relinquish their membership in the Committee with prior written notice to the Company Secretary and may continue to serve as Director of the Company.

# Audit Committee Report

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)

### (a) Membership (cont'd)

- All Committee Members including the Chairman should be persons of good social standing and possess relevant skills and a good track record in the corporate or business field. They must have the required skills to engage with management and the auditors and be prepared to ask key and probing questions about the company's financial position, operational risks and internal controls, compliance with applicable approved accounting standards and other related requirements. The Audit Committee's effectiveness is dependent on its members' broad business experience, knowledge and competence in business matters, financial reporting, internal controls and auditing.
- No former key audit partner shall be appointed as a member of the Audit Committee before observing a cooling-off period of at least two (2) years.

### (b) Functions of the Audit Committee

- To determine that established policies, procedures and guidelines, operating and internal accounting controls are adequate, functioning, effective, and are complied with in promoting efficiency and proper conduct of the Company's business.
- To act as an independent and objective party in reviewing the financial information of the Company presented by Management.
- To review the quarterly and year-end financial statements of the Company for recommendation to the Board for approval, focusing particularly on:-
  - any changes in or implementation of major accounting policies and practices;
  - significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed; and
  - compliance with accounting standards and other legal requirements.
- To consider and recommend the nominations, appointment and reappointment of the external auditor, the audit fee and any questions of resignation or dismissal.
- To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure coordination where more than one (1) audit firm is involved.
- To discuss problems and reservations arising from the interim and final audits, and any other matter the auditor may wish to discuss (in the absence of Management where necessary).
- To review the external auditor's management letter, their evaluation of the systems of internal control and management's responses thereof.
- To ensure that assistance is given by the employees of the company in following the best practices in providing full and faithful disclosure of any material information, to the external auditor.



# Audit Committee Report

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)

### (b) Functions of the Audit Committee (cont'd)

- (ix) To monitor the effectiveness of the external auditors' performance and their independence and objectivity.
- (x) To do the following where an internal audit function exists:
  - Review the adequacy of the scope, functions, competency and resources of the internal audit function according to the standards set by recognised professional bodies, and that it has the necessary authority to carry out its work;
  - Review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - Review any appraisal or assessment of the performance of members of the internal audit function;
  - Approve any appointment or termination of senior staff members of the internal audit function; and
  - Inform itself of resignations of internal audit staff members and provide the resigning staff to submit his/her reasons for resigning.
- (xi) To review and report to the Board of Directors any related party transaction and conflict of interests' situation that may arise within the listed issuer or Group including any transaction, procedure or course of conduct that raises questions of Management integrity.
- (xii) To consider the major findings of internal investigations and Management's response.
- (xiii) To review pertinent operational matters in relation to the Group's quarterly financial performance and quarterly announcement to Bursa.
- (xiv) To monitor operational performance against targets set in the Annual Operating Plan in relation to the Group's quarterly financial performance and quarterly announcement to Bursa.
- (xv) To assess risk and control environment by:-
  - (a) determining whether Management has implemented policies ensuring the Company's risks are identified and evaluated and that internal controls in place are adequate and effective to address the risks; and
  - (b) making enquiry as to whether each category of risks is adequately monitored and addressed by the Company's risk management procedures.
- (xvi) To consider other topics as defined by the Board.

# Audit Committee Report

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)

### (c) Rights of the Audit Committee

To enhance the effectiveness of the Audit Committee in the discharge of its duties, the Listing Requirements provides the Audit Committee with the following rights:

- authority to investigate any matter within its terms of reference;
- right to resources to perform its duties;
- full and unrestricted access to any information pertaining to the Company, including access to resources;
- have direct communication channels with the external auditor and person(s) carrying out the internal audit function or activity;
- right to obtain external independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- right to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company whenever deemed necessary.

### (d) Audit Committee Meetings

- The Audit Committee should meet regularly, at least once in every quarter, with due notices of issues to be discussed and should record its conclusions in discharging its duties and responsibilities. The quorum should comprise a majority of independent directors.
- The Audit Committee shall aim to reach a consensus on issues discussed, failing which a poll shall be taken through a show of hands.
- The Chairman of the Committee should report on each meeting to the Board. Minutes of each meeting should be kept and distributed to each member of the Committee and of the Board. The Secretary to the Committee should be the Company Secretary.
- The Chief Executive Officer ("CEO") or/and Chief Financial Officer (or a person of similar capacity), Head of Internal Audit and a representative of the external auditors shall normally be entitled to attend any meeting of the Committee and to make known their views on any matter under consideration by the Committee, or which in their opinion, should be brought to the Committee's attention.
- The Audit Committee must ensure that other directors and employees attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

# Audit Committee Report

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)

### (d) Audit Committee Meetings (Cont'd)

- The Audit Committee should meet with the external auditors without executive board members present at least twice a year for the following purposes:-
  - (a) to discuss accounting principles and judgments made in connection with the preparation of the company's financial statements and possible alternative accounting treatments, and whether these alternatives have been discussed with management or if these alternative policies would better reflect the values as disclosed in the financial statements;
  - (b) to seek understanding and clarification on accounting treatments and methods and their appropriateness;
  - (c) to make inquiry on significant discussions between the Company's CEO or equivalent, Chief Financial Officer or other key Management personnel; and
  - (d) to have a better understanding on the nature and extent of issues discussed with Management during the audit.
- The Audit Committee may deal with matters by way of circular reports and resolution in lieu of convening a formal meeting.

### (e) Audit Committee Report

The Board of Directors of a listed issuer must publish an Audit Committee Report in its Annual Report and shall include the following therein:

- membership of the Audit Committee of which the minimum details are specified in the Listing Requirements;
- the number of Audit Committee meetings and details of attendance of each Audit Committee member;
- summary of the work of the Audit Committee in the discharge of its functions and duties for that financial year of the Company and how it has met its responsibilities; and
- summary of the work of the internal audit function.

The Board of Directors is also required to make the following additional statements in its Annual Report:

- a statement explaining the Board of Directors' responsibility for preparing the annual audited financial statements; and
- a statement about the risk management and internal controls of TdC as a group (after the same is reviewed by the external auditors and the results thereof reported).

# Audit Committee Report

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)

### (f) Reporting of Breaches

The Audit Committee must promptly report any matter to Bursa, if in its view such matter has not been satisfactorily resolved by the Board of Directors resulting in a breach of Listing Requirements.

### (g) Support

The Company Secretary shall provide the necessary support to enable members of the Audit Committee to discharge their functions effectively.

### (h) Review of Terms of Reference

The Terms of Reference should be assessed, reviewed and updated periodically, at least when there are changes to the Malaysian Code on Corporate Governance 2017, Listing Requirements or any other regulatory requirements. It should also be reviewed and updated when there are changes to the direction or strategies of the company that may affect the Audit Committee's role.

# Directors' Statement On Risk Management & Internal Control

The Malaysian Code on Corporate Governance 2017 ("the Code") sets out the Principles, Practices and Guidance for the Board of a company listed on the Bursa Malaysia Securities Berhad ("Bursa Securities") to establish a proper risk management framework and internal control system in order to assist the Company in making informed decisions on the level of risk tolerance and necessary controls to pursue the Company's objectives.

The Board of Directors ("the Board") is committed to establish a sound framework to manage risks and is pleased to provide the following statement in accordance with paragraph 15.26 (b) of the Main Market Listing Requirements, Practice Note 9 issued by Bursa Securities, Statement on Risk Management & Internal Control (Guidelines For Directors of Listed Issuers) and guided by Principle B and Practice and Guidance 9.1 and 9.2 of the Code on recognising and managing risks within the Group.

## BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound system of internal controls to safeguard the shareholders' investments and the Group's assets, and to discharge their stewardship responsibilities in identifying principal risks and ensuring the implementation of appropriate systems to manage these risks in accordance with the best practices of the Code.

However, due to the limitations inherent in any risk management and internal control systems, it should be noted that such systems are designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. Therefore, the systems can only provide a reasonable and not an absolute assurance against the occurrence of any material misstatement, loss or fraud. The internal control systems of the Group covers, inter alia, risk management, financial, operational and compliance controls.

The Board has established a process for identifying, evaluating, monitoring and managing the significant risks that may materially affect the achievement of its corporate objectives. This process has been in place throughout the year under review up to the date of this report.

Whilst the Board maintains ultimate responsibility over risk and control issues, the responsibility has been delegated to the Senior Management to implement the internal control systems within an established framework. The Group's Internal Audit function provides an independent assessment and assurance on the system of risk management and internal controls based on the internal audit reviews carried out during the financial year.

## CONTROL ENVIRONMENT AND STRUCTURE

The Board recognises that in order to achieve a sound system of risk management and internal controls, a conducive control environment and framework must be established. The key elements of internal control, among others, comprise the following:

### (a) Control Environment

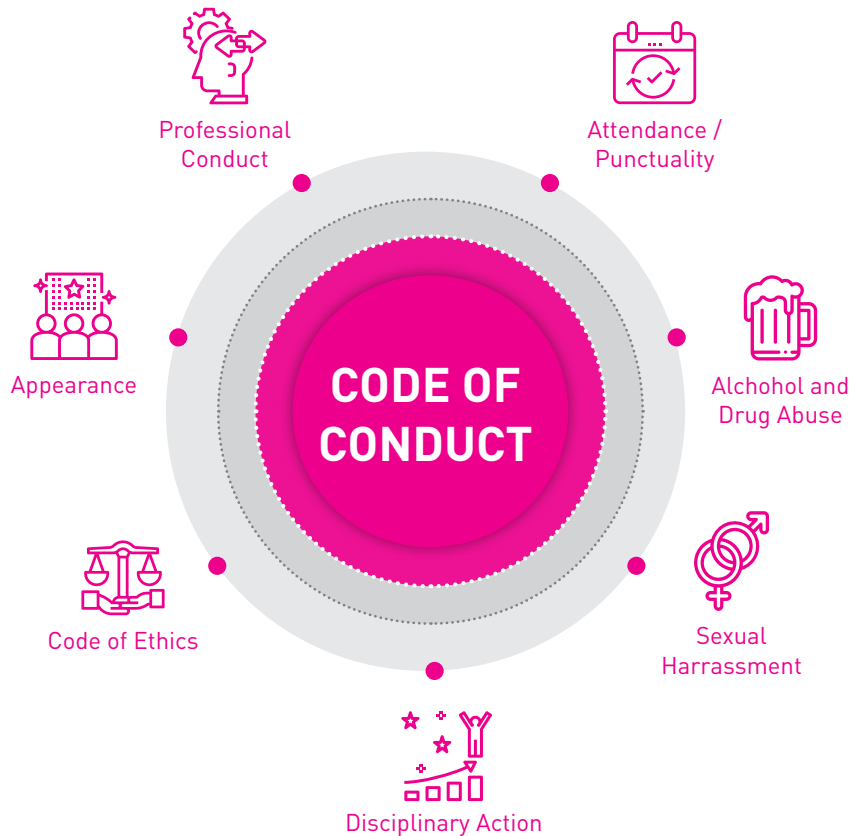
- (i) **A Formal Organisational Structure and Discretionary Authority Limits** is in place with defined lines of reporting, to align with business and operational requirements. The structure facilitates the segregation of duties and accountability. Formal limits of authority delegation are implemented for planning, executing, controlling and monitoring business operations.
- (ii) **Board Committees** are set up by the Group to uphold corporate governance and transparency with its specific terms of reference and authority. The Board Committees comprise of the Audit Committee, Nomination and Remuneration Committee and Tender Committee. These Committees report to the Board and provide the relevant recommendations for the Board's decision.

# Directors' Statement On Risk Management & Internal Control

## CONTROL ENVIRONMENT AND STRUCTURE (cont'd)

### (a) Control Environment (cont'd)

- (iii) **An Audit Committee**, of which the majority comprises Independent Non-Executive Directors, was maintained throughout the financial year. The Audit Committee convenes meetings at least once every quarter, and discusses amongst others the financial results, internal audit findings, related party transactions, risk management as well as the external auditor's appointment and their external audit plan and results. The Audit Committee reviews and approves the Internal Audit Plan on an annual basis and also oversees the Internal Audit Division's function, scope of work and resources. Further details of the activities undertaken by the Audit Committee of the Group are set out in the Audit Committee Report.
- (iv) **Employee Handbook & Code of Conduct** are provided and made available to employees of the Group via Intranet. All employees are required to sign and adhere to the Confidentiality Agreements and Declaration of Non-Conflict of Interest upon their appointment. The Declaration of Non-Conflict of Interest is also required on an annual basis. The Code of Conduct sets out principles to guide the employees in carrying out their duties and responsibilities and covers areas as per the diagram below:



As part of awareness and reminder to the employees, the Code of Conduct information have also been published by internal communication channel, TIME LOOP.

# Directors' Statement On Risk Management & Internal Control

## CONTROL ENVIRONMENT AND STRUCTURE (cont'd)

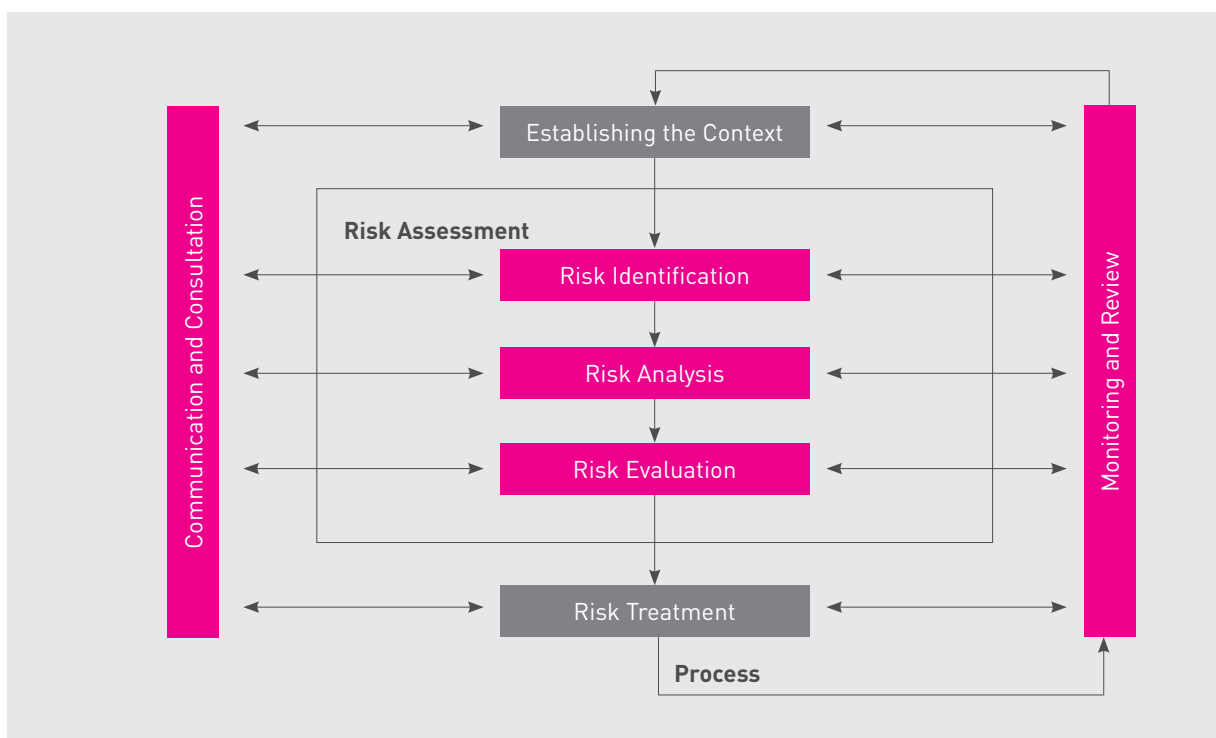
### (a) Control Environment (cont'd)

- (v) **Policy / Guideline and Procedure for Selection & Recruitment, Termination / Resignation, Performance Appraisal, Learning and Development** are in place to ensure that the desired standard of human resource practices are met in achieving the Group's business objectives. Selection and recruitment is based on both the business requirements and the individual's competency and behavioural assessment while the policy / guideline and procedure on termination / resignation process is developed in consideration of the Company's business requirements and the applicable Malaysian employment laws. A web-based performance management system is in place to manage and facilitate performance monitoring and evaluation at Company, Divisional and Individual level. People capability assessment encompassing managerial, technical, functional and behavioral areas are being conducted on an annual basis.
- (vi) **Supplier Conduct Principles** have been established which outlines the standard for ethical and business conduct expected from contractors and suppliers in their relationship with the Group. These principles are incorporated in vendor code of conduct documents.

### (b) Risk Assessment

- (i) **The Risk Management Framework** outlined in the **Risk Management Procedure Manual** has been adopted to guide the Risk Management Secretariat and the organization to identify, analyse and evaluate strategic, business, operational and related risks. The Risk Management Secretariat monitors implementation and updates of action plans, and reports to the Risk Management Steering Committee ("RMSC") and the Audit Committee ("AC") on a quarterly basis.

The overall Risk Management Framework of the Group is provided in the diagram below:



# Directors' Statement On Risk Management & Internal Control

## CONTROL ENVIRONMENT AND STRUCTURE (cont'd)

### (b) Risk Assessment (cont'd)

The Group faces various risks and uncertainties, however the Risk Management Secretariat aims to mitigate and manage the exposures through identified risk treatment plans and measures. A summary of the key risks faced by the Group are listed in Appendix 1 of this statement.

- (ii) **The RMSC** is tasked with developing and maintaining an effective risk management system within the Group. Formal risk policies and guidelines have been established as part of the risk management framework. Under the existing risk management framework, the business operating units, departments and divisions are responsible for compliance with risk policies and guidelines. During the financial year, the RMSC reviewed the enterprise risk profiles and management's action plan on risk areas.
- (iii) **The Risk Management Secretariat** reports to the RMSC to assist it in the undertaking of its functions. The Risk Management Secretariat works with risk owners across business divisions to facilitate implementation and monitoring of risk treatment plans. Key risks and its status are identified and reported to the Board on a quarterly basis.

### (c) Control Activities

- (i) **Operational and Accounting Manuals** are in place to provide guidelines and standard operating procedures over the Group's key business processes. In addition, TIME's Credit Management, Payable & Fixed Asset Management, and Treasury Management has been ISO 9001:2015 certified. These departments were independently certified by SIRIM QAS International for various relevant periods from 2017 until 2021.
- (ii) **The Whistleblowing Policy** outlines the Group's commitment to encourage employees to disclose any malpractice or misconduct of which they become aware and to provide protection for employees who report such allegations. The policy provides the framework and procedures by which directors, staff, contractors and consultants can anonymously voice concerns or complaints.
- (iii) **Business Continuity Management (BCM) Framework** has been established in 2011 as a guide to develop and maintain the Group's BCM programme based on management's evaluation of the requirements / definitions / guidelines in reference to Malaysia / International standards i.e. ISO22301. The implementation of Group's BCM programme will facilitate the following:
  - To respond to business disruptions, resume critical operations from major failures or disasters; and
  - To minimise the impact to the Group's business operations in the event of disasters.
- (iv) **Financial and Operational Information** is prepared and presented to the Board on a quarterly basis. Annual budgets and business plans are prepared by all business units and consolidated for the Board's review and approval. Operating results are monitored against budget on a monthly basis and presented to the Board at least on a quarterly basis. The Audit Committee and Board review the results on a quarterly basis to enable it to track the Group's achievement against its annual targets.
- (v) **Board Meetings** are scheduled at least quarterly. Board papers are distributed to the Board members ahead of meetings and the members have access to all relevant information. Decisions are made by the Board only after the required information is presented and deliberated to facilitate appropriate oversight and responsibility on the direction of the Group by the Board.
- (vi) **Management** is accountable to the Board and responsible for implementing the processes of identifying, evaluating, monitoring and reporting of risks and the effectiveness of internal control systems, taking appropriate and timely corrective actions as required.



