



ANNUAL REPORT 2020

INNITY CORPORATION BERHAD

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CORPORATE PROFILE



ABOUT INNITY GROUP

Innity Corporation Berhad and its subsidiaries (“INNITY Group”) is the leading online advertising company in Asia that provides data-driven, interactive online marketing solutions and technologies for advertisers and publishers.

Established in 1999, INNITY Group has a strong foothold in the South East Asian market. INNITY Group solutions provide a combination of the best features of rich media, data-driven targeting, creative programmatic ads, ad-serving, innovative payment models and high-quality user engagement to publishers and some of the world’s largest brands and advertising agencies. INNITY Group has presence in Malaysia, Singapore, Indonesia, Vietnam, Philippines, Taiwan, South Korea, Hong Kong, Cambodia and Myanmar, with over 300 staff in total.

All in all, INNITY Group provides a diverse range of interactive online marketing solutions such as:

- Display advertising
- Video advertising
- Mobile advertising
- Wi-Fi advertising
- Influencer marketing
- Advenue Data Management Platform
- Self-service advertising platform
- Performance and engagement-based advertising solutions
- Programmatic Buying Solutions, Real-Time bidding

INNITY Group is committed to constantly explore online marketing opportunities through our versatile combination of online media proficiency, industry clout, cutting-edge technology as well as sophisticated modelling and analytical tools.

2020 in Numbers



Total Active Advertisers to Date

1,689



Total Publishers to Date

3,120



Total Influencers

10,000+



Total Campaigns

3,815



Total Impressions Captured

3.3 Billion+



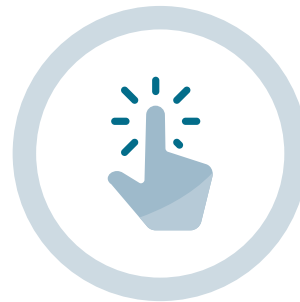
Total Programmatic Impressions

294 Million+



Total Engagements

120 Million+



Total Clicks

24 Million+

Certifications:



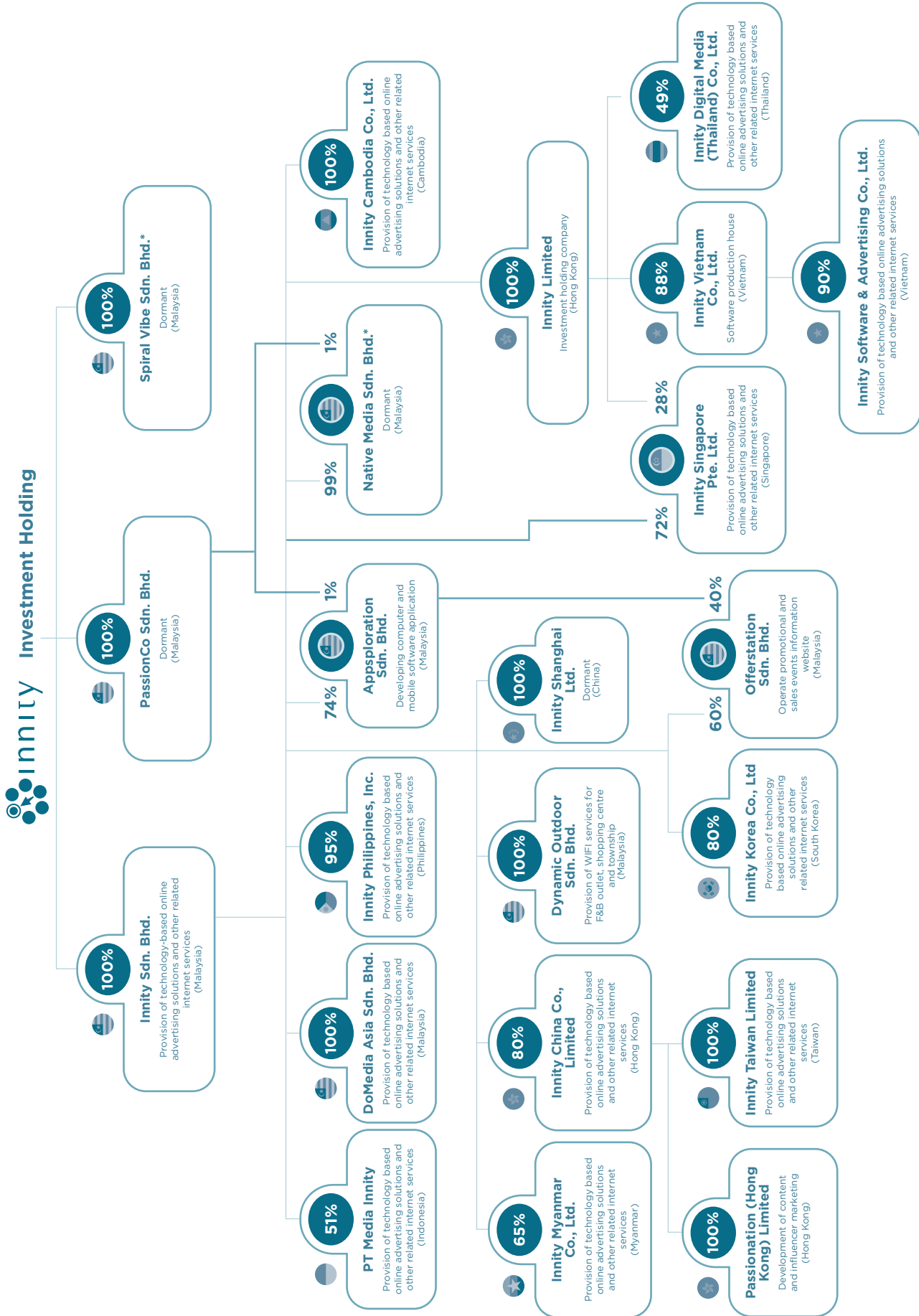
Member of:



Verified by:



CORPORATE STRUCTURE



* The Companies have been placed under voluntary members' striking off during the financial year ended 31 December 2020 and the voluntary members' striking off was completed on 16 March 2021.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Phang Chee Leong
Executive Chairman

Looa Hong Tuan
Managing Director

Wong Kok Woh
Executive Director

Seah Kum Loong
Executive Director

Shamsul Ariffin Bin Mohd Nor
Independent Non-Executive Director

Fung Kam Foo
Independent Non-Executive Director

Cheong Chee Yun
Independent Non-Executive Director

Gregory Charles Poarch
Non-Independent Non-Executive Director

Liong Wei Li
Alternate Director to Gregory Charles Poarch

Michihiko Suganuma
Non-Independent Non-Executive Director

Kento Isshiki
(resigned on 24 August 2020)
Alternate Director to Michihiko Suganuma

Rieko Yoshikawa
(appointed on 24 August 2020)
Alternate Director to Michihiko Suganuma

AUDIT AND RISK MANAGEMENT COMMITTEE

Shamsul Ariffin Bin Mohd Nor
(Chairman)
Cheong Chee Yun
Fung Kam Foo

REMUNERATION COMMITTEE

Fung Kam Foo
(Chairman)
Shamsul Ariffin Bin Mohd Nor
Phang Chee Leong

NOMINATING COMMITTEE

Fung Kam Foo
(Chairman)
Shamsul Ariffin Bin Mohd Nor
Cheong Chee Yun

COMPANY SECRETARIES

Wong Wai Foong
(MAICSA 7001358)/
(SSM PC No. 202008001472)
Fong Seah Lih
(MAICSA 7062297)/
(SSM PC NO. 202008000973)
(appointed on 24 August 2020)
Tham Yin Tong
(MAICSA 7049718)/
(SSM PC NO.202008001314)
Te Hock Wee (MAICSA 7054787)/
(SSM PC NO.202008002124)
(resigned on 24 August 2020)

AUDITORS

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

LEGAL ADVISORS

Foong Cheng Leong & Co
Lot No. 1.3.26, 3rd Floor
Pearl Point Shopping Mall
58000 Kuala Lumpur
Tel : 603-7987 9495
Fax : 603-2034 9495

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
197101000970 (11324-H)
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 603-2783 9299
Fax : 603-2783 9222

PRINCIPAL BANKERS

HSBC Bank Berhad
OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad
Public Bank Berhad

REGISTERED OFFICE

Unit 30-01, Level 30
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 603-2783 9191
Fax : 603-2783 9111