# Directors' Statement On Risk Management & Internal Control

## CONTROL ENVIRONMENT AND STRUCTURE (cont'd)

### (d) Monitoring

- (i) **Internal Audit Function** reports to the Audit Committee at least quarterly and is guided by the Audit Charter. Findings and recommendations for improvements are communicated to the Senior Management and the Audit Committee with relevant follow up on the implementation status of action plans. The Internal Audit function adopts a risk-based approach in the review of internal control based on an annual audit plan approved by the Audit Committee. The Internal Audit function examines the adequacy and effectiveness of the verification, recording and disclosure procedures for related party transactions, recurrent or otherwise, in conformance with Bursa Securities Listing Requirements on related party transactions on a biennial basis.
- (ii) **Fraud Monitoring and Credit Management** functions are in place to ensure that subscriber usage patterns are continuously monitored, appropriate action is taken against suspected fraud and credit management procedures are adhered to.
- (iii) **Regulatory Affairs Department** coordinates the requirements for compliance as outlined through relevant telecommunications laws, its supporting regulations and guidelines as well as requirements as stated in license conditions.

Regulatory Affairs also participate in industry forums and consultation and industry development activities conducted by the regulatory agencies.

- (iv) **Revenue Assurance** function monitors potential revenue leakages that may arise from daily operations. Identified revenue leakage issues with recommendations for mitigation are circulated to the relevant departments for action. Action plans and status are reported to management in periodic management meetings.

## REVIEW OF THIS STATEMENT

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2019 Annual Report, in line with the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA"), and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

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

## CONCLUSION

The Board had received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively.

For the financial year under review and up to the date of this report, the Board is satisfied with the Group's system of risk management and internal control and will continue to review the adequacy and integrity of the Group's internal control. The SORMIC has not dealt with or included the state of risk management and internal control of the associates. There are no material losses, contingencies or uncertainties that have arisen from any inadequacy or failure of the Group's system of risk management and internal control that would require separate disclosure in the Group's Annual Report.

# Directors' Statement On Risk Management & Internal Control

## Appendix 1 – Key Risks Faced by the Group

### 1. Operational Risk

With the increasing competition in the telecommunications industry, customers' expectations have increased tenfold. However, TIME continues to strive for improvement to meet committed Service Level Guarantee (SLGs) and exceed customers' expectations.

Even with all proper controls in place, risks of network failure and disruption will always remain. To mitigate these risks, continuous initiatives and various projects were implemented to provide stronger network and operations resiliency. Investments towards improving our infrastructure were continuously made to meet TIME's increasing customer base. Operational process and procedures were continuously improved emphasizing the need to provide exceptional customer support and service improvement.

Business Continuity Management (BCM) strategies were also embedded to ensure quick response and action in any undesirable event.

### 2. Technology Risk

Keeping competitive in the market is vital to TIME's success in the industry. Failure to keep up with current technology in its Network and IT infrastructure may leave TIME incapable of competing and meeting customer demand efficiently and effectively.

As a growing company with vast infrastructure and tenure internal and external to TIME, it is TIME's responsibility to ensure infrastructures are managed and monitored closely to avoid business interruptions and services outage. Hence, TIME ensures sufficient maintenance and support towards its infrastructure, as well as having a dedicated team to monitor new technologies that can support and improve TIME's operations. Significant investments were made to mitigate technology risk, and ensure that business and operations are being run and supported by the latest technology.

### 3. Cyber Threat Risk

Cyber attacks data theft and information leakage is as a constant threat throughout the industry. Weakness in controls over these areas may result in operation disruption and financial losses. Data and information theft may impact the company's reputation, losing customer base with legal consequences. TIME has taken steps to ensure that the company is well-protected from such threats and vulnerabilities. IT and Network securities and parameters are being reviewed and enhanced continuously and consistently to meet industry standard.

TIME adopts information confidentiality policies and procedures to further mitigate the risk and exposure towards the cyber security risks. TIME is also certified in Information Security Management Systems (ISO/IEC 27001).

### 4. External Risk

In today's borderless world, developments in other countries may have an adverse impact on our day-to-day operations. As such, it is imperative for TIME to be aware of any development and happenings around the world that may directly and/or indirectly impact the company and its key partners. This allows us to be more prepared in leveraging on any opportunities or in mitigating any potential risks that may impact our business.

# Group Financial Highlights

Financial Performance In RM'000	Under Pre-MFRS 16					Under MFRS 16
	2015	2016	2017	2018	2019	2019
Revenue	682,364	766,940	860,696	983,435	1,113,873	<b>1,113,873</b>
Revenue Growth (%)	14%	12%	12%	14%	13%	<b>13%</b>
EBITDA	263,867	292,563	297,191	427,436	455,906	<b>479,797</b>
Operating Profit	170,649	199,102	183,091	302,441	324,458	<b>330,302</b>
Profit After Tax <sup>1</sup>	191,351	249,928	175,362	288,670	314,356	<b>314,036</b>
Return on Equity (ROE) <sup>1</sup> (%)	9%	11%	8%	11%	11%	<b>11%</b>
Basic Earnings per Ordinary Share (Sen) <sup>1</sup>	33.55	43.33	30.25	49.56	53.79	<b>53.73</b>
<b>Financial Position</b>						
Total Shareholders' Equity (RM'000)	2,082,547	2,182,893	2,266,024	2,519,715	2,767,177	<b>2,766,857</b>
Total Assets (RM'000)	2,609,940	2,747,300	3,078,050	3,177,651	3,420,750	<b>3,520,734</b>
Net Tangible Assets per Share (RM)	3.25	3.40	3.53	3.95	4.36	<b>4.36</b>
Return on Assets (ROA)(%) <sup>1</sup>	7%	9%	6%	9%	9%	<b>9%</b>

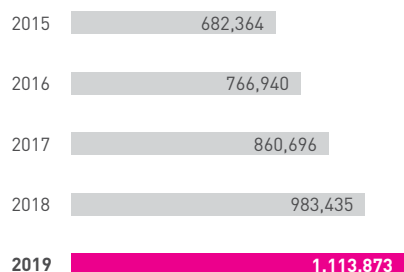
## Note 1

For comparison purposes, excludes realisation of fair value gain reclassified from available-for-sale reserve to profit or loss amounting to RM274,024,000 due to disposal of 49,900,000 and 18,829,500 ordinary shares held in DiGi.Com Berhad on 10 April 2015 and 12 May 2015 respectively and realisation of fair value gain reclassified from available-for-sale reserve to profit or loss due to full disposal of shares in DiGi.Com Berhad on 20 May 2016 of RM157,390,000.

## Group Financial Highlights

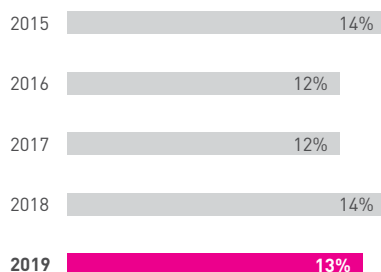
### Revenue

(RM'000)



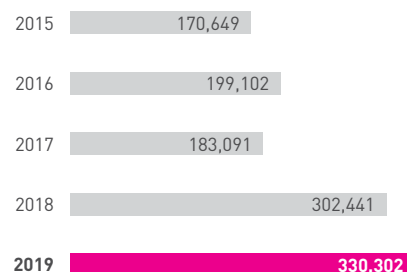
### Revenue Growth

(%)



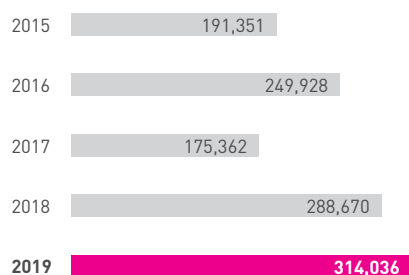
### Operating Profit

(RM'000)



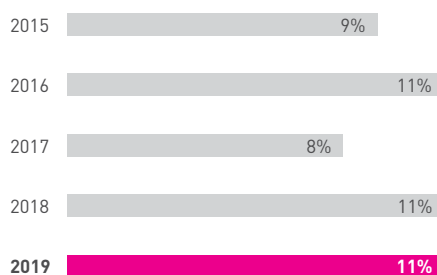
### Profit After Tax

(RM'000)



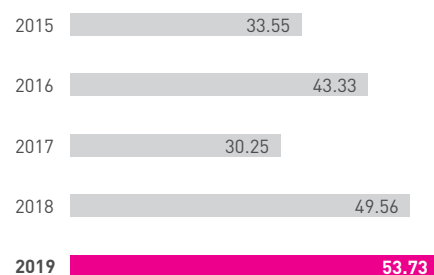
### Return on Equity

(%)



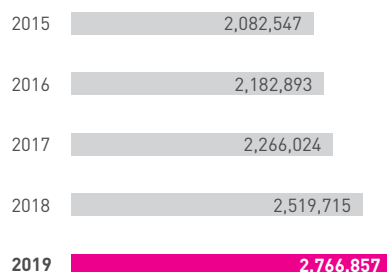
### Basic Earnings per Ordinary Share

(Sen)



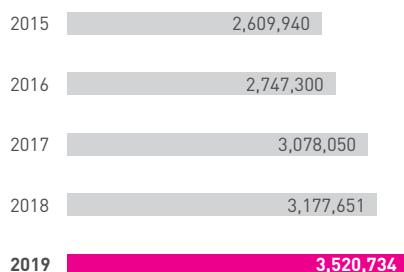
### Total Shareholders' Equity

(RM'000)



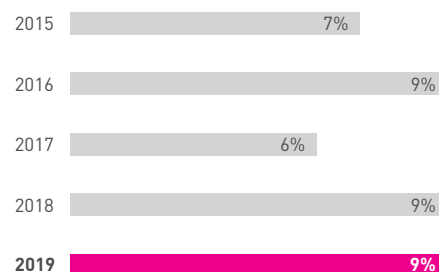
### Total Assets

(RM'000)



### Return on Assets

(%)



#### Note:

(1) Numbers up to FY2017 are shown under Pre-MFRS 15.

(2) Numbers up to FY2018 are shown under Pre-MFRS 16 and FY 2019 numbers are based on MFRS 15 and MFRS 16.

# 5-Year Share Price Movement

as at 31 December 2019



# Financial Statements

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# Directors' Report

for the year ended 31 December 2019

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

## Principal activities

The Company is principally engaged in investment holding, provision of management and marketing/promotional services whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

## Results

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	314,036	173,147

## Reserves and provisions

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

## Dividends

Since the end of the previous financial year, the Company paid an ordinary interim and a special interim tax exempt (single tier) dividend of 9.25 sen and 11.31 sen per ordinary share respectively on 29 March 2019 amounting to approximately RM120.0 million.

The Directors declared on 28 February 2020 an ordinary interim and a special interim tax exempt (single tier) dividend of 9.95 sen and 19.08 sen per ordinary share respectively for the financial year ended 31 December 2019, which was paid on 31 March 2020.

## Directors of the Company

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

Abdul Kadir Md. Kassim (Chairman)  
 Afzal Abdul Rahim (Chief Executive Officer)  
 Patrick Corso (Executive Director)  
 Lee Guan Hong (Executive Director)  
 Ronnie Kok Lai Huat  
 Elakumari Kantilal  
 Hong Kean Yong  
 Mark Guy Dioguardi  
 Koh Cha-Ly (Appointed on 28 February 2020)

The names of the Directors of subsidiaries are set out in the respective subsidiaries' statutory financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

## Directors' Report (Cont'd)

for the year ended 31 December 2019

### Directors' interests in shares

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

	Number of ordinary shares			At 31.12.2019
	At 1.1.2019	Vested	Sold	
<i>Deemed interest in the Company:</i>				
Afzal Abdul Rahim - own*	180,042,690	-	(1,434,000)	178,608,690
Patrick Corso - own*	180,042,690	-	(1,434,000)	178,608,690
<i>Interest in the Company:</i>				
Ronnie Kok Lai Huat - own	5,000	-	-	5,000
Lee Guan Hong - own	1,026,850	274,533	(380,000)	921,383
Patrick Corso - own	247,866	123,934	-	371,800

	Number of share options over ordinary shares			At 31.12.2019
	At 1.1.2019	Granted	Exercised	
<i>Interest in the Company:</i>				
Afzal Abdul Rahim - own	17,215,907	-	-	17,215,907
Patrick Corso - own	-	3,300,000	-	3,300,000

\* Deemed interested by virtue of their interests held through Pulau Kapas Ventures Sdn. Bhd., Global Transit International Sdn. Bhd., Megawisra Sdn. Bhd., and Megawisra Investments Limited pursuant to Section 8(4) of the Companies Act 2016.

By virtue of Afzal Abdul Rahim and Patrick Corso's interest in the shares of the Company, they are also deemed interested in the shares of subsidiaries during the financial year to the extent that TIME dotCom Berhad has an interest.

None of the other Directors holding office as at 31 December 2019 had any interest in the shares of the Company and of its related corporations during the financial year.

### Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business and professional legal fees paid to the firms in which the Directors are the members as disclosed in Note 29 to the financial statements.



## Directors' Report (Cont'd)

for the year ended 31 December 2019

There were no arrangements during and at the end of the financial year, which the Company is a party and had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than from the grant of a share option to Afzal Abdul Rahim, the Chief Executive Officer ("CEO") of the Company, and Patrick Corso, the Executive Director, and the Company's share grant plan in which only Patrick Corso and Lee Guan Hong are eligible to participate.

### Issue of shares and debentures

During the financial year, the issued and paid-up capital of the Company was increased from 583,701,450 ordinary shares to 585,534,587 ordinary shares by the issuance of 1,833,137 new ordinary shares pursuant to the Company's share grant plan. The new ordinary shares issued shall rank *pari passu* with the existing ordinary shares of the Company.

There were no other changes in the issued and paid-up capital of the Company and the Company has not issued any debentures during the financial year.

### Options and grants over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the granting of share options to the CEO and an Executive Director and the share grant plan to employees.

### Share options to the Chief Executive Officer ("CEO") and an Executive Director

At an Extraordinary General Meeting held on 20 May 2015, the Company's shareholders approved the granting of a share option to Afzal Abdul Rahim, the CEO and Non-Independent Executive Director of the Company to subscribe for up to 17,215,907 new ordinary shares in the Company.

The salient terms of the share option granted are as follows:

- (a) The option period commenced on 21 July 2015 and will end on the earlier part of the day prior to the fifth anniversary of the date of the Share Option Agreement or the date on which the CEO ceases to hold any executive position within the Group by reason of his voluntary resignation becoming effective or the lawful termination of his employment with just cause or excuse. The option shall automatically lapse and become null and void upon expiry of the option period.
- (b) The aggregate number of shares to be issued shall not be more than 17,215,907 new ordinary shares.
- (c) The option price of RM5.99 per share was determined based on a discount of 9.9% to the five (5) days volume weighted average market price of the Company shares immediately preceding the date on which the option was granted by the Company to the CEO. The option price per share was subsequently adjusted to RM5.73 per share with no change made to the number of option shares granted pursuant to special dividends paid by the Company on 30 September 2016, 31 March 2017 and 28 March 2018. In the current financial year, the option price was again adjusted to RM5.66 per share with no change made to the number of option shares granted pursuant to a special dividends paid by the Company on 29 March 2019.
- (d) The option may be exercised by the CEO at any time and from time to time during the option period up to a maximum of 20% of the total option shares per annual period of the option period. Any portion of the option which is unexercised can be carried forward to the next period without reducing the maximum exercisable portion in the next period.

## Directors' Report (Cont'd)

for the year ended 31 December 2019

### Share options to the Chief Executive Officer ("CEO") and Executive Director (Cont'd)

The salient terms of the share option granted are as follows: (Cont'd)

- (e) In the event of any alteration in the capital structure of the Company during the option period, whether by way of capitalisation of profits or reserves, right issues, bonus issues, capital reduction (save for set-off against accumulated losses), capital repayment, sub-division or consolidation of capital, or declaration of any special dividend or distribution or otherwise howsoever taking place, unless otherwise provided in the Share Option Agreement, such corresponding alterations (if any) may be made to the Proposed Grant in terms of the option exercise price and/or the number of option shares which have not yet been exercised so as to give the CEO a fair and reasonable entitlement in respect of the option shares, as shall be certified by an external auditor or an investment bank.

On 14 June 2019, the Company's shareholders approved the granting of a share option to Patrick Corso, a Non-Independent Executive Director of the Company to subscribe for up to 3,300,000 new ordinary shares in the Company.

- (a) The option period commenced on 20 June 2019 and will end on the earlier part of the day prior to the fifth anniversary of the date of the Share Option Agreement or the date on which the Director ceases to hold any executive position within the Group by reason of his voluntary resignation becoming effective or the lawful termination of his employment with just cause or excuse. The option shall automatically lapse and become null and void upon expiry of the option period.
- (b) The aggregate number of shares to be issued shall not be more than 3,300,000 new ordinary shares.
- (c) The option price of RM7.95 per share was determined based on a discount of 10% to the five (5) days volume weighted average market price of the Company shares immediately preceding the date on which the option was granted by the Company to the Director.
- (d) The option may be exercised by the Director at any time and from time to time during the option period up to a maximum of 20% of the total option shares per annual period of the option period. Any portion of the option which is unexercised can be carried forward to the next period without reducing the maximum exercisable portion in the next period.
- (e) In the event of any alteration in the capital structure of the Company during the option period, whether by way of capitalisation of profits or reserves, right issues, bonus issues, capital reduction (save for set-off against accumulated losses), capital repayment, sub-division or consolidation of capital, or declaration of any special dividend or distribution or otherwise howsoever taking place, unless otherwise provided in the Share Option Agreement, such corresponding alterations (if any) may be made to the Proposed Grant in terms of the option exercise price and/or the number of option shares which have not yet been exercised so as to give the Director a fair and reasonable entitlement in respect of the option shares, as shall be certified by an external auditor or an investment bank.

## Directors' Report (Cont'd)

for the year ended 31 December 2019

### Share grant plan to employees

At an Extraordinary General Meeting held on 28 June 2012, the Company's shareholders approved the establishment of the Share Grant Plan ("SGP"), which collectively comprises the Special Restricted Share Plan ("SRSP") and Annual Restricted Share Plan and Annual Performance Share Plan ("ARPSP"). The SRSP was granted and fully vested on 30 November 2012.

The salient features of the share grant plan are, inter alia, as follows:

- (a) The Scheme Committee (appointed by the Board of Directors to administer the SGP) may, in its discretion and where necessary, direct the implementation and administration of the plan. The Committee may at any time within the duration of the plan, offer ARPSP awards under the SGP to eligible employees in which such offer shall lapse should the eligible employees or Executive Directors of the Group fail to accept within the period stipulated. Non-Executive and Independent Directors and the CEO are not eligible for the SGP;
- (b) The total number of shares to be issued under the SGP shall not exceed in aggregation 10% of the issued and paid-up capital of the Company (excluding treasury shares) at any point of time during the tenure of SGP period to eligible employees of the Group;
- (c) All new ordinary shares issued pursuant to the SGP will rank pari passu in all respect with the then existing ordinary shares of the Company, except that the new ordinary shares so issued will not be entitled to any rights, dividends or other distributions declared, made or paid to shareholders prior to the date of allotment of such new ordinary shares, and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission or otherwise;
- (d) The shares granted will only be vested to the eligible employees of the Group who have duly accepted the offer of awards under the SGP, on their respective vesting dates, provided the following vesting conditions are fully and duly satisfied:
  - Eligible employees of the Group must remain in employment with the Group and shall not have given notice of resignation or received notice of termination of service as at the vesting dates.
  - Eligible employees of the Group having achieved his/her performance targets as stipulated by the Committee and as set out in their offer of awards.
  - Eligible employees of the Group having achieved his/her minimum grading in his/her individual performance in accordance with the performance management system adopted by the Company.
- (e) The SGP shall be in force for a period of eight (8) years or such longer period as may be extended but not exceeding ten (10) years from the adoption date of the SGP.

### Indemnity and insurance costs

During the financial year, the Company maintains a corporate liability insurance for the Directors and Officers of the Group, which provides appropriate insurance cover for the Directors and Officers of the Group. The amount of insurance premium paid by the Company for the financial year 2019 was RM37,110 (2018: RM37,987).

There were no indemnity and insurance costs effected for auditors of the Company.

## Directors' Report (Cont'd)

for the year ended 31 December 2019

### Other statutory information

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

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

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

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

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

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

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of 12-months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## Directors' Report (Cont'd)

for the year ended 31 December 2019

### Significant events

The details of such events are disclosed in Note 32 to the financial statements.

### Auditors

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

The auditors' remuneration is disclosed in Note 21 to the financial statements.

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

.....  
**Afzal Abdul Rahim**

Director

.....  
**Patrick Corso**

Director

Date: 28 February 2020

# Statements of Financial Position

as at 31 December 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Assets</b>					
Property, plant and equipment	3	1,586,926	1,483,898	8,115	8,118
Right-of-use assets	4	110,194	-	-	-
Intangible assets	5	213,959	213,959	-	-
Investments in subsidiaries	6	-	-	444,668	444,649
Investments in associates	7	433,295	407,533	-	-
Other investments	8	26,582	17,201	-	-
Deferred tax assets	9	243,986	244,209	7,586	7,809
Trade and other receivables	10	2,443	11,858	81,540	18,857
<b>Total non-current assets</b>		<b>2,617,385</b>	<b>2,378,658</b>	<b>541,909</b>	<b>479,433</b>
Tax recoverable		921	1,899	-	-
Trade and other receivables	10	395,308	399,630	959,095	820,827
Restricted cash	11	166	8,065	33	32
Cash and cash equivalents	11	506,954	389,399	31,866	101,876
<b>Total current assets</b>		<b>903,349</b>	<b>798,993</b>	<b>990,994</b>	<b>922,735</b>
<b>Total assets</b>		<b>3,520,734</b>	<b>3,177,651</b>	<b>1,532,903</b>	<b>1,402,168</b>
<b>Equity</b>					
Share capital	12	1,200,135	1,186,659	1,200,135	1,186,659
Reserves	13	1,566,722	1,333,056	273,021	204,381
<b>Equity attributable to owners of the Company</b>		<b>2,766,857</b>	<b>2,519,715</b>	<b>1,473,156</b>	<b>1,391,040</b>
<b>Liabilities</b>					
Loans and borrowings	14	43,402	110,166	-	-
Lease liabilities	15	86,111	-	-	-
Trade and other payables	16	214,017	158,374	-	-
Deferred tax liabilities	9	13,872	12,574	-	-
<b>Total non-current liabilities</b>		<b>357,402</b>	<b>281,114</b>	<b>-</b>	<b>-</b>
Loans and borrowings	14	69,948	62,841	55,791	-
Lease liabilities	15	14,229	-	-	-
Trade and other payables	16	308,486	313,565	3,800	10,852
Provision for tax		3,812	416	156	276
<b>Total current liabilities</b>		<b>396,475</b>	<b>376,822</b>	<b>59,747</b>	<b>11,128</b>
<b>Total liabilities</b>		<b>753,877</b>	<b>657,936</b>	<b>59,747</b>	<b>11,128</b>
<b>Total equity and liabilities</b>		<b>3,520,734</b>	<b>3,177,651</b>	<b>1,532,903</b>	<b>1,402,168</b>

The notes on pages 83 to 154 are an integral part of these financial statements.

# Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	17	1,113,873	983,435	188,413	173,659
Cost of sales	18	(461,640)	(424,600)	-	-
<b>Gross profit</b>		652,233	558,835	188,413	173,659
Other income		515	24,437	2,331	2,071
Operating expenses		(283,277)	(264,912)	(20,265)	(30,760)
Net loss on impairment of financial instruments and contract assets	21	(14,700)	(14,951)	-	-
Other expenses		(24,469)	(968)	-	-
<b>Results from operating activities</b>		330,302	302,441	170,479	144,970
Income from investments	19	9,645	8,990	4,409	5,711
Finance costs	20	(26,541)	(18,440)	(785)	(71)
Share of profit from associates, net of tax		14,722	11,820	-	-
<b>Profit before tax</b>	21	328,128	304,811	174,103	150,610
Tax expense	22	(14,092)	(16,141)	(956)	(7,212)
<b>Profit for the year attributable to owners of the Company</b>		314,036	288,670	173,147	143,398
<b>Other comprehensive income, net of tax</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Net change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI")	13.1	8,610	2,096	-	-
		8,610	2,096	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		15,527	1,700	-	-
		15,527	1,700	-	-
<b>Other comprehensive income, net of tax</b>		24,137	3,796	-	-
<b>Total comprehensive income for the year attributable to owners of the Company</b>		338,173	292,466	173,147	143,398
<b>Earnings per ordinary share (sen)</b>					
	23				
- Basic		53.73	49.56		
- Diluted		53.14	49.13		

The notes on pages 83 to 154 are an integral part of these financial statements.

# Statements of Changes in Equity

for the year ended 31 December 2019

Group	← Non-distributable →			Distributable		Total equity RM'000
	Share capital RM'000	FVOCI reserve RM'000	Foreign currency translation reserve RM'000	Share grant/ option reserves RM'000	Retained earnings RM'000	
<b>At 1 January 2018</b>	1,172,485	319	23,051	30,931	1,089,983	2,316,769
Net changes in fair value on equity investment designated at FVOCI	-	2,096	-	-	-	2,096
Exchange differences recognised directly in equity	-	-	1,700	-	-	1,700
Total other comprehensive income for the year	-	2,096	1,700	-	-	3,796
Profit for the year	-	-	-	-	288,670	288,670
<b>Total comprehensive income for the year</b>	-	2,096	1,700	-	288,670	292,466
<i>Contributions by and distributions to owners of the Company</i>						
- Dividend to owners of the Company (Note 24)	-	-	-	-	(100,010)	(100,010)
- Employee share grant plan/option scheme	-	-	-	10,490	-	10,490
- Issuance of shares pursuant to the share grant plan	14,174	-	-	(14,174)	-	-
<b>Total transactions with owners of the Company</b>	14,174	-	-	(3,684)	(100,010)	(89,520)
<b>At 31 December 2018</b>	1,186,659	2,415	24,751	27,247	1,278,643	2,519,715

The notes on pages 83 to 154 are an integral part of these financial statements.



## Statements of Changes in Equity (Cont'd)

for the year ended 31 December 2019

Group	Non-distributable			Distributable		Total equity RM'000
	Share capital RM'000	FVOCI reserve RM'000	Foreign currency translation reserve RM'000	Share grant/option reserves RM'000	Retained earnings RM'000	
<b>At 1 January 2019</b>	1,186,659	2,415	24,751	27,247	1,278,643	2,519,715
Net changes in fair value on equity investment designated at FVOCI	-	8,610	-	-	-	8,610
Exchange differences recognised directly in equity	-	-	15,527	-	-	15,527
Total other comprehensive income for the year	-	8,610	15,527	-	-	24,137
Profit for the year	-	-	-	-	314,036	314,036
<b>Total comprehensive income for the year</b>	-	8,610	15,527	-	314,036	338,173
<i>Contributions by and distributions to owners of the Company</i>						
- Dividend to owners of the Company (Note 24)	-	-	-	-	(120,009)	(120,009)
- Employee share grant plan/option scheme	-	-	-	28,978	-	28,978
- Issuance of shares pursuant to the share grant plan	13,476	-	-	(13,476)	-	-
<b>Total transactions with owners of the Company</b>	13,476	-	-	15,502	(120,009)	(91,031)
<b>At 31 December 2019</b>	1,200,135	11,025	40,278	42,749	1,472,670	2,766,857

The notes on pages 83 to 154 are an integral part of these financial statements.

## Statements of Changes in Equity (Cont'd)

for the year ended 31 December 2019

Company	← Non-distributable →		Distributable	Total equity RM'000
	Share capital RM'000	Share grant/ option reserves RM'000	Retained earnings RM'000	
<b>At 1 January 2018</b>	1,172,485	30,931	133,746	1,337,162
<i>Contributions by and distributions to owners of the Company</i>				
- Dividend to owners of the Company (Note 24)	-	-	(100,010)	(100,010)
- Employee share grant plan/option scheme	-	10,490	-	10,490
- Issuance of shares pursuant to the share grant plan	14,174	(14,174)	-	-
<b>Total transactions with owners of the Company</b>	14,174	(3,684)	(100,010)	(89,520)
Profit for the year	-	-	143,398	143,398
<b>At 31 December 2018/1 January 2019</b>	1,186,659	27,247	177,134	1,391,040
<i>Contributions by and distributions to owners of the Company</i>				
- Dividend to owners of the Company (Note 24)	-	-	(120,009)	(120,009)
- Employee share grant plan/option scheme	-	28,978	-	28,978
- Issuance of shares pursuant to the share grant plan	13,476	(13,476)	-	-
<b>Total transactions with owners of the Company</b>	13,476	15,502	(120,009)	(91,031)
Profit for the year	-	-	173,147	173,147
<b>At 31 December 2019</b>	1,200,135	42,749	230,272	1,473,156

# Statements of Cash Flows

for the year ended 31 December 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Cash flows from operating activities</b>					
Cash receipts from customers		1,247,107	1,015,271	-	-
Transfer from/(to) restricted cash		7,899	183	(1)	(1)
Cash payments to suppliers		(346,656)	(370,088)	(64)	(875)
Cash payments to employees and for administrative expenses		(266,027)	(227,658)	(14,149)	(11,968)
Cash receipts from subsidiary companies		-	-	2,007	33,826
Payment of lease liabilities		(23,891)	-	-	-
<b>Cash generated from/(used in) operations</b>		<b>618,432</b>	<b>417,708</b>	<b>(12,207)</b>	<b>20,982</b>
Tax refund		2,066	-	209	-
Tax paid		(10,263)	(9,747)	(1,062)	(2,220)
<b>Net cash from/(used in) operating activities</b>		<b>610,235</b>	<b>407,961</b>	<b>(13,060)</b>	<b>18,762</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	(i)	(318,356)	(248,439)	-	-
Investment in subsidiary		-	-	(19)	-
Investment income received		15,490	13,876	93,098	5,392
Proceeds from disposal of property, plant and equipment		1,916	674	-	-
Purchase of other investments		(771)	(1,399)	-	-
<b>Net cash (used in)/from investing activities</b>		<b>(301,721)</b>	<b>(235,288)</b>	<b>93,079</b>	<b>5,392</b>
<b>Cash flows from financing activities</b>					
Advances to subsidiary companies		-	-	(85,655)	(167,282)
Dividend paid	24	(120,009)	(100,010)	(120,009)	(100,010)
Finance charges paid		(7,849)	(13,056)	-	(506)
Proceeds from term loans and other borrowings		103,266	31,546	74,174	-
Repayment of term loans and borrowings		(163,682)	(281,646)	(18,430)	(3,000)
<b>Net cash used in financing activities</b>		<b>(188,274)</b>	<b>(363,166)</b>	<b>(149,920)</b>	<b>(270,798)</b>

The notes on pages 83 to 154 are an integral part of these financial statements.

## Statements of Cash Flows (Cont'd)

for the year ended 31 December 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Net increase/(decrease) in cash and cash equivalents</b>		120,240	(190,493)	(69,901)	(246,644)
Effect of exchange rate fluctuations on cash held		(2,685)	3,276	(109)	1,227
Cash and cash equivalents at 1 January		389,399	576,616	101,876	347,293
<b>Cash and cash equivalents at 31 December</b>	11	506,954	389,399	31,866	101,876
<b>Cash outflows for leases as a lessee</b>					
	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Included in net cash from operating activities:</b>					
Interest paid in relation to lease liabilities	20	(6,200)	-	-	-
<b>Included in net cash from financing activities:</b>					
Payment of lease liabilities		(17,691)	-	-	-
<b>Total cash outflows for leases</b>		(23,891)	-	-	-

(i) *Acquisition of property, plant and equipment*

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM267,072,000 (2018: RM276,181,000) and paid RM318,356,000 (2018: RM248,439,000) to suppliers for property, plant and equipment that was either acquired in the prior financial years or in the current financial year.

# Notes to the Financial Statements

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

Level 4, No. 14, Jalan Majistret U1/26  
Hicom Glenmarie Industrial Park  
40150 Shah Alam, Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates.

The Company is principally engaged in investment holding, provision of management and marketing/promotional services whilst the principal activities of the subsidiaries are as stated in Note 6. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 28 February 2020.

## 1. Basis of preparation

### (a) Statement of compliance

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

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

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

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

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

- MFRS 17, *Insurance Contracts*

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

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments from the annual period beginning on 1 January 2020 for those accounting standards, interpretations and amendments, that are effective for the annual periods beginning on or after 1 January 2020.

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

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

## Notes to the Financial Statements (Cont'd)

### 1. Basis of preparation (cont'd)

#### (b) Basis of measurement

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

#### (c) Functional and presentation currency

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

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

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amount recognised in the financial statements other than those disclosed in the following notes:

- Note 4 – Incremental borrowing rate in relation to leases
- Note 5 – Determination of recoverable amount for goodwill assessment
- Note 7 – Impairment assessment on investments in associates
- Note 9 – Recognition of deferred tax assets

### 2. Significant accounting policies

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

The following are changes made to accounting policies, arising from the adoption of MFRS 16, *Leases* with effect from 1 January 2019:

#### (i) MFRS 16, *Leases*

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

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

The Group and the Company have applied MFRS 16 using the modified retrospective method with practical expedient for a single discount rate to the entire lease portfolio at the date of initial application, recognition exemptions for short-term leases and leases of low-value items and excluded initial direct costs in the measurement of the right-of-use assets. The comparative information has not been restated and continues to be reported under MFRS 117 upon adoption of MFRS 16.

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

#### (i) MFRS 16, *Leases* (cont'd)

The following table summarises the impact of adopting MFRS 16 on the Group's financial statements.

#### Statement of financial position at 1 January 2019

	As reported under MFRS 16 RM'000	MFRS 16 adjustments RM'000	Pre-MFRS 16 RM'000
Right-of-use assets	125,004	(125,004)	-
Trade and other receivables	401,278	10,210	411,488
Lease liabilities	114,794	(114,794)	-

The adoption of MFRS 16 does not have any impact on the Group's statement of profit or loss on 1 January 2019.

There was RM10,210,000 of prepayment in trade and other receivables that was reclassified to right-of-use assets pursuant to the adoption of MFRS16, *Leases* with effect from 1 January 2019 .

#### Statement of profit or loss and other comprehensive income for the year ended 31 December 2019

	As reported under MFRS 16 RM'000	MFRS 16 adjustments RM'000	Pre-MFRS 16 RM'000
Cost of sales	(443,593)	(23,891)	(467,484)
Depreciation of right-of-use assets	(18,047)	18,047	-
Finance expense	(26,541)	6,200	(20,341)
Tax expense	(14,092)	(36)	(14,128)
Profit for the year attributable to owners of the Company	314,036	320	314,356

#### Statement of financial position as at 31 December 2019

	As reported under MFRS 16 RM'000	MFRS 16 adjustments RM'000	Pre-MFRS 16 RM'000
Right-of-use assets	110,194	(110,194)	-
Trade and other receivables	397,751	10,210	407,961
Lease liabilities	100,340	(100,340)	-
Deferred tax liabilities	13,872	36	13,908
Retained earnings	1,472,670	320	1,472,990

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

#### (a) Basis of consolidation

##### (i) Subsidiaries

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

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

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

##### (ii) Business combinations

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

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

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

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

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

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

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

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



## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

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

##### (iv) Loss of control

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

##### (v) Associates

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

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

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

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

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

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

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

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

##### (vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

##### (vii) Non-controlling interests

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

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

##### (viii) Transactions eliminated on consolidation

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

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

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

#### (b) Foreign currency

##### (i) Foreign currency transactions

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

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

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

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

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

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

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

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

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

#### (c) Financial instruments

##### (i) Recognition and initial measurement

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

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

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

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

###### *Financial assets*

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

###### *(a) Amortised cost*

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

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

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

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

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

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

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

###### *Equity investments*

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

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

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

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

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

###### *Financial liabilities*

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

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

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

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

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

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

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

###### (a) *Fair value through profit or loss* (cont'd)

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

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

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

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

###### (b) *Amortised cost*

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

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

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

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

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

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

Trade date accounting refers to:

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

Settlement date accounting refers to:

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

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

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

##### (iv) Financial guarantee contracts

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

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

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

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

##### (v) Derecognition

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

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

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

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

##### (vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

#### (d) Property, plant and equipment

##### (i) Recognition and measurement

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

The telecommunications network includes assets that are acquired or constructed under the telecommunications licence. Items of telecommunications network are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software including development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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



## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

#### (d) Property, plant and equipment (cont'd)

##### (i) Recognition and measurement (cont'd)

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

##### (ii) Subsequent costs

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

##### (iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leasehold land is depreciated over the shorter of the term of the associated lease or 50 years, being the estimated useful life, on a straight line basis. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

• buildings	50 years
• improvements	5-7 years
• office equipment, furniture and fittings	5-7 years
• loose tools	5 years
• computer systems	5 years
• motor vehicles	5 years
• data centre equipment (excluding project management equipment)	5-15 years
• telecommunications network - commissioned network (excluding global bandwidth assets)	3-20 years

Global bandwidth assets, which form part of the Group's telecommunications network are charged to profit or loss over the duration of their respective underlying contracts. For sale of global bandwidth assets that also include the sale of future capacity upgrade entitlements, the proportionate value of the asset's net book value provided shall be taken to profit or loss. Project management equipment, which form part of the Group's data centre equipment are depreciated over the shorter of the duration of their respective underlying contract or its useful lives.

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

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

#### (e) Leases

The Group has applied MFRS 16 using the modified retrospective approach with the initial application that the right-of-use assets are equivalent to the lease liabilities as at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented as previously reported under MFRS 117, *Leases* and related interpretations.

#### Current financial year

##### (i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

##### (ii) Recognition and initial measurement

###### (a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

#### (e) Leases (cont'd)

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

#### (ii) Recognition and initial measurement (cont'd)

##### (a) As a lessee (cont'd)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

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

##### (b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

#### (e) Leases (cont'd)

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

#### (ii) Recognition and initial measurement (cont'd)

##### (b) As a lessor (cont'd)

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

#### (iii) Subsequent measurement

##### (a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier part 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 right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### (b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see Note 2(j)(i)).

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

#### (e) Leases (cont'd)

##### Previous financial year

##### (i) Finance lease

Leases in terms of which the Group or the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

Leasehold land which in substance was a finance lease was classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

##### (ii) Operating lease

Leases, where the Group or the Company did not assume substantially all the risks and rewards of the ownership were classified as operating leases and, except for property interest held under operating lease, the leased assets were not recognised on the statement of financial position.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

Leasehold land which in substance was an operating lease was classified as prepaid lease payments.

#### (f) Intangible assets

##### (i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

##### (ii) Amortisation

Goodwill with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

#### (g) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to considerations is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(j)). Contract asset is included in accrued revenue which is presented within "Trade and other receivables" of the statement of financial position.

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers. Contract liability is included in unearned revenue which is presented within "Trade and other payables" of the statement of financial position.

#### (h) Contract cost

##### (i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

##### (ii) Cost to fulfil a contract

The Group or the Company recognises a contract cost that relates directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment recognised previously.

#### (i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits .

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

#### (j) Impairment

##### (i) Financial assets

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

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

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

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

The Group and the Company estimate the expected credit losses on trade receivables by assessing the risk of loss of each customer individually or by using a provision matrix with reference to historical credit loss experience, whichever applicable.

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

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

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

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

#### (j) Impairment (cont'd)

##### (iii) Other assets

The carrying amounts of other assets (except for deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purpose. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to the group of cash-generating units that are expected to benefit from the synergies of the combination.

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

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

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

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



## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

#### (k) Equity instruments

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

##### (i) Issue expenses

Cost directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

##### (ii) Ordinary shares

Ordinary shares are classified as equity.

##### (iii) Distribution of assets to owners of the Company

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend payable is remeasured at each reporting period and at settlement date, with any changes to the carrying amount of the dividend payable recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the differences, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

#### (l) Employee benefits

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

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

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

##### (ii) State plans

The Group's contributions to the statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

##### (iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

#### (l) Employee benefits (cont'd)

##### (iii) Share-based payment transactions (cont'd)

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share grant and share option granted to the Chief Executive Officer ("CEO") are measured using the Monte Carlo simulation model and Black-Scholes model, respectively. Measurement inputs for share grant include share price on measurement date and expected dividends. For employee share grants issued out of new stock, the share price is further adjusted for effects of dilution. Measurement inputs for the share option to the CEO include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), expected dividend, and the risk-free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the share option is exercised. When the share option is not exercised and lapses, the share-based payment reserves are transferred to retained earnings.

In the financial statements of the Company, the grant by the Company of shares to eligible employees of subsidiaries of the Group is subsequently charged to the subsidiaries and the Company recognises a reduction in its employee expense.

##### (iv) Termination benefits

Termination benefits are expensed before the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12-months of the end of the reporting period, then they are discounted.

#### (m) Provisions

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

#### (n) Contingent liabilities

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

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

#### (o) Revenue and other income

##### (i) Revenue

Revenue of the Group consists of voice, data (including global bandwidth), data centre and others such as charges received on installation of equipment. Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

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

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

Variable consideration such as discounts and rebates given to customers is recognised based on the contractual right to bill. Upfront collection is discounted at market borrowing rate and amortised over the contract period with financing cost recognised in profit or loss. Assurance warranty is given to customers for critical infrastructure.

##### (ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

##### (iii) Rental income

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

##### (iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

#### (p) Borrowing costs

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

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

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

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

#### (q) Income tax

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

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

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

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

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

## Notes to the Financial Statements (Cont'd)

### 2. Significant accounting policies (cont'd)

#### (r) Earnings per ordinary share

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share-based payments to employees, where applicable.

#### (s) Operating segments

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

#### (t) Fair value measurement

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: unobservable inputs for the asset or liability.

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

## Notes to the Financial Statements (Cont'd)

### 3. Property, plant and equipment

Group	Freehold	Leasehold	Building and	Office	Loose	Computer	Motor	Data	Tele	Total
	land	land	improvements	equipment, furniture and fittings	tools	systems	vehicles	centre equipment	communi- cation network	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>										
At 1 January 2018	39,087	7,475	36,322	6,319	12,301	98,976	6,034	153,081	2,316,314	2,675,909
Additions	11,252	-	8,828	199	-	3,159	-	41,099	211,644	276,181
Disposals	-	-	-	-	-	-	(62)	-	(2,418)	(2,480)
Write-offs	-	-	(46)	(262)	-	(1,551)	-	(9,889)	(52,967)	(64,715)
Effect of movements in exchange rates	-	-	-	-	-	1	-	1	14,774	14,776
At 31 December 2018/ 1 January 2019	50,339	7,475	45,104	6,256	12,301	100,585	5,972	184,292	2,487,347	2,899,671
Additions	50,000	-	48,284	229	19	12,163	207	19,577	136,593	267,072
Disposals	-	-	-	-	-	-	-	-	(1,801)	(1,801)
Write-offs	-	-	-	-	-	(481)	-	(961)	(37,929)	(39,371)
Reversal of costs over accrued in prior year	-	-	-	-	-	-	-	-	(7,481)	(7,481)
Effect of movements in exchange rates	-	-	-	-	-	(1)	-	-	(5,632)	(5,633)
At 31 December 2019	100,339	7,475	93,388	6,485	12,320	112,266	6,179	202,908	2,571,097	3,112,457

## Notes to the Financial Statements (Cont'd)

## 3. Property, plant and equipment (cont'd)

Group	Freehold land RM'000	Leasehold land RM'000	Building and improvements RM'000	Office equipment, furniture and fittings RM'000	Loose tools RM'000	Computer systems RM'000	Motor vehicles RM'000	Data centre equipment RM'000	Tele communication network RM'000	Total RM'000
<b>Depreciation and impairment loss</b>										
At 1 January 2018										
Accumulated depreciation	-	7,461	24,894	5,628	12,299	89,035	4,911	62,265	1,102,315	1,308,808
Accumulated impairment losses	2,101	-	-	-	-	-	-	5,771	24,194	32,066
	2,101	7,461	24,894	5,628	12,299	89,035	4,911	68,036	1,126,509	1,340,874
Depreciation for the year	-	2	2,417	289	-	4,094	519	13,821	103,853	124,995
Global bandwidth assets charged out	-	-	-	-	-	-	-	-	10,029	10,029
Disposals	-	-	-	-	-	-	(62)	-	(49)	(111)
Impairment write-offs	-	-	-	-	-	-	-	(5,771)	(24,194)	(29,965)
Write-offs	-	-	(46)	(262)	-	(1,550)	-	(3,151)	(28,773)	(33,782)
Effect of movements in exchange rates	-	-	-	-	-	2	-	2	3,729	3,733
At 31 December 2018/ 1 January 2019										
Accumulated depreciation	-	7,463	27,265	5,655	12,299	91,581	5,368	72,937	1,191,104	1,413,672
Accumulated impairment losses	2,101	-	-	-	-	-	-	-	-	2,101
	2,101	7,463	27,265	5,655	12,299	91,581	5,368	72,937	1,191,104	1,415,773

## Notes to the Financial Statements (Cont'd)

### 3. Property, plant and equipment (cont'd)

Group	Freehold	Leasehold	Building and	Office	Loose	Computer	Motor	Data	Tele	Total
	land	land	improvements	equipment, furniture and fittings	tools	systems	vehicles	centre equipment	communi- cation network	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Depreciation and impairment loss</b>										
Depreciation for the year	-	2	2,745	248	1	4,096	252	16,422	107,682	131,448
Global bandwidth assets charged out	-	-	-	-	-	-	-	-	12,721	12,721
Write-offs	-	-	-	-	-	(481)	-	(133)	(32,257)	(32,871)
Reversal of depreciation over charged in prior year	-	-	-	-	-	-	-	-	(496)	(496)
Effect of movements in exchange rates	-	-	-	-	-	-	-	-	(1,044)	(1,044)
At 31 December 2019										
Accumulated depreciation	-	7,465	30,010	5,903	12,300	95,196	5,620	89,226	1,277,710	1,523,430
Accumulated impairment losses	2,101	-	-	-	-	-	-	-	-	2,101
	2,101	7,465	30,010	5,903	12,300	95,196	5,620	89,226	1,277,710	1,525,531
<b>Carrying amounts</b>										
At 1 January 2018	36,986	14	11,428	691	2	9,941	1,123	85,045	1,189,805	1,335,035
At 31 December 2018/ 1 January 2019	48,238	12	17,839	601	2	9,004	604	111,355	1,296,243	1,483,898
At 31 December 2019	98,238	10	63,378	582	20	17,070	559	113,682	1,293,387	1,586,926



## Notes to the Financial Statements (Cont'd)

### 3. Property, plant and equipment (cont'd)

#### 3.1 Telecommunication network

	2019 RM'000	2018 RM'000
<i>Network cost:</i>		
Commissioned network	2,471,837	2,432,363
Network-in-progress	99,260	54,984
	2,571,097	2,487,347
Less: Accumulated depreciation	(1,277,710)	(1,191,104)
Net book value	1,293,387	1,296,243

Included in cost of commissioned network is global bandwidth assets with a fixed monetary value of RM159,994,000 (2018: RM159,994,000). The carrying amount for the said global bandwidth assets at the reporting date was RM82,972,000 (2018: RM103,526,000).

#### 3.2 Write-offs

During the financial year, the Group wrote off certain items within property, plant and equipment with costs totalling RM39,371,000 (2018: RM64,715,000) of which RM Nil (2018: RM29,965,000) and RM32,871,000 (2018: RM33,782,000) was written off against accumulated impairment losses and accumulated depreciation respectively. The remaining amount of RM6,500,000 (2018: RM968,000) was charged to statement of profit or loss and other comprehensive income.

#### 3.3 Leasehold land

The carrying amount of leasehold land with unexpired lease periods of less than 50 years amounted to RM10,000 (2018: RM12,000).

#### 3.4 Buildings and improvements

Included in buildings and improvements in the current financial year was a portion under construction with a cost amounting to RM1,323,000 (2018: RM2,871,000).

#### 3.5 Data centre equipment

Included in the data centre equipment in the current financial year was a portion under construction with a cost amounting to RM9,016,000 (2018: RM1,070,000).

#### 3.6 Computer systems

Included in computer systems in the current financial year was a portion under construction with a cost amounting to RM10,021,000 (2018: RM Nil).

#### 3.7 Security

Included in property, plant and equipment with a total carrying amount of RM139,746,000 (2018: RM334,932,000) were charged to the banks as security for banking facilities granted to the Group.

## Notes to the Financial Statements (Cont'd)

### 3. Property, plant and equipment (cont'd)

Company	Freehold land RM'000	Building and improvements RM'000	Office equipment, furniture and fittings RM'000	Computer systems RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2018	8,113	403	322	8,014	16,852
Write-offs	-	(46)	(262)	(358)	(666)
At 31 December 2018/ 1 January 2019/ 31 December 2019	8,113	357	60	7,656	16,186
<b>Depreciation</b>					
At 1 January 2018	-	395	321	8,014	8,730
Depreciation for the year	-	3	1	-	4
Write-offs	-	(46)	(262)	(358)	(666)
At 31 December 2018/ 1 January 2019	-	352	60	7,656	8,068
Depreciation for the year	-	3	-	-	3
At 31 December 2019	-	355	60	7,656	8,071
<b>Carrying amounts</b>					
At 1 January 2018	8,113	8	1	-	8,122
At 31 December 2018/ 1 January 2019	8,113	5	-	-	8,118
At 31 December 2019	8,113	2	-	-	8,115

Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use, with cost amounting to RM813,175,000 (2018: RM774,819,000) and RM8,058,000 (2018: RM8,058,000) respectively.

### 4. Right-of-use assets

Group	Wayleave RM'000	Others* RM'000	Total RM'000
At 1 January 2019	98,740	26,264	125,004
Additions	-	3,237	3,237
Depreciation	(5,132)	(12,915)	(18,047)
At 31 December 2019	93,608	16,586	110,194

\* Others includes lease of cabin, room, right of way, data centre and space .

The Group determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

## Notes to the Financial Statements (Cont'd)

### 4. Right-of-use assets (cont'd)

#### 4.1 Amortisation term

The Group amortises right-of-use assets based on the contracts term. The contract terms are as follows:

- Wayleave up to 20 years
- Others 2 to 26 years

### 5. Intangible assets

<b>Group</b>	<b>Goodwill</b>
<b>Carrying amount</b>	<b>RM'000</b>
At 1 January 2018/31 December 2018/1 January 2019/31 December 2019	213,959

#### 5.1 Impairment testing for cash-generating unit containing goodwill

The goodwill is represented by the smallest group of assets that generates cash flows from continuing use, called Group's Cash Generating Unit ("CGU").

The recoverable amount of the CGU was determined based on its value in use. The recoverable amount of the CGU was determined to be higher than its carrying amount.

Value in use was determined by discounting the estimated future cash flows expected to be generated from the continuing use of the CGU. Cash flow projections used in this assessment were prepared by the Group based on three (3) years business plan approved by the Board and additional two (2) years financial forecast estimated by management based on a reasonable and consistent view of the overall direction of the CGU. The cash flows beyond the five (5)-year period were projected to perpetuity using an estimated growth rate.

Key assumptions used in determining value in use for the business during the current financial year include an estimated long term growth rate of 3% (2018: 3%) and Weighted Average Cost of Capital ("WACC") of 7.50% (2018: 7.49%). The basis of determination of the budgeted revenue growth and margins are based on the estimated achievable historical rates and estimated revenue growth and margins for the projected years.

The values assigned to the key assumptions represent management's assessment of future trends of the business and are based on both external and internal sources (historical data).

### 6. Investments in subsidiaries

	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unquoted shares, at cost</b>		
At 1 January	444,649	444,645
Addition	19	4
At 31 December	444,668	444,649

## Notes to the Financial Statements (Cont'd)

### 6. Investments in subsidiaries (cont'd)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2019 %	2018 %
TT dotCom Sdn. Bhd. ("TTdC")	Malaysia	Provision of voice, data, video and image communication services through its domestic and international network	100	100
Planet Tapir Sdn. Bhd.	Malaysia	Investment holding	100	100
TIME dotcom Japan K.K.*	Japan	Provision of telecommunication services, co-location and other related services	100	100
TIME dotcom Global Services Sdn. Bhd. (formerly known as Global Transit Communications Sdn. Bhd.)	Malaysia	Provision of telecommunication and related services	100	100
Global Transit (Hong Kong) Limited*	Hong Kong	Provision of management services	100	100
Global Transit Singapore Pte Ltd.*	Singapore	Wholesale of telecommunication equipment and related services	100	100
Global Transit Limited	Labuan Malaysia	Engaged in the business of telecommunication services and trading bandwidth capacity	100	100
Global Transit 2 Limited	Labuan Malaysia	Engaged in the business of telecommunication services and trading bandwidth capacity	100	100
Global Transit 3 Limited	Labuan Malaysia	Engaged in the business of telecommunication services and trading bandwidth capacity	100	100
Global Transit 5 Limited	Labuan Malaysia	Engaged in the business of telecommunication services and trading bandwidth capacity	100	100
AIMS Cyberjaya Sdn. Bhd.	Malaysia	Provision of value added network services, information services, system integration services, operations of data networks and network based applications for corporations	100	100
AIMS Data Centre Sdn. Bhd.	Malaysia	Provision of value added network services, information services, system integration services, operation of data networks and network based applications for corporations and building management	100	100
AIMS Data Centre Pte. Ltd.*	Singapore	Provision of communications, telecommunications and data centre related services	100	100

## Notes to the Financial Statements (Cont'd)

### 6. Investments in subsidiaries (cont'd)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2019 %	2018 %
AIMS Data Centre (Thailand) Limited+	Thailand	Provision of server co-location services, data back-up services, data retrieval services for disaster recovery, consultation and training, data centre operations and related services	100**	-
TIME dotCom International Sdn. Bhd. <i>Subsidiary of TIME dotCom International Sdn.Bhd.</i>	Malaysia	Investment holding	100	100
TIME dotCom (Cambodia) Co., Ltd.+	Cambodia	Provision of telecommunication services	100	100

\* Not audited by member firms of KPMG PLT

+ Audited by member firms of KPMG International

\*\* The Company has an effective ownership interest of 51% in AIMS Data Centre (Thailand) Limited. The remaining 49% effective ownership interest is held by two (2) subsidiaries of the Group.

The financial information of AIMS Data Centre Pte. Ltd., Global Transit Singapore Pte. Ltd., AIMS Data Centre (Thailand) Limited and TIME dotCom Japan K.K. which were consolidated into the Group financial statement based on management accounts as they are individually and in aggregate deemed immaterial to the statement of financial position, statement of profit or loss and other comprehensive income and statement of cash flows of the Group.

### 7. Investments in associates

	Note	Group	
		2019 RM'000	2018 RM'000
At cost			
Unquoted shares outside Malaysia	7.1	108,744	108,744
Quoted shares outside Malaysia	7.1	290,730	290,730
Share of post-acquisition reserves		37,814	12,052
Less: Impairment loss	7.4	(3,993)	(3,993)
		433,295	407,533
Market value of quoted shares outside Malaysia		83,623	127,194

## Notes to the Financial Statements (Cont'd)

### 7. Investments in associates (cont'd)

#### 7.1 Details of associates are as follows:

Name of entity	Country of incorporation	Nature of relationship	Effective ownership and voting interest		Financial year end
			2019	2018	
			%	%	
Symphony Communication Public Company Limited ("SYMC")	Thailand	Provision of telecommunication services and related services in Thailand	46.8	46.8	31 December
CMC Telecommunication Infrastructure Corporation ("CMC") +	Vietnam	Provision of telecommunication and related services in Vietnam	45.3	45.3	31 March
KIRZ Co., Ltd+	Thailand	Provision of telecommunication services and related services in Thailand	49.0	49.0	31 December
KIRZ Holdings Co., Ltd+	Thailand	Investment holding	49.0	49.0	31 December

+ The Group's share of profit and loss is based on the latest unaudited financial statements for the year ended 31 December 2019.

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

Group	2019			
	SYMC	CMC	Others	Total
Summarised financial information	RM'000	RM'000	RM'000	RM'000
<b>As at 31 December</b>				
Non-current assets	426,324	196,738	21,669	644,731
Current assets	121,860	129,416	6,086	257,362
Non-current liabilities	(6,085)	(75,433)	(16,723)	(98,241)
Current liabilities	(221,265)	(117,056)	(18,646)	(356,967)
Net assets/(liabilities)	320,834	133,665	(7,614)	446,885
<b>Year ended 31 December</b>				
Revenue	176,686	293,408	17,400	487,494
Profit/(Loss) and other comprehensive income/ (expense) for the year	6,131	26,176	(2,265)	30,042

## Notes to the Financial Statements (Cont'd)

### 7. Investments in associates (cont'd)

#### 7.1 Details of associates are as follows: (cont'd)

Group Summarised financial information As at 31 December	2019			
	SYMC RM'000	CMC RM'000	Others RM'000	Total RM'000
<b>Reconciliation of net assets to carrying amount as at 31 December</b>				
Group's share of net assets	150,278	60,510	(3,731)	207,057
Goodwill	159,335	56,749	6,640	222,724
Impairment loss	-	-	(3,993)	(3,993)
Effect of foreign exchange	1,033	5,390	1,084	7,507
Carrying amount in the statement of financial position	310,646	122,649	-	433,295
<b>Group's share of results for the year ended 31 December</b>				
Group's share of profit	2,872	11,850	-	14,722
Group's share of other comprehensive income	13,785	2,717	-	16,502
<b>Other information</b>				
Dividend received by the Group	721	4,741	-	5,462
Group Summarised financial information As at 31 December	2018			
	SYMC RM'000	CMC RM'000	Others RM'000	Total RM'000
Non-current assets	424,456	169,716	22,296	616,468
Current assets	146,663	126,527	4,904	278,094
Non-current liabilities	(119,144)	(52,263)	(16,569)	(187,976)
Current liabilities	(155,597)	(124,899)	(16,755)	(297,251)
Net assets/(liabilities)	296,378	119,081	(6,124)	409,335
<b>Year ended 31 December</b>				
Revenue	167,323	243,407	16,610	427,340
Profit/(Loss) and comprehensive income/(expense) for the year	8,441	19,026	(3,103)	24,364

## Notes to the Financial Statements (Cont'd)

### 7. Investments in associates (cont'd)

#### 7.1 Details of associates are as follows: (cont'd)

Group Summarised financial information As at 31 December	← 2018 →			
	SYMC RM'000	CMC RM'000	Others RM'000	Total RM'000
<b>Reconciliation of net assets to carrying amount as at 31 December</b>				
Group's share of net assets	138,824	53,908	(3,001)	189,731
Goodwill	159,335	56,749	6,640	222,724
Impairment loss	-	-	(3,993)	(3,993)
Effect of foreign exchange	(3,449)	2,166	354	(929)
Carrying amount in the statement of financial position	294,710	112,823	-	407,533
<b>Group's share of results for the year ended 31 December</b>				
Group's share of profit/(loss)	3,980	8,614	(774)	11,820
<b>Other information</b>				
Dividend received by the Group	-	4,317	-	4,317

#### 7.2 Impairment assessment on investment in SYMC

The Group had undertaken an impairment test on its investment in SYMC following an impairment indicator arising from the lower market value of SYMC as compared to the carrying amount.

The recoverable amount from the investment in SYMC was based on its value in use. The recoverable amount from the investment was determined to be higher than its carrying amount.

Value in use was determined by discounting the share of the estimated future cash flows expected to be generated by the associate. Cash flow projections used in this assessment were based on approved financial plan for five (5) years and estimated by management based on a reasonable and consistent view of the overall business direction of SYMC. Cash flows beyond the five (5)-year period were projected to perpetuity using an estimated growth rate.

Key assumptions used in the value in use calculation for the business during the current financial year include estimated revenue, estimated available capacity, an estimated long term growth rate of 3.00% (2018: 3.00%) and Weighted Average Cost of Capital ("WACC") of 7.96% (2018: 8.38%). The values assigned to the key assumptions represent management's assessment of future trends of SYMC's business and are based on both external and internal sources (historical data).



## Notes to the Financial Statements (Cont'd)

### 7. Investments in associates (cont'd)

#### 7.3 Impairment assessment on investment in CMC

The Group had undertaken an impairment test on its investment in CMC following an impairment indicator arising from the lower share of net asset of CMC as compared to the carrying amount.

The recoverable amount from the investment in CMC was based on its value in use. The recoverable amount from the investment was determined to be higher than its carrying amount.

Value in use was determined by discounting the share of the estimated future cash flows expected to be generated by the associate. Cash flow projections used in this assessment were based on approved financial plan for five (5) years and estimated by management based on a reasonable and consistent view of the overall business direction of CMC. Cash flows beyond the five (5)-year period were projected to perpetuity using an estimated growth rate.

Key assumptions used in the value in use calculation for the business during the current financial year include estimated revenue, estimated available capacity, an estimated long term growth rate of 3.00% (2018: 3.00%) and Weighted Average Cost of Capital ("WACC") of 8.09% (2018: 8.34%). The values assigned to the key assumptions represent management's assessment of future trends of CMC's business and are based on both external and internal sources (historical data).

#### 7.4 Impairment assessment on investment in KIRZ Co., Ltd and KIRZ Holdings Co., Ltd (Collectively "KIRZ")

The Group reviewed the financial performance of their investment in KIRZ in the previous financial year. The operations of the investment were deemed to be not favourable and the Group had recognised an impairment loss of RM3,993,000 to profit or loss resulting in full impairment of the carrying amount of KIRZ.

### 8. Other investments

Group	2019	2018
Non-current	RM'000	RM'000
<b>Fair value through other comprehensive income ("FVOCI")</b>		
<b>At 1 January</b>	17,301	13,806
Additions	771	1,399
Fair value gain	8,610	2,096
<b>At 31 December</b>	26,682	17,301
Less: Impairment loss	(100)	(100)
<b>Total unquoted equity securities at FVOCI</b>	<b>26,582</b>	<b>17,201</b>

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent investments that the Group intends to hold for long-term strategic purposes.

## Notes to the Financial Statements (Cont'd)

### 9. Deferred tax assets/(liabilities)

The recognised tax benefit of unabsorbed capital allowances, unutilised tax losses and other deductible temporary difference are based on projected probable future taxable profits. Assumptions about the generation of future taxable profits are dependent on management's projection of future profitability of the entities concerned. These assumptions include estimation of future revenue, profit margins, operating and administrative expenditure and non-amendments of income tax legislation. Actual results could be significantly different from the Directors' estimate of future profitability since anticipated events may not occur as expected and the variation could be material.

These judgments and assumptions are subject to significant risks and uncertainties. Hence, there is a possibility that changes in circumstances may impact the extent of the amount of deferred tax assets recognised in the statements of financial position.

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Property, plant and equipment	-	-	(111,586)	(126,411)	(111,586)	(126,411)
Right-of-use assets	-	-	(26,447)	-	(26,447)	-
Other deductible temporary difference	58,333	41,523	-	-	58,333	41,523
Lease liabilities	24,082	-	-	-	24,082	-
Unabsorbed capital allowances	166,299	301,554	-	-	166,299	301,554
Unutilised tax losses	119,433	14,969	-	-	119,433	14,969
Tax assets/ (liabilities)	368,147	358,046	(138,033)	(126,411)	230,114	231,635
Set-off of tax	(124,161)	(113,837)	124,161	113,837	-	-
Net tax assets/ (liabilities)	243,986	244,209	(13,872)	(12,574)	230,114	231,635

Company	Net Asset/(Liability)	
	2019 RM'000	2018 RM'000
Property, plant and equipment	(1)	(2)
Other deductible temporary difference	884	913
Unutilised tax losses	6,703	6,898
	7,586	7,809

## Notes to the Financial Statements (Cont'd)

### 9. Deferred tax assets/(liabilities) (cont'd)

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (gross):

	Group	
	2019 RM'000	2018 RM'000
Property, plant and equipment	232	162
Other deductible temporary difference	7,307	5,781
Unabsorbed capital allowances	41,089	45,328
Unutilised investment allowance	65,596	65,596
Unutilised tax losses	70,367	500,096
	184,591	616,963

The unutilised investment allowance and unutilised tax losses can be carried forward up to year 2025 under the current tax legislation subject to no substantial changes to the Income Tax Act 1967 and guidelines issued by Ministry of Finance. Unabsorbed capital allowances do not expire under the current tax legislation.

Deferred tax assets have not been recognised in respect of these items because it is not probable that sufficient future taxable profits will be available against which the Group and/or Company can utilise the benefits therefrom. During the year, the Group has utilised unabsorbed capital allowances, unutilised tax losses and other deductible temporary differences of RM432,372,000.

#### Movement in temporary differences during the year

Group	At 1.1.2018	Recognised in profit or loss	At 31.12.2018/ 1.1.2019	Recognised in profit or loss	At 31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	(109,364)	(17,047)	(126,411)	14,825	(111,586)
Right-of-use assets	-	-	-	(26,447)	(26,447)
Other deductible temporary difference	56,217	(14,694)	41,523	16,810	58,333
Lease liabilities	-	-	-	24,082	24,082
Unabsorbed capital allowances	279,071	22,483	301,554	(135,255)	166,299
Unutilised tax losses	14,398	571	14,969	104,464	119,433
	240,322	(8,687)	231,635	(1,521)	230,114

#### Company

Property, plant and equipment	(8)	6	(2)	1	(1)
Other deductible temporary difference	484	429	913	(29)	884
Unutilised tax losses	12,849	(5,951)	6,898	(195)	6,703
	13,325	(5,516)	7,809	(223)	7,586

## Notes to the Financial Statements (Cont'd)

### 10. Trade and other receivables

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Non-current</b>					
<b>Trade</b>					
Prepayments		2,406	2,666	-	-
<b>Non-trade</b>					
Prepayments		37	9,192	-	-
Amount due from subsidiaries	10.4	-	-	81,540	18,857
		2,443	11,858	81,540	18,857
<b>Current</b>					
<b>Trade</b>					
Trade receivables	10.2	244,242	263,392	-	-
Amount due from associates	10.2	1,592	-	-	-
Amount due from related parties	10.2	27,536	33,150	-	-
		273,370	296,542	-	-
Less: Allowance for impairment losses	10.3	(14,677)	(13,153)	-	-
		258,693	283,389	-	-
Accrued revenue	10.1	1,139	6,857	-	-
Deposits		5,072	4,530	-	-
Prepayments		5,155	6,494	-	-
		270,059	301,270	-	-
<b>Non-trade</b>					
Amount due from subsidiaries	10.5	-	-	958,809	817,250
Amount due from associates	10.6	13,811	12,643	-	-
Less: Allowance for impairment losses		(13,748)	(7,233)	-	-
		63	5,410	-	-
Other receivables		108,991	83,612	71	3,453
Deposits		908	835	91	90
Prepayments		15,287	8,503	124	34
		395,308	399,630	959,095	820,827

Other than prepayments, the above trade and other receivables are categorised at amortised cost.

## Notes to the Financial Statements (Cont'd)

### 10. Trade and other receivables (cont'd)

#### 10.1 Accrued revenue

Accrued revenue relates to the unbilled portion under the global bandwidth and other contracts entered into by the Group with customers whereby the terms of payment have been mutually agreed to be made over the period of up to 3 years.

#### 10.2 Trade receivables, trade amount due from an associate and amount due from related parties

The credit period granted for sales/services rendered ranges from 30 to 90 days (2018: 30 to 90 days).

#### 10.3 Allowance for impairment losses (trade)

The impairment losses relate entirely to trade receivables. There were no impairment in relation to outstanding trade balances due from related parties and associate.

#### 10.4 Amount due from subsidiaries (non-current)

Amount due from subsidiaries are advances which are unsecured and subject to interest rate range from 4.48% to 5.65% (2018: 5.65%) per annum. The amount is repayable after 12-months.

#### 10.5 Amount due from subsidiaries (current)

Included in amounts due from subsidiaries are advances amounting to RM68,256,000 which are unsecured, subject to interest rate range from 3.15% to 3.50% per annum and are repayable on demand. The remaining amounts due from subsidiaries are unsecured, interest free and repayable on demand. The balances arise mainly from inter-company advances and expenses paid on behalf.

#### 10.6 Amount due from associates (non-trade)

Included in the amount due from associate are shareholder advances amounting to RM13,748,000 (2018: RM12,643,000) which is unsecured and repayable on demand with an interest rate of 12.5% (2018: 12.5%) per annum. The Group impaired the entire said shareholder advances of RM13,748,000 (2018: RM7,233,000) as the Group assessed that it was not recoverable. The remaining amount due from associate is interest free, unsecured and repayable on demand.

### 11. Cash and cash equivalents

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances		129,973	161,304	7,761	20,227
Deposits placed with licensed banks		377,147	236,160	24,138	81,681
		507,120	397,464	31,899	101,908
Restricted cash	11.1	(166)	(8,065)	(33)	(32)
		506,954	389,399	31,866	101,876

## Notes to the Financial Statements (Cont'd)

### 11. Cash and cash equivalents (cont'd)

#### 11.1 Restricted cash

Restricted cash are amounts withheld by licensed financial institutions as security for bank facilities granted. During the financial year, the Group fully repaid term loans that required cash to be withheld (Note 14).

The cash and cash equivalents of the Group do not include bank balances amounting to RM57,834,000 (2018: RM49,653,000) held by the Group, in trust for consortium members of a submarine cable system to pay the turnkey supplier under the terms of supply contract.

### 12. Share capital

	Group and Company			
	Amount	Number	Amount	Number
	2019	of shares	2018	of shares
	RM'000	2019	RM'000	2018
	RM'000	RM'000	RM'000	RM'000
Ordinary shares, issued and fully paid:				
At 1 January	1,186,659	583,701	1,172,485	581,453
Issuance of new				
ordinary shares pursuant to the share grant plan	13,476	1,833	14,174	2,248
At 31 December	1,200,135	585,534	1,186,659	583,701

### 13. Reserves

	Note	Group		Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
FVOCI reserve	13.1	11,025	2,415	-	-
Foreign currency translation reserve	13.2	40,278	24,751	-	-
Share grant reserve	13.3	14,943	6,948	14,943	6,948
Share option reserve	13.4	27,806	20,299	27,806	20,299
Retained earnings		1,472,670	1,278,643	230,272	177,134
		1,566,722	1,333,056	273,021	204,381

#### 13.1 Fair value through other comprehensive income ("FVOCI") reserve

The FVOCI reserve comprises the cumulative net change in the fair value of equity investments at fair value through other comprehensive income until the investments are derecognised upon sale or impaired.

During the year, the net change in the fair value of FVOCI has resulted in a gain of RM8,610,000 (2018: RM2,096,000).

## Notes to the Financial Statements (Cont'd)

### 13. Reserves (cont'd)

#### 13.2 Foreign currency translation reserve

The translation reserve comprises cumulative foreign currency differences arising from the translation of the financial statements of foreign operations.

#### 13.3 Share grant reserve

The share grant reserve represents the cumulative value of share-based payments granted to eligible employees of the Group. When shares, pursuant to the share grant, are issued to the eligible employees, the value of such shares are transferred from share grant reserve to share capital.

Details of the share grant plan are as follows:

	Fair value at grant date	At 1 January 2019	Number of ordinary shares			At 31 December 2019
			Granted but not vested during the year	Vested and issued	Adjusted	
2016 Awards	RM7.06	1,176,088	-	(1,050,379)	(123,309)	2,400
2018 Awards	RM7.74	-	2,635,819	(782,758)	(213,725)	1,639,336
2019 Awards	RM7.55	-	2,623,234	-	-	2,623,234
<b>Total</b>		<b>1,176,088</b>	<b>5,259,053</b>	<b>(1,833,137)</b>	<b>(337,034)</b>	<b>4,264,970</b>

The outstanding 2016, 2018 and 2019 share grant awards at the end of the financial year are to be vested on specific dates in the following periods:

- (i) The 2016 grant to be vested by July 2020;
- (ii) The 2018 grant to be vested within the next 2 years in July 2020 and July 2021; and
- (iii) The 2019 grant to be vested within the next 3 years in July 2020, July 2021 and July 2022.

The shares granted will be vested only upon the fulfilment of vesting conditions which include achievement of financial performance targets set by the Group and achievement of a minimum grading by the entitled employee in accordance with the performance management system adopted by the Group.

## Notes to the Financial Statements (Cont'd)

### 13. Reserves (cont'd)

#### 13.3 Share grant reserve (cont'd)

The fair value of the share grant is determined using the Monte Carlo simulation model, taking into consideration terms and conditions under which the shares were granted. The key inputs in the model are as follows:

	Closing market price at grant date	Dilution rate
Granted on:		
11 January 2016 for 2016 Awards	RM7.27	0.544%
2 January 2019 for 2018 Awards	RM8.10	0.439%
2 January 2019 for 2019 Awards	RM8.10	0.443%

The Group recognised share grant costs in profit or loss totalling to RM9,621,000 (2018: RM14,136,000) in the current year. The Company recognised a net reversal of overprovision of RM976,000 (2018: provision of RM8,436,000) in the current year.

#### 13.4 Share option reserve

On 21 July 2015, the Company granted an option to the CEO of the Company ("CEO Share Option") to subscribe for up to 17,215,907 new ordinary shares in the Company. The option exercise price was fixed at RM5.99, which represented a discount of approximately 9.9% to the 5-day volume weighted average market price of the Company's shares. The option may be exercised by the CEO at any time and from time to time during the 5-year option period up to a maximum of 20% of the total option shares per annual period. Unexercised options may be carried forward to the next period without reducing the maximum exercisable portion in the next period.

The option exercise price was adjusted pursuant to a special dividend paid by the Company in the following years:

Dividend paid date	Revised option price
30 September 2016	5.89
31 March 2017	5.81
28 March 2018	5.73
29 March 2019	5.66

The fair value of services received in return for share options granted is based on fair value of share options granted, measured using Black-Scholes model, with the following inputs:

	Options granted on 21 July 2015
Fair value at grant date	RM1.50
Adjusted fair value of share options pursuant to special dividends paid	RM1.79
Weighted average share price (adjusted)	RM5.66
Option life	5 years



## Notes to the Financial Statements (Cont'd)

### 13. Reserves (cont'd)

#### 13.4 Share option reserve (cont'd)

On 20 June 2019, the Company granted another option to an Executive Director ("ED Share Option") of the Company to subscribe for up to 3,300,000 new ordinary shares in the Company. The option exercise price was fixed at RM7.95, which represented a discount of approximately 10% to the 5-day volume weighted average market price of the Company's shares. The option may be exercised by the Executive Director at any time and from time to time during the 5 year option period up to a maximum of 20% of the total option shares per annual period. Unexercised options may be carried forward to the next period without reducing the maximum exercisable portion in the next period.

The fair value of services received in return for share options granted is based on fair value of share options granted, measured using Black-Scholes model, with the following inputs:

	Options granted on 20 June 2019
Fair value at grant date	RM2.43
Weighted average share price	RM7.95
Option life	5 years

No share options were exercised during the financial year.

The Group and the Company recognised share option costs in profit or loss totalling to RM7,507,000 (2018: RM6,314,000).

### 14. Loans and borrowings

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Non-current</b>					
Term loans	14.1	43,402	110,166	-	-
		43,402	110,166	-	-
<b>Current</b>					
Term loans	14.1	14,157	38,028	-	-
Revolving credit	14.2	55,791	24,813	55,791	-
		69,948	62,841	55,791	-
		113,350	173,007	55,791	-

Loans and borrowings are categorised as amortised cost in current and previous financial year.

## Notes to the Financial Statements (Cont'd)

### 14. Loans and borrowings (cont'd)

#### Reconciliation of movement of liabilities to cash flows arising from financing activities

	Note	At 1 January 2018 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	Amortisation of transaction cost RM'000	At 31 December 2018/ 1 January 2019 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	Amortisation of transaction cost RM'000	At 31 December 2019 RM'000
<b>Group</b>										
Term loans	14.1	176,142	(32,104)	3,200	956	148,194	(91,086)	(729)	1,180	57,559
Revolving credit	14.2	244,620	(214,996)	(4,811)	-	24,813	30,670	308	-	55,791
Islamic medium term note	14.3	3,000	(3,000)	-	-	-	-	-	-	-
		423,762	(250,100)	(1,611)	956	173,007	(60,416)	(421)	1,180	113,350

	Note	At 1 January 2018 RM'000	Net changes from financing cash flows RM'000	December 2018/ 1 January 2019 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	At 31 December 2019 RM'000
<b>Company</b>							
Revolving credit	14.2	-	-	-	55,744	47	55,791
Islamic medium term note	14.3	3,000	(3,000)	-	-	-	-
		3,000	(3,000)	-	55,744	47	55,791

## Notes to the Financial Statements (Cont'd)

### 14. Loans and borrowings (cont'd)

#### 14.1 Term loans

The term loan of the Group comprise the following:

- (i) In 2018, USD denominated term loan amounting to RM76,337,000 was secured/covered against:
  - a) a specific legal charge over the land and building held under H.M. 984, PT1277 Mukim Sungai Karang, Kuantan, Pahang which is held by a subsidiary company;
  - b) a legal charge over all the assets of a subsidiary company;
  - c) an assignment over a subsidiary company's present and future sales proceeds;
  - d) a corporate guarantee by the Company; and
  - e) retention of a rental payment amount of approximately USD1,438,000 remitted into a profit bearing financial service reserve account held by the bank.

The term loan has been fully paid during the financial year and the Group is in the process of discharging the pledged securities as disclosed above.

- (ii) USD denominated term loan amounting to RM41,214,000 (2018: RM53,253,000) is secured/covered against:
  - a) a legal charge over all the assets of a subsidiary company;
  - b) an assignment over a subsidiary company's present and future sales proceeds and an Earnings and Debt Service Reserve Account; and
  - c) a corporate guarantee by the Company.
- (iii) In 2018, term loan amounting to RM18,604,000 was secured/covered against:
  - a) a first legal charge over proceeds received from certain customers made into a collection account sufficient to repay the amount (both interest and principal) due in the next one quarter; and
  - b) a corporate guarantee by the Company.

The term loan has been fully paid during the financial year and the Group is in the process of discharging the pledged securities as disclosed above.

- (iv) Term loan amounting to RM16,345,000 is secured/covered against a legal charge over an office building .

#### 14.2 Revolving credit

This is an unsecured USD denominated revolving credit facility.

## Notes to the Financial Statements (Cont'd)

### 14. Loans and borrowings (cont'd)

#### 14.3 Islamic medium term note

The Company has a RM denominated unsecured Islamic Medium Term Note ("IMTN") facility with an aggregate nominal value of up to RM1.0 billion and a tenure of up to 20 years. The Company issued its first tranche of the IMTN amounting to RM3.0 million in nominal value on 7 July 2017 and repaid the entire amount upon maturity on 9 July 2018. The salient terms and conditions of the First Tranche of IMTN were as follows:

Issue Size	:	RM3.0 million in nominal value
Issue Price	:	100% of the Issue Size
Tenure	:	367 days
Periodic Distribution Rate	:	4.55% per annum
Periodic Distribution frequency	:	semi - annual
Maturity date	:	9 July 2018

The proceeds from the IMTN facility were used for general corporate purposes (including but not limited to the refinancing of credit facilities and/or working capital requirements of the Group).

### 15. Lease liabilities

Finance lease liabilities are payable as follows:

Group	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
<b>As at 31 December 2019:</b>			
Less than one year	19,505	5,276	14,229
Between one and five (5) years	46,004	15,521	30,483
More than five (5) years	76,013	20,385	55,628
	141,522	41,182	100,340

## Notes to the Financial Statements (Cont'd)

### 16. Trade and other payables

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Non-current</b>					
<b>Trade</b>					
Unearned revenue	16.1	214,017	158,374	-	-
<b>Current</b>					
<b>Trade</b>					
Trade payables	16.2	38,796	67,725	-	-
Amount due to related parties	16.2	949	2,670	-	-
Accrued expenses	16.4	33,352	53,652	-	-
Deposit payables		18,398	12,492	-	-
Unearned revenue	16.1	59,650	59,560	-	-
Payable for Universal Service Provision		73,630	44,386	-	-
Provisions	16.3	3,053	2,824	-	-
		227,828	243,309	-	-
<b>Non-trade</b>					
Other payables		923	1,535	257	362
Amount due to an associate	16.5	29	-	-	-
Accrued expenses	16.6	62,811	67,397	3,543	10,490
Provisions	16.3	16,895	1,324	-	-
		80,658	70,256	3,800	10,852
		308,486	313,565	3,800	10,852

The above trade and other payables are categorised as amortised cost except for unearned revenue and provisions.

#### 16.1 Unearned revenue

Unearned revenue mainly represents consideration received for services or products that have yet to be rendered or provided.

#### 16.2 Trade payables and amount due to related parties

The average credit period granted to the Group for trade purchases ranges from 30 to 90 days (2018: 30 to 90 days).

#### 16.3 Provisions

Provisions relate to obligations arising as a result of past events for certain services received. Included in provisions is an amount for RM16,081,000 (2018: RM Nil) relating to a provision for financial guarantee given to an associate of the Group.

## Notes to the Financial Statements (Cont'd)

### 16. Trade and other payables (cont'd)

#### 16.4 Trade accrued expenses

Included in accrued expenses are accruals made for telecommunication maintenance charges.

#### 16.5 Amount due to an associate

The amount due to an associate is unsecured, interest free and repayable on demand. The balances mainly arise from other operating expenses incurred.

#### 16.6 Non-trade accrued expenses

Included in accrued expenses are accruals made for staff related expenses.

### 17. Revenue

	2019 RM'000	2018 RM'000
<b>Group</b>		
<b>Revenue from contracts with customers</b>		
Data	907,170	777,378
Data Centre	130,006	132,458
Voice	72,215	68,703
Others	4,482	4,896
	1,113,873	983,435
<b>Company</b>		
<b>Revenue from contracts with customers</b>		
Management fee from subsidiary companies	20,542	29,104
<b>Other revenue</b>		
Dividend income from a subsidiary	167,871	144,555
	188,413	173,659

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Timing of revenue recognition</b>				
At a point in time	99,477	70,011	167,871	144,555
Over time	1,013,499	910,324	20,542	29,104
Revenue not within the scope of MFRS 15	897	3,100	-	-
	1,113,873	983,435	188,413	173,659

## Notes to the Financial Statements (Cont'd)

### 17. Revenue (cont'd)

The information that reflects the typical transactions of the Group is disclosed in Note 2(o).

The aggregate amount of the transaction price allocated to the performance obligations that are partially unsatisfied at the end of the reporting period is RM1,478,598,000 (2018: RM1,116,660,000). The Group expects to recognise this amount over the remaining contract duration up to 21 years (2018: 22 years).

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

### 18. Cost of sales

	Group	
	2019 RM'000	2018 RM'000
Interconnect charges	12,744	14,618
Depreciation of property, plant and equipment	124,104	117,930
Depreciation of right-of-use assets	18,047	-
Dealer commissions	20,609	15,725
Telecommunications maintenance charges	33,736	34,892
Network and leased line charges	76,209	66,857
Fee for wayleave and right of use pertaining to telecommunications facilities	309	11,453
Site and customer premises rental	12,772	25,218
Universal service obligation	48,719	41,222
Internet service provider costs	6,948	5,307
Data centre costs	22,037	24,834
Direct installation costs	65,351	47,804
Others	20,055	18,740
	461,640	424,600

### 19. Income from investments

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest income from financial assets that are not at fair value through profit or loss	9,645	8,990	4,409	5,711

## Notes to the Financial Statements (Cont'd)

### 20. Finance costs

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Interest on borrowings	8,219	11,435	785	71
- Amortisation of borrowing costs	1,180	956	-	-
Lease liabilities	6,200	-	-	-
Other interest expense	10,942	6,049	-	-
	26,541	18,440	785	71

### 21. Profit before tax

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Profit before tax is arrived at after charging:</b>				
<b><i>Auditors' remunerations</i></b>				
Audit fees:				
- KPMG PLT	551	502	150	126
- Overseas affiliates of KPMG PLT	44	29	-	-
- Other auditors	62	53	-	-
Non-audit fees				
- KPMG PLT	49	58	30	41
<b><i>Material expenses/(income)</i></b>				
Depreciation of property, plant and equipment	131,448	124,995	3	4
Depreciation of right-of-use assets	18,047	-	-	-
Personnel expenses				
- Salaries, allowances and others	177,277	159,660	6,202	8,028
- Contributions to Employee Provident Fund	21,456	18,696	664	963
- Share grant expenses	9,621	14,136	(976)	8,436
- Share option expenses	7,507	6,314	7,507	6,314
Provision for financial guarantee	16,081	-	-	-
Write off of property, plant and equipment	6,500	968	-	-
Net loss on foreign exchange	1,888	-	-	-
Net gain on foreign exchange	-	(17,043)	(2,331)	(2,071)
Dividend income from subsidiaries	-	-	(167,871)	(144,555)
Gain on disposal of property, plant and equipment	(115)	(683)	-	-



## Notes to the Financial Statements (Cont'd)

### 21. Profit before tax (cont'd)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Expenses arising from leases</b>				
Rental of:				
- Offices	893	1,385	-	-
- Equipment	292	185	-	-
- Site and customer premises	12,772	25,218	-	-
<b>Net loss/(gain) on impairment of financial instruments and contract assets</b>				
Net impairment/(write-back):				
- Trade receivables	8,947	5,941	-	-
- Amount due from an associate	6,515	7,233	-	-
- Construction deposits	(657)	1,777	-	-
Bad debt recovered	(112)	-	-	-
Bad debt written off	7	-	-	-
	14,700	14,951	-	-

### 22. Tax expense

#### Recognised in profit or loss

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Tax expense :				
- Current year	12,323	6,852	1,058	1,695
- Under/(Over) provision in prior year	248	602	(325)	1
	12,571	7,454	733	1,696
Deferred tax:				
- Origination of temporary difference	85,628	80,701	2,723	4,268
- (Over)/Under provision in prior year	(3,209)	526	(2,500)	1,248
- Recognition of previously unrecognised temporary differences	(80,898)	(72,540)	-	-
	1,521	8,687	223	5,516
	14,092	16,141	956	7,212

## Notes to the Financial Statements (Cont'd)

### 22. Tax expense (cont'd)

#### Reconciliation of effective income tax expense:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax	328,128	304,811	174,103	150,610
Tax at statutory tax rate of 24%	78,751	73,155	41,785	36,146
Effect of tax in foreign jurisdictions	14,134	7,121	-	-
Non-deductible expenses	10,994	9,747	2,286	4,510
Non-taxable income	(5,928)	(2,470)	(40,290)	(34,693)
Recognition of previously unrecognised temporary difference	(80,898)	(72,540)	-	-
Under /(Over) provision of prior year				
- current tax	248	602	(325)	1
(Over)/Under provision of prior year				
- deferred tax	(3,209)	526	(2,500)	1,248
	14,092	16,141	956	7,212

### 23. Earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the net profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2019	2018
<b>Basic earnings per share</b>		
Net profit attributable to owners of the Company (RM'000)	314,036	288,670
Weighted average number of ordinary shares in issue ('000)	584,446	582,446
Basic earnings per ordinary share (sen)	53.73	49.56

## Notes to the Financial Statements (Cont'd)

### 23. Earnings per ordinary share (cont'd)

The calculation of diluted earnings per ordinary share was based on the net profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2019	2018
<b>Diluted earnings per share</b>		
Net profit attributable to owners of the Company - basic (RM'000)	314,036	288,670
Weighted average number of ordinary shares in issue ('000)	584,446	582,446
Effect of CEO Share Option and ED Share Option, if exercised ('000)	6,530	5,070
Weighted average number of ordinary shares in issue ('000) (diluted)	590,976	587,516
Diluted earnings per ordinary share (sen)	53.14	49.13

### 24. Dividends

During the financial year, the Company paid an ordinary interim and a special interim tax exempt (single tier) dividend of 9.25 sen and 11.31 sen per ordinary share respectively for the financial year ended 31 December 2018 on 29 March 2019 totaling to RM120,009,000.

In the previous financial year, the Company paid an ordinary interim and a special interim tax exempt (single tier) dividend of 5.30 sen and 11.90 sen per ordinary share respectively for financial year ended 31 December 2017 on 28 March 2018 totaling to RM100,010,000.

After the end of the reporting period, the following dividend was declared by the Directors. This dividend will be recognised in subsequent financial period.

	Sen per share
Ordinary Interim Tax Exempt (Single Tier)	9.95
Special Interim Tax Exempt (Single Tier)	19.08

### 25. Directors' remuneration

	Group and Company	
	2019	2018
	RM'000	RM'000
Executive directors:		
- Emoluments	5,090	4,275
- Other emoluments and expenses (including share grant and CEO share options)	11,236	10,764
Non-executive directors:		
- Fees	744	744
- Other emoluments and expenses	409	353
	17,479	16,136

## Notes to the Financial Statements (Cont'd)

### 25. Directors' remuneration (cont'd)

The estimated monetary value of benefits-in-kind received and receivable by Directors of TIME dotCom Berhad other than in cash from the Group and the Company amounted to RM19,400 (2018: RM21,200).

Details of Directors' remuneration of the Group and the Company during the financial year are as follows:

	Fee RM'000	Meeting allowance RM'000	Salaries RM'000	Bonus RM'000	Other emoluments RM'000	Benefits-in- kind RM'000
<b>2019</b>						
<b>Non-executive directors</b>						
Abdul Kadir Md.Kassim	180	43	-	-	-	4
Ronnie Kok Lai Huat	156	103	-	-	6	2
Elakumari Kantilal	168	103	-	-	2	2
Hong Kean Yong	120	91	-	-	-	2
Mark Guy Dioguardi	120	61	-	-	-	-
<b>Executive directors</b>						
Afzal Abdul Rahim	-	-	1,101	529	6,963	7
Patrick Corso	-	-	964	464	2,015	-
Lee Guan Hong	-	-	1,048	504	2,738	2
	744	401	3,113	1,497	11,724	19
<b>2018</b>						
<b>Non-executive directors</b>						
Abdul Kadir Md.Kassim	180	27	-	-	-	5
Ronnie Kok Lai Huat	156	95	-	-	17	2
Elakumari Kantilal	168	91	-	-	1	2
Hong Kean Yong	120	76	-	-	-	2
Mark Guy Dioguardi	120	46	-	-	-	-
<b>Executive directors</b>						
Afzal Abdul Rahim	-	-	1,058	265	6,575	7
Patrick Corso	-	-	927	232	2,096	-
Lee Guan Hong	-	-	1,008	378	2,500	3
	744	335	2,993	875	11,189	21

The Directors did not receive any additional remuneration for services rendered in the subsidiaries.

## Notes to the Financial Statements (Cont'd)

### 26. Key management personnel remuneration

The key management personnel remuneration is as follows:

	Group and Company			
	2019	2018		
	RM'000	RM'000		
Directors:				
Fees	744	744		
Other short term benefits (including estimated monetary value of benefits-in-kind, CEO share option and benefits on share grant plan)	16,754	15,413		
	17,498	16,157		
	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Other key management personnel:				
Employee benefits (including benefits on share grant plan)	18,824	19,871	4,597	7,400
Other key management compensation	961	611	102	298
	19,785	20,482	4,699	7,698

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

### 27. Operating segments

Operating segments are components in which separate financial information is available that is evaluated by the Chief Executive Officer in deciding how to allocate resources and in assessing performance of the Group. The Group has identified the business of telecommunications as its sole operating segment.

Performance is measured based on revenue derived from the various products sold and consolidated profit before income tax of the Group as included in the internal management reports that are reviewed by the Chief Executive Officer. The Group's segment assets and liabilities, as disclosed in the Group's statement of financial position (as represented by total assets and liabilities), is also reviewed by the Chief Executive Officer. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

## Notes to the Financial Statements (Cont'd)

### 27. Operating segments (cont'd)

#### Information about reportable segment and reconciliation of reportable segment revenue, profit and other material items

	Group	
	2019 RM'000	2018 RM'000
<b>Revenue from external customers</b>		
Data	907,170	777,378
Data Centre	130,006	132,458
Voice	72,215	68,703
Others	4,482	4,896
	1,113,873	983,435
<b>Operating expense</b>		
Depreciation, impairment and amortisation of property, plant and equipment and right-of-use assets	(149,495)	(124,995)
Other operating expense	(634,591)	(580,436)
Other operating income	515	24,437
Profit from operations	330,032	302,441
Income from investments	9,645	8,990
Finance costs	(26,541)	(18,440)
Share of profits from equity-accounted investments, net of tax	14,722	11,820
Segment profit	328,128	304,811
Additions to property, plant and equipment	267,072	276,181

#### Geographical information

Revenue and non-current assets (excluding financial instruments, equity-accounted investments and deferred tax assets) of the Group by geographical location of the entity are as follows:

	Revenue		Non-current assets	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysia	1,050,514	947,790	1,412,300	1,166,290
Outside Malaysia	63,359	35,645	501,222	543,425
	1,113,873	983,435	1,913,522	1,709,715

#### Major customers

There were no significant concentrations on transactions with customers and revenues from transactions with a single external customer (or group of entities known to be under common control which are deemed to be a single customer) that contributed to 10% or more of the Group's revenues.

## Notes to the Financial Statements (Cont'd)

### 28. Capital and other commitments

	Group	
	2019	2018
	RM'000	RM'000
<b>Capital expenditure commitments</b>		
<b>Property, plant and equipment</b>		
Authorised but not contracted for	103,884	98,634
Contracted but not provided for	186,448	113,327

### 29. Related parties

#### Identity of related parties

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

Related parties also includes key management personnel defined as those persons having authority and responsibility for planning, directing and controlling activities of the Group directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group. Director remuneration and key management personnel remuneration are disclosed in Notes 25 and 26 respectively. The Group has related party relationships with its Directors, key management personnel, related parties in which a substantial shareholder has an interest and companies in which Directors have significant financial interest.

#### Significant related party transactions

The significant related party transactions of the Group and of the Company are shown below:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Subsidiary companies</b>				
Dividend income	-	-	167,871	144,555
Management fees income	-	-	20,542	29,104
Interest income from subsidiaries	-	-	1,697	2,232
<b>Related parties</b>				
Revenue from data, voice and other services	77,783	80,891	-	-
Interconnect revenue	3,407	3,793	-	-
Fee for wayleave and right-of-use of telecommunications facilities	(10,504)	(10,478)	-	-

## Notes to the Financial Statements (Cont'd)

### 29. Related parties (cont'd)

#### Significant related party transactions (cont'd)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Related parties (cont'd)</b>				
Interconnect charges	(3,730)	(8,209)	-	-
Leased line and infrastructure costs	(35,662)	(33,074)	-	-
Network maintenance	(2,601)	(1,779)	-	-
Training expenses	(245)	(356)	-	-
Project management services	-	(13)	-	-
Rental of office	(105)	(192)	-	-
Professional fees on corporate exercise	(337)	(146)	(337)	(146)
Interest income from associate	-	1,355	-	-
Marketing expenses	-	(2,832)	-	-
<b>Companies in which Directors have significant financial interests:</b>				
Revenue from rental, support services and others	74	70	-	-
Professional legal fees costs	(54)	(10)	(54)	(10)

The Directors of the Group and the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under negotiated terms.

The outstanding balances due from and due to the related parties of the Group and the Company are disclosed in Notes 10 and 16 respectively.

### 30. Financial instruments

#### 30.1 Net gains and losses arising from financial instruments

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net gains/(losses) on:				
Equity instruments designated at fair value through other comprehensive income				
- recognised in other comprehensive income	8,610	2,096	-	-
	8,610	2,096	-	-
Financial assets at amortised cost	(5,055)	(5,961)	4,409	5,711
Financial liabilities at amortised cost	(15,599)	(12,391)	(785)	(71)
	(12,044)	(16,256)	3,624	5,640



## Notes to the Financial Statements (Cont'd)

### 30. Financial instruments (cont'd)

#### 30.2 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

#### 30.3 Credit risk

Credit risk is the risk of a financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers (including related parties) and deposits with financial institutions. The Company's exposure to credit risk arises principally from advances to subsidiaries and associate, deposits with financial institutions and financial guarantees given to banks for credit facilities granted to subsidiaries.

##### Receivables and contract assets

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are required to be performed on all new customers. Depending on the nature of the transaction, the Group may require upfront deposits as collateral.

At each reporting date, the Group or the Company assesses whether any of the trade receivables and contract assets are credit impaired.

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

There are no significant changes as compared to previous year.

###### *Exposure to credit risk, credit quality and collateral*

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. The Group uses ageing analysis to monitor the credit quality of the receivables.

The Group assesses the risk of loss of each customer individually based on their financial information, past trend of payments and external credit rating where applicable, except for consumer market.

## Notes to the Financial Statements (Cont'd)

### 30. Financial instruments (cont'd)

#### 30.3 Credit risk (cont'd)

##### Receivables and contract assets (cont'd)

##### Exposure to credit risk, credit quality and collateral (cont'd)

For consumer market, invoices which are past due 90 days will be considered credit impaired.

The Group has a lower exposure to international credit risk as most of its receivables are concentrated in Malaysia.

##### Concentration of credit risk

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

	Group	
	2019 RM'000	2018 RM'000
Malaysia	230,918	237,303
Outside Malaysia	33,986	57,473
	264,904	294,776

At reporting date, there were no significant concentrations of credit risk.

##### Impairment losses

The following table provides information about the exposure to credit risk and expected credit losses ("ECLs") for trade receivables (including trade amounts due from related parties, trade deposits and accrual of global bandwidth revenue) as at the end of the reporting period:

Group	Gross	Loss	Net
	RM'000	allowance RM'000	RM'000
<b>2019</b>			
Not past due	131,193	(241)	130,952
Past due 1 - 30 days	47,974	(191)	47,783
Past due 31 - 120 days	44,951	(1,727)	43,224
Past due more than 120 days	55,463	(12,518)	42,945
	279,581	(14,677)	264,904

## Notes to the Financial Statements (Cont'd)

### 30. Financial instruments (cont'd)

#### 30.3 Credit risk (cont'd)

##### Receivables and contract assets (cont'd)

##### Concentration of credit risk (cont'd)

##### Impairment losses (cont'd)

Group	Gross RM'000	Loss allowance RM'000	Net RM'000
<b>2018</b>			
Not past due	115,484	(530)	114,954
Past due 1 - 30 days	55,607	(571)	55,036
Past due 31 - 120 days	85,099	(1,571)	83,528
Past due more than 120 days	51,739	(10,481)	41,258
	307,929	(13,153)	294,776

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

The movement in the loss allowance for trade receivables (including amounts due from related parties) during the financial year were as follows:

	Group	
	2019 RM'000	2018 RM'000
At 1 January	13,153	9,106
Impairment loss written off	(7,423)	(1,894)
Net allowance	8,947	5,941
At 31 December	14,677	13,153

##### Deposits with financial institutions and other financial assets

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

The Group's and the Company's cash and cash equivalents are deposited with licensed financial institutions.

##### *Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk is represented by the carrying amounts of cash and cash equivalents in the statement of financial position. Management does not expect any counterparty to fail to meet its obligations in respect of these deposits.

## Notes to the Financial Statements (Cont'd)

### 30. Financial instruments (cont'd)

#### 30.3 Credit risk (cont'd)

##### **Deposits with financial institutions and other financial assets** (cont'd)

###### *Impairment losses*

As at the end of the reporting period, there was no indication that the amounts deposited with licensed financial institutions are not recoverable.

##### **Financial guarantees**

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

The Company provides unsecured financial guarantees to banks in respect of certain banking facilities granted to certain subsidiaries and associates. The Company monitors on an ongoing basis the results of the subsidiaries and associates, and repayments made by subsidiaries and associates.

The Company also provides financial support to certain subsidiaries to enable them to meet their liabilities as and when they fall due.

###### *Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk of the Group and of the Company amounts to RM25,747,000 (2018: RM41,030,000) and RM41,776,000 (2018: RM168,302,000) respectively, arises principally from bank guarantees given to suppliers and financial guarantees given to banks for credit facilities granted to subsidiaries and an associate.

The Group made a provision for financial guarantees amounting to RM16,081,000 (2018: RM Nil) for guarantees provided to secure banking facilities of an associate in Thailand. The provision is made as it is probable that the Group would have to repay the bank facilities on behalf of the said associate. Negotiations for settlement of the said bank facilities are still ongoing with the Group's partners in Thailand. The provision represents the maximum amount of exposure of the Group at this juncture and may subsequently reduce upon conclusion of the negotiations at a later date.

Other than as stated above, no other financial guarantees have been recognised since the fair value on initial recognition are not material.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

##### **Inter-company balances**

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

The Group and the Company provide unsecured advances to subsidiaries and associates and monitors the results of the subsidiaries/associates regularly.

###### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position. Advances are only provided to companies in which the Group and the Company has significant influence and/or control. The Group and the Company consider such companies as companies associated with lower credit risk.

## Notes to the Financial Statements (Cont'd)

### 30. Financial instruments (cont'd)

#### 30.3 Credit risk (cont'd)

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

##### Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries/associates are not recoverable other than the amount provided for as an allowance for impairment losses from an associate amounting to RM13,748,000 (2018: RM7,233,000). The Group and the Company determined the impairment loss based on internal information available.

#### 30.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due.

The Group's exposure to liquidity risk arises principally from its various payables and other applicable contractual obligations and commitments. The Group reviews and strives to maintain a prudent level of cash and cash equivalents and banking facilities to ensure working capital requirements are met.

##### Maturity analysis

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

Group	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	3 - 5 years RM'000	Above 5 years RM'000
<b>2019</b>							
Term loans	57,559	4.70% - 4.85%	64,100	16,878	16,181	27,163	3,878
Revolving credit	55,791	3.15% - 3.55%	55,953	55,953	-	-	-
Lease liabilities	100,340	5.26%	141,522	19,505	14,103	31,901	76,013
Trade and other payables*	155,258	-	155,258	155,258	-	-	-
Financial guarantee	-	-	25,747	25,747	-	-	-
<b>2018</b>							
Term loans	148,194	4.70% - 5.58%	167,074	46,211	44,040	76,823	-
Revolving credit	24,813	3.85% - 4.10%	24,813	24,813	-	-	-
Trade and other payables*	205,471	-	205,471	205,471	-	-	-
Financial guarantee	-	-	41,030	41,030	-	-	-

\* The contractual cash flows of trade and other payables exclude unearned revenue and provisions.

## Notes to the Financial Statements (Cont'd)

### 30. Financial instruments (cont'd)

#### 30.4 Liquidity risk (cont'd)

##### *Maturity analysis (cont'd)*

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000
<b>Company</b>				
<b>2019</b>				
Revolving credit	55,791	3.15% - 3.55%	55,953	55,953
Trade and other payables	3,800	-	3,800	3,800
Financial guarantee	-	-	41,776	41,776
<b>2018</b>				
Trade and other payables	10,852	-	10,852	10,852
Financial guarantee	-	-	168,302	168,302

#### 30.5 Market risk

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

##### **Currency risk**

The Group is exposed to foreign currency risk on sales, purchases, receivables and borrowings that are denominated in currencies other than the respective functional currencies of the Group entities. The currency giving rise to the risk is primarily US Dollar ("USD").

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

The Group has a potential currency risk exposure arising from trade transactions entered with companies where the amounts are denominated in currencies other than Ringgit Malaysia. Exposure to foreign currency risk is monitored on an ongoing basis and where considered necessary, the Group may consider using financial instruments to hedge its foreign currency risk. The Company is not significantly exposed to currency risk.

## Notes to the Financial Statements (Cont'd)

### 30. Financial instruments (cont'd)

#### 30.5 Market risk (cont'd)

##### Currency risk (cont'd)

##### *Exposure to foreign currency risk*

The Group's exposure to foreign currency risk, based on the carrying amounts as at the end of the reporting period was:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Denominated in USD</b>				
Trade and other receivables	128,575	136,689	-	-
Cash and cash equivalents	92,192	108,431	4,266	17,947
Term loans	(41,214)	(129,593)	-	-
Revolving credit	(55,791)	(24,813)	(55,791)	-
Trade and other payables	(12,458)	(45,811)	-	-
<b>Net exposure in the statement of financial position</b>	<b>111,304</b>	<b>44,903</b>	<b>(51,525)</b>	<b>17,947</b>

##### *Currency risk sensitivity analysis*

A 1% strengthening of the Ringgit Malaysia against the USD at the end of the reporting period would have increased/ (decreased) pre-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and Company considered to be reasonably possible at the end of the reporting period. The analysis assumed that all other variables, in particular interest rates, remained constant and ignored any impact of forecasted sales and purchases.

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Profit or (loss)</b>				
1% strengthening of RM against USD	(1,113)	(449)	515	(179)

A 1% weakening of the Ringgit Malaysia against the above currency at the end of the reporting period would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

## Notes to the Financial Statements (Cont'd)

### 30. Financial instruments (cont'd)

#### 30.5 Market risk (cont'd)

##### Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

##### *Exposure to interest rate risk*

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Fixed rate instruments</b>				
- Deposits with licensed banks	377,147	236,160	24,138	81,681
- Term loans	(57,559)	(53,253)	-	-
<b>Floating rate instruments</b>				
- Term loans	-	(94,941)	-	-
- Revolving credit	(55,791)	(24,813)	(55,791)	-

##### *Interest rate risk sensitivity analysis*

##### *(i) Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

##### *(iii) Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/ (decreased) pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.



## Notes to the Financial Statements (Cont'd)

### 30. Financial instruments (cont'd)

#### 30.5 Market risk (cont'd)

##### Interest rate risk (cont'd)

*Interest rate risk sensitivity analysis (cont'd)*

(ii) *Cash flow sensitivity analysis for variable rate instruments (cont'd)*

	Profit or (loss)			
	Group		Company	
	100bp Increase RM'000	100bp Decrease RM'000	100bp Increase RM'000	100bp Decrease RM'000
<b>2019</b>				
Floating rate instruments	(558)	558	(558)	558
<b>2018</b>				
Floating rate instruments	(1,198)	1,198	-	-

#### 30.6 Fair value information

The carrying amounts of cash and cash equivalents, receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments. Accordingly, the fair values and level of the fair value hierarchy have not been presented for these financial instruments.

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

## Notes to the Financial Statements (Cont'd)

### 30. Financial instruments (cont'd)

#### 30.6 Fair value information (cont'd)

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

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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>2019</b>										
<b>Financial assets</b>										
Unquoted investments	-	-	26,582	26,582	-	-	-	-	26,582	26,582
<b>Financial liabilities</b>										
Term loans	-	-	-	-	-	-	57,110	57,110	57,110	57,559
Revolving credit	-	-	-	-	-	-	55,791	55,791	55,791	55,791
	-	-	-	-	-	-	112,901	112,901	112,901	113,350
<b>2018</b>										
<b>Financial assets</b>										
Unquoted investments	-	-	17,201	17,201	-	-	-	-	17,201	17,201
<b>Financial liabilities</b>										
Term loans	-	-	-	-	-	-	147,811	147,811	147,811	148,194
Revolving credit	-	-	-	-	-	-	24,813	24,813	24,813	24,813
	-	-	-	-	-	-	172,624	172,624	172,624	173,007

#### *Transfers between Level 1 and Level 2 fair values*

During the current and previous financial years, there have been no transfers between Level 1 and 2 fair values.

#### **Level 3 fair value**

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

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

## Notes to the Financial Statements (Cont'd)

### 30. Financial instruments (cont'd)

#### 30.6 Fair value information (cont'd)

##### Level 3 fair value (cont'd)

##### Financial instruments carried at fair value

Type	Description of valuation technique and inputs used
Other investments	The fair value is based on net asset value provided by the investees.

##### Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Term loans, Islamic medium term note, revolving credit and finance lease liabilities	Discounted cash flows using a rate based on the indicative current market rate of borrowing of the respective Group entities at the reporting date.

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

The effective interest rates used to discount estimated cash flows, when applicable, are as follows:

	2019	2018
Term loans	4.70% - 4.85%	4.70% - 5.58%
Revolving credit	3.15% - 3.55%	3.85% - 4.10%

### 31. Capital management

The Group's objectives when managing capital is to maintain an optimal capital structure and to safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as results from operating activities compared against returns on average invested capital.

The Group also maintains a debt to equity ratio that complies with debt requirements required for its banking facilities.

There were no changes in the Group's approach to capital management during the financial year.

### 32. Significant events during the year

- (a) On 20 June 2019, the Company granted an option to Patrick Corso, a non-independent executive director of the Company to subscribe for up to 3,300,000 new ordinary shares in the Company. The share option agreement was also executed on the same day. The option exercise price was fixed at RM7.95, which represented a discount of approximately 10.0% to the 5-day volume weighted average market price of the Company's shares immediately preceding the date of the share option agreement. The option may be exercised by Patrick Corso at any time and from time to time during the 5-year option period up to a maximum of 20% of the total option shares per annual period. Unexercised options may be carried forward to the next period without reducing the maximum exercisable portion in the next period.

## Notes to the Financial Statements (Cont'd)

### 32. Significant events during the year (cont'd)

- (b) On 19 July 2019 and 16 August 2019, the Company issued 666,593 new ordinary shares and 1,166,544 new ordinary shares in the Company respectively to eligible employees under the Annual Restricted Share Plan and Annual Performance Share Plan portion of the Company's Share Grant Plan ("SGP"). The closing share price on the respective vesting dates of 31 July 2019 and 27 August 2019 were RM9.00 per share and RM8.90 per share respectively. The vesting of the shares under the SGP were subject to the Group achieving certain financial targets and upon the eligible employees meeting the minimum grading criteria in accordance with the performance management system adopted by the Group.
- (c) On 24 July 2019, the Group incorporated a new subsidiary in Thailand namely AIMS Data Centre (Thailand) Limited. The principal activity of AIMS Data Centre (Thailand) Limited is the provision of data centre and other related services. The amount of paid-up capital is THB250,000 (approximately RM36,600) comprising 10,000 shares of THB25 each.

### 33. Comparative figures

Certain comparative figures have been restated to comply with current year presentation.

	Group		Company	
	As currently stated RM'000	As previously reported RM'000	As currently stated RM'000	As previously reported RM'000
Distribution expenses	-	(19,649)	-	(413)
Administrative expenses	-	(248,881)	-	(30,347)
Operating expenses	(264,912)	-	(30,760)	-
Net loss on impairment of financial instruments and contract assets	(14,951)	-	-	-
Other expenses	(968)	(12,301)	-	-

# Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 76 to 154 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 2019 and of their financial performance and cash flows for the financial year then ended.

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

.....  
**Afzal Abdul Rahim**

Director

.....  
**Patrick Corso**

Director

Date: 28 February 2020

# Statutory Declaration

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

I, **Long Sher Neng**, the officer primarily responsible for the financial management of TIME dotcom Berhad, do solemnly and sincerely declare that the financial statements set out on pages 76 to 154 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Long Sher Neng, at Kuala Lumpur in Wilayah Persekutuan on 28 February 2020.

.....  
**Long Sher Neng**

Before me:

**Tan Seok Kett**  
BC/T/301  
Commissioner for Oaths  
Kuala Lumpur.

# Independent Auditors' Report

to the members of Time dotCom Berhad (Company No. 199601040939 (413292-P)) (Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of TIME dotCom Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 76 to 154.

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

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

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

## Independent Auditors' Report

to the members of Time dotCom Berhad (Company No. 199601040939 (413292-P)) (Incorporated in Malaysia)

### Valuation of goodwill

Refer to Note 2 (f) - Significant accounting policy: Intangible assets and Note 5 - Intangible assets.

The key audit matter	How the matter was addressed in our audit
<p>Goodwill recognised in the consolidated statement of financial position arose from the Group's acquisition of international wholesale and global bandwidth business and data centre business in prior years.</p> <p>The Group performed annual goodwill impairment assessment based on estimated future cash flows to support goodwill amounting to RM214 million as at 31 December 2019.</p> <p>The Group has prepared and considered prospective financial information based on assumptions and events that may occur in the next 12-months and beyond.</p> <p>Due to the inherent uncertainties involved in forecasting and discounting future cash flows, together with the appropriateness of key underlying assumptions used to derive at the projections, this is a key judgement area that our audit is concentrated on.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>• We tested the principles and integrity of the Group's discounted cash flow model. We compared the forecast to the business plan approved by the Board and also compared previous forecasts made to actual results to assess the financial performance of the business and the reliability of management's forecasting.</li> <li>• We involved our own valuation specialist to assist us in assessing the reasonableness of the discount rates.</li> <li>• We assessed the reasonableness of the cash flows model's key assumptions by comparing them to externally derived data as well as our own assessments which took into account historical trends and other corroborative evidence available.</li> <li>• We tested the sensitivity of the impairment calculations to changes in key assumptions used by the Directors to evaluate the impact on the recoverable amount.</li> <li>• We also assessed the adequacy of the Group's disclosures about those assumptions in the financial statements.</li> </ul>

### Valuation of investments in associates

Refer to Note 2 (a) - Significant accounting policy: Associates and Note 7 - Investments in associates.

The key audit matter	How the matter was addressed in our audit
<p>The Group had investments in associates with a carrying amount of RM433 million.</p> <p>As of 31 December 2019, the carrying amount of the investments in associates was higher than its share of net asset. Accordingly, the Group tested the carrying amount of the investments in associates for impairment.</p> <p>Prospective financial information were prepared and considered based on assumptions and events that may occur in the next 12-months and beyond.</p> <p>Due to the inherent uncertainties involved in forecasting and discounting cash flow, together with the appropriateness of key underlying assumptions used to derive the projections, this is a key judgement area that our audit is concentrated on.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>• We compared previous forecasts made to actual results to assess the financial performance of the business and the reliability of management's forecasting.</li> <li>• We assessed the reasonableness of the cash flow model's key assumptions by comparing to externally derived data as well as our own assessments which take into account historical trends and other corroborative evidence.</li> <li>• We tested the sensitivity of the impairment calculations to changes in key assumptions used by management to evaluate the impact on the recoverable amount.</li> <li>• We received reporting deliverables from significant component auditor on the matters of significance in their audit.</li> <li>• We involved our own valuation specialist to assist us in assessing the reasonableness of the discount rates.</li> </ul>

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.



# Independent Auditors' Report

to the members of Time dotCom Berhad (Company No. 199601040939 (413292-P)) (Incorporated in Malaysia)

## 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 Directors' Report, Statement on Risk Management and Internal Control, (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the Annual Report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the remaining parts of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

## Responsibilities of the Directors for the Financial Statements

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

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

# Independent Auditors' Report

to the members of Time dotCom Berhad (Company No. 199601040939 (413292-P)) (Incorporated in Malaysia)

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- 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

to the members of Time dotCom Berhad (Company No. 199601040939 (413292-P)) (Incorporated in Malaysia)

## Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

## Other Matter

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

### KPMG PLT

(LLP0010081-LCA & AF 0758)

Chartered Accountants

### Chew Beng Hong

Approval Number: 02920/02/2022 J

Chartered Accountant

Petaling Jaya, Selangor

Date: 28 February 2020

# Stockholding Analysis

as at 22 May 2020

**Issued Share Capital** : 602,750,494 shares

**Class of Shares** : Ordinary Shares

**No. of Shareholders** : 11,662

**Voting Right** : One (1) vote per Ordinary Share

Size of Holdings	No. of Shareholders	Total Holdings	%
Less than 100	791	24,428	0.00
100 to 1,000	7,545	3,083,593	0.51
1,001 to 10,000	2,545	7,887,780	1.31
10,001 to 100,000	488	17,040,881	2.83
100,001 to less than 5% of issued shares	289	262,105,023	43.49
5% and above of issued shares	4	312,608,789	51.86
Total	11,662	602,750,494	100.00

## THIRTY (30) LARGEST SHAREHOLDERS AS AT 22 MAY 2020

Names	No. of shares	%
1. Pulau Kapas Ventures Sdn Bhd	177,174,359	29.39
2. Khazanah Nasional Berhad	65,298,982	10.83
3. Kumpulan Wang Persaraan (Diperbadankan)	37,549,548	6.23
4. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	32,635,900	5.41
5. Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An for AIA Bhd	26,523,200	4.40
6. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AFFIN-HWG)	9,009,200	1.49
7. Amanahraya Trustees Berhad - Public Islamic Select Treasures Fund	8,737,040	1.45
8. Amanahraya Trustees Berhad - Public Smallcap Fund	8,575,560	1.42
9. Amanahraya Trustees Berhad - Amanah Saham Bumiputera	6,967,400	1.16
10. Cimsec Nominees (Tempatan) Sdn Bhd - CIMB for Afzal Bin Abdul Rahim (PB)	6,215,907	1.03
11. Amanahraya Trustees Berhad - Public Ittikal Sequel Fund	6,022,000	1.00

# Stockholding Analysis

as at 22 May 2020

## THIRTY (30) LARGEST SHAREHOLDERS AS AT 22 MAY 2020 (cont'd)

Names	No. of shares	%
12. Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	5,420,300	0.90
13. Amanahraya Trustees Berhad - PB Growth Fund	4,863,200	0.81
14. Maybank Nominees (Tempatan) Sdn Bhd - MTrustee Berhad for Principal Dali Equity Growth Fund (UT-CIMB-DALI)[419455]	4,555,120	0.76
15. Cartaban Nominees (Asing) Sdn Bhd - Exempt An for State Street Bank & Trust Company (West CLT 0D67)	4,428,100	0.74
16. HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Total International Stock Index Fund	4,211,528	0.70
17. HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Emerging Markets Stock Index Fund	4,131,800	0.69
18. Cartaban Nominees (Tempatan) Sdn Bhd - PBTB for Takafulink Dana Ekuiti	3,701,400	0.61
19. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (CIMB PRIN)	3,440,300	0.57
20. Indera Permai Sdn Bhd	3,426,020	0.57
21. Citigroup Nominees (Asing) Sdn Bhd - CBNY for Norges Bank (FI 17)	3,166,504	0.53
22. HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Affin Hwang Select Opportunity Fund (3969)	2,934,900	0.49
23. Amanahraya Trustees Berhad - ASN Umbrella for ASN Equity 3	2,828,700	0.47
24. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (ASIANISLAMIC)	2,437,400	0.40
25. Amanahraya Trustees Berhad - Public Islamic Treasures Growth Fund	2,259,000	0.37
26. Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Dana Unggul	2,227,000	0.37
27. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (F TEMPLETON)	2,131,900	0.35
28. Citigroup Nominees (Asing) Sdn Bhd - Exempt An for Citibank New York (Norges Bank 1)	2,015,825	0.33
29. Permodalan Nasional Berhad	2,000,000	0.33
30. Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	1,973,400	0.33
TOTAL	446,861,493	74.13

# Stockholding Analysis

as at 22 May 2020

## SUBSTANTIAL SHAREHOLDERS AS AT 22 MAY 2020

Names	Direct	No. of Shares		%
		%	Indirect	
Pulau Kapas Ventures Sdn Bhd ("PKV")	177,174,359	29.39	-	-
Khazanah Nasional Berhad	65,298,982	10.83	177,174,359 <sup>(2)</sup>	29.39
Employees Provident Fund Board	54,825,800 <sup>(1)</sup>	9.10	-	-
Kumpulan Wang Persaraan (Diperbadankan)	44,247,515 <sup>(1)</sup>	7.34	-	-
Global Transit International Sdn Bhd ("GTI")	-	-	177,174,359 <sup>(3)</sup>	29.39
Megawisra Sdn Bhd ("Megawisra")	1,434,331	0.24	177,174,359 <sup>(4)</sup>	29.39
Megawisra Investments Limited ("Megawisra Investments")	-	-	178,608,690 <sup>(5)</sup>	29.63
Afzal Abdul Rahim	6,215,907	1.03	178,608,690 <sup>(6)</sup>	29.63
Patrick Corso	371,800	0.06	178,608,690 <sup>(7)</sup>	29.63

### Notes:

- (1) Including shares held under Citigroup Nominees (Tempatan) Sdn Bhd.
- (2) Deemed interested by virtue of its interests held through PKV pursuant to Section 8 of the Companies Act 2016 ("the Act").
- (3) Deemed interested by virtue of its interests held through PKV pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of its interests held through PKV via its shareholdings in GTI pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of its interests held through PKV and GTI via its shareholdings in Megawisra pursuant to Section 8 of the Act.
- (6) Deemed interested by virtue of his interests held through PKV, GTI and Megawisra via his shareholdings in Megawisra Investments pursuant to Section 8 of the Act.
- (7) Deemed interested by virtue of his interests held through PKV, GTI and Megawisra via his shareholdings in Megawisra Investments pursuant to Section 8 of the Act.

## STATEMENT ON DIRECTORS' INTERESTS IN SHARES

Afzal Abdul Rahim, a Director on the Board of TIME dotCom Berhad, is deemed to have interest in the shares of the Company by virtue of Section 8(4) of the Companies Act 2016 through Pulau Kapas Ventures Sdn Bhd, Megawisra Sdn Bhd and Global Transit International Sdn Bhd. He also holds 6,215,907 shares in TIME dotCom Berhad.

Patrick Corso, a Director on the Board of TIME dotCom Berhad, is deemed to have interest in the shares of the Company by virtue of Section 8(4) of the Companies Act 2016 through Pulau Kapas Ventures Sdn Bhd, Megawisra Sdn Bhd and Global Transit International Sdn Bhd. He also holds 371,800 shares in TIME dotCom Berhad.

Ronnie Kok Lai Huat and Lee Guan Hong, the Directors on the Board of TIME dotCom Berhad, hold 5,000 shares and 771,383 shares in TIME dotCom Berhad respectively.

# List of Properties

held as at 31 December 2019

## TIME DOTCOM SDN BHD

Location	Description	Tenure	Area	Existing Use	Approximate Age (Years)	Cost (Nbv) (RM)
Lot no. 53, Glenmarie Industrial Park Shah Alam, Selangor	Land	Freehold	4,260 sq.m	Office Building	8	8,112,849
	Building		3,747 sq.m			

## TT DOTCOM SDN BHD

Location	Description	Tenure	Area	Existing Use	Approximate Age (Years)	Cost (NBV) (RM)	Remarks (Amortisation)	
PT 1277, Lorong Nur Siti Hasmah, Cherating, 26080 Kuantan, Pahang	Land	Freehold	8,004.0 sq.m	Operation Cable Landing Station-APG	8	4,200,000		
Lot no.43 & 54, Glenmarie Industrial Park Shah Alam, Selangor	Land	Freehold	2.225 acre	Office Building	23	Cost	3,687,963	
	Building		8,456.64 sq.m			Cost	14,717,422	
						Depreciation	14,717,422	
						Balance (nbv)	0	
Lot 26 Jln 225 Petaling Jaya 46100 PJ Selangor	Building	Leasehold	1,486.45 sq.m	Operation site	46	Cost	5,585,840	99 years
						Depreciation	1,899,186	Expire 11/4/2072
						Balance (nbv)	3,686,654	
	Land		4,577 sq.m					
Lot 6359, Mukim 1, Daerah Seberang Prai, Pulau Pinang	Land	Freehold	2,422.15 sq.m	Operation site	24	1,037,171		
Lot P.T.D. 3930, Mukim Tebrau, Daerah Johor Bahru, Johor	Land	Freehold	10,940.91 sq.m	Operation site	22	Cost	4,946,214	
						Land impairment	2,101,214	
						Balance (nbv)	2,845,000	

## List of Properties

held as at 31 December 2019

### TT DOTCOM SDN BHD (Cont'd)

Location	Description	Tenure	Area	Existing Use	Approximate Age (Years)	Cost (NBV) (RM)		Remarks (Amortisation)
102M, Lengkok Kampung Jawa 2, Miel Industrial Estate Bayan Lepas, Pulau Pinang	Land	Leasehold	881.19 sq.m	Operation site	38	Cost	1,007,000	60 years from 1981 to 2041
						Amortisation	1,006,999	
	Building	668.9 sq.m	Office Building	Cost	200,000	2 % Depreciation		
				Depreciation	92,000			
Lot 142-A, Semambu Industrial Estate Kuantan, Pahang	Land	Leasehold	2.5 acre (10,940.5 sq.m)	Operation site	39	Cost	1,535,000	66 years from 1980 to 2046
						Amortisation	1,534,999	
	Building	1,938 sq.m	Office Building	Cost	1,065,000	2 % Depreciation		
				Depreciation	532,500			
Kg. Sungai Bedaun, Daerah Labuan, Wilayah Persekutuan Labuan	Land	Leasehold	8.0 acre (32,374.9 sq.m)	Operation site	35	Cost	4,145,000	99 years from 1984 to 2082
						Amortisation	4,144,999	
	Building	270 sq.m		Cost				
				Amortisation				
P.T. no 2705, Mukim Ulu Kinta, Daerah Ulu Kinta, Perak	Land	Leasehold	2,162.23 sq.m	Operation site	43	Cost	350,000	60 years from 1976 to 2036
						Amortisation	349,999	
				Cost				
				Amortisation				
Lot 37, Kg. Sungai Bedaun, Settlement scheme, Labuan, WP Labuan	Land	Leasehold	3.0 acre (12,140.6 sq.m)	Operation site	36	Cost	80,000	99 years from 1984 to 2082
						Amortisation	79,999	
				Cost				
				Amortisation				
Lot No. 469, Mukim Batu Burok, Kuala Terengganu, Terengganu	Land	Leasehold	732.4 sq.m	Operation site	44	Cost	316,703	99 years 1975-2074
						Amortisation	316,702	
				Cost				
				Amortisation				
Lot PTD 1474, HS (D) 3432, Mukim Jemaluang, Daerah Mersing, Johor	Land	Leasehold	1,237 sq.m	Operation site	18	Cost	41,320	60 years 2001-2061
						Amortisation	31,162	
				Cost				
				Amortisation				



## List of Properties

held as at 31 December 2019

### TT DOTCOM SDN BHD (Cont'd)

Location	Description	Tenure	Area	Existing Use	Approximate Age (Years)	Cost (NBV) (RM)	Remarks (Amortisation)
No. Hakmilik 697, Lot 254, Mukim 07, Daerah Seberang Perai Utara, Negeri Pulau Pinang	Land	Freehold	3,974.0 sq.m	Operation site Cable Landing Station - AAE1	4	1,503,852	
GRN 215231, Lot 61850 No 12, Jalan Majistret U1/26, HICOM Glenmarie Industrial Park 40150 Shah Alam	Land Building	Freehold	4,251 sq.m	Office building	2	Cost 11,252,539 Cost 7,338,612 Amortisation 183,465 Balance (nbv) 7,155,147	

### AIMS CYBERJAYA SDN BHD

Location	Description	Tenure	Area	Existing Use	Approximate Age (Years)	Cost (Nbv) (RM)
H.S.(D) 32428, P.T No. 45816, Mukim Dengkil, Daerah Sepang, Negeri SelangorDarul Ehsan	Land	Freehold	12,684 sq.m	Vacant	5	15,599,112

### AIMS DATA CENTRE SDN BHD

Location	Description	Tenure	Area	Existing Use	Approximate Age (Years)	Cost (NBV) (RM)	Remarks (Amortisation)
Lot No. 1204, Seksyen 57, P.T No 10019, Town of Kuala Lumpur, District of Kuala Lumpur	Land Building	Freehold	2,446 sq.m 11,203.9 sq.m	Data centre	1	50,000,000 Cost 45,754,320 Depreciation 76,257 Balance (nbv) 45,678,063	2% Depreciation



# Group Corporate Directory

## TIME

**TIME dotCom Berhad** (413292-P)  
**TT dotCom Sdn Bhd** (52371-A)  
No. 14, Jalan Majistret U1/26  
HICOM Glenmarie Industrial Park  
40150 Shah Alam  
Selangor, Malaysia  
Tel : +60-3-5039 3000  
Fax : +60-3-5032 0183  
Website : www.time.com.my

### Northern Region

102M, Lengkok Kg. Jawa 2  
MIEL Industrial Zone  
11900 Bayan Lepas  
Pulau Pinang, Malaysia  
Tel : +60-4-370 0000  
Fax : +60-4-370 0001

### Eastern Region

Lot 142-A  
Kawasan Perindustrian Semambu  
25350 Kuantan  
Pahang, Malaysia  
Tel : +60-9-556 0692  
Fax : +60-9-556 0691

### Southern Region

Lot 3039  
Jalan Riang 23  
Kawasan Perindustrian  
Taman Gembira Tampoi  
81200 Johor Bahru  
Johor, Malaysia  
Tel : +60-7-279 3030  
Fax : +60-7-279 3031

### East Malaysia

No. 13, Lot 10  
Lorong Burung Keleto  
Pusat Perindustrian Ngee Lim  
Batu 5, Jalan Tuaran  
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Kota Kinabalu  
Sabah, Malaysia  
Tel : +60-88-433 982  
Fax : +60-88-433 984

### TIME dotCom Japan K.K.

(0100-01-195220)  
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Chuo-ku, Tokyo 103-0022  
Japan

## TIME dotCom (Cambodia) Co., Ltd. (00034774)

Vattanac Capital Tower  
Floor 8, Unit 8, #66  
Preah Monivong Blvd  
Sangkat Wat Penh  
Phnom Penh, Cambodia

## GLOBAL TRANSIT

### TIME dotCom Global Services Sdn Bhd (formerly known as Global Transit Communications Sdn Bhd) (687793-W)

Level 4, No.14 Jalan Majistret U1/26  
HICOM Glenmarie Industrial Park  
40150 Shah Alam, Selangor, Malaysia  
Tel : +60-3-2727 8400  
Fax : +60-3-5032 0183  
Website : www.globaltransit.net

**Global Transit Limited** (LL06360)  
**Global Transit 2 Limited** (LL10521)  
**Global Transit 3 Limited** (LL10761)  
**Global Transit 5 Limited** (LL10766)  
Lot A020, Level 1, Podium Level  
Financial Park, Jalan Merdeka  
87000 Labuan  
Sabah, Malaysia  
Tel : +60-8-742 7745  
Fax : +60-8-742 8845

**Global Transit Singapore Pte Ltd**  
(200504384-K)  
101 Thomson Road  
#06-01, United Square  
Singapore 307591  
Tel : +65-6829 5475  
Fax : +65-6829 5301

**Global Transit (Hong Kong)  
Limited** (963139)  
Room 1301, 13/F  
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## AIMS

### AIMS Group of Companies

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Fax : +60-3-2031 8948  
Website : www.aims.com.my

### AIMS Data Centre Pte Ltd (200509374Z)

336, Smith Street  
#05-310 New Bridge Centre  
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Tel : +65-6513 0265  
Fax : +65-6333 0665  
Website : www.aims.com.my

### AIMS Data Centre (Thailand) Limited (0105562127716)

123 Sun Towers Building B  
35th-37th Floor  
Vibhavadee Rangsit Road, Chomphon  
Chatuchak  
Bangkok 10900, Thailand

## HOTLINE

### For General or Product Enquiries

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