BUSINESS OFFICE

Headquarters
C501 & C502, Block C
Kelana Square
17, Jalan SS 7/26, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7880 5611
Fax : 603-7880 5622
Email : enquiry@innity.com

STOCK INFORMATION

Bursa Malaysia - ACE Market
Bursa Malaysia Code: 0147
Reuters Code : INNY.KL
Bloomberg Code : INNC:MK

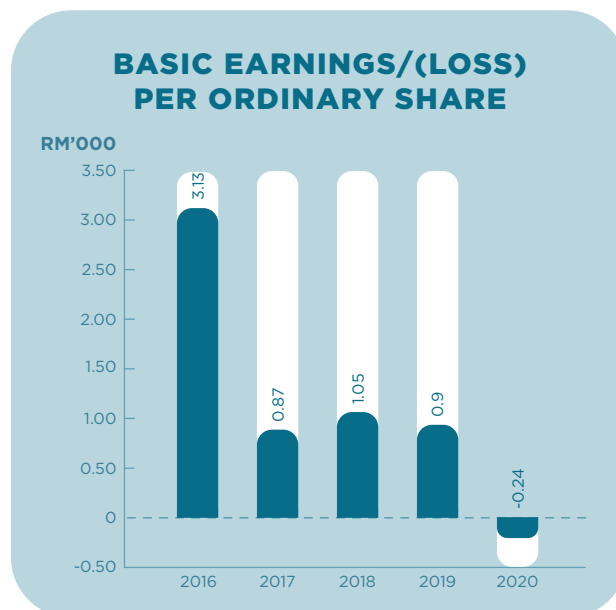
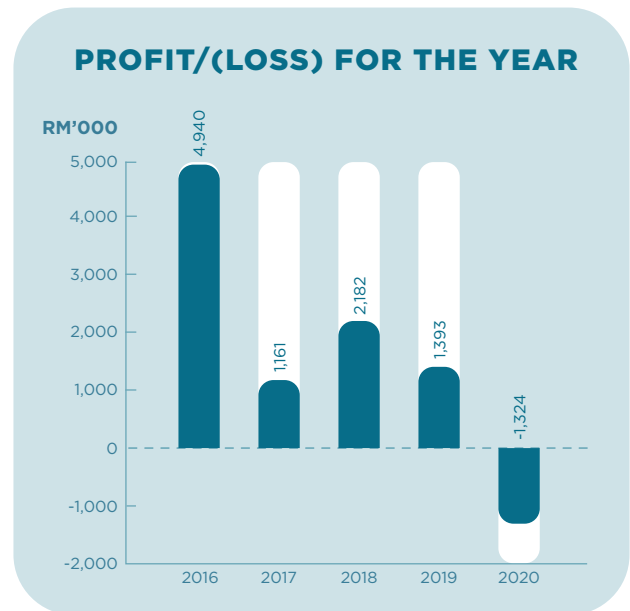
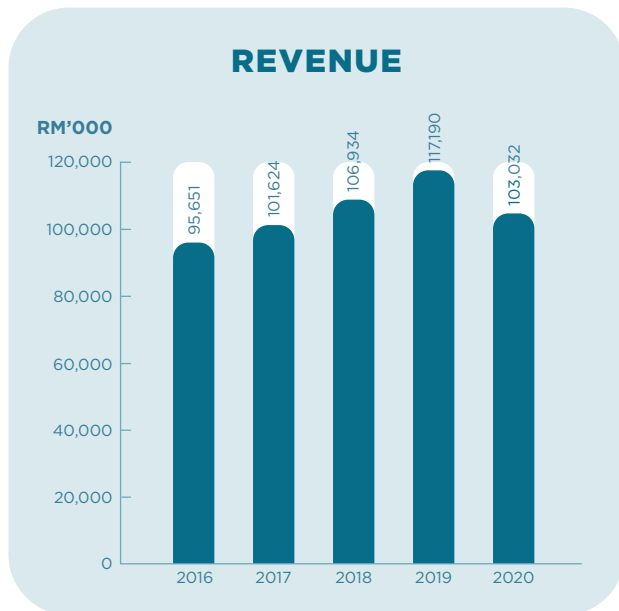
WEBSITE

www.innity.com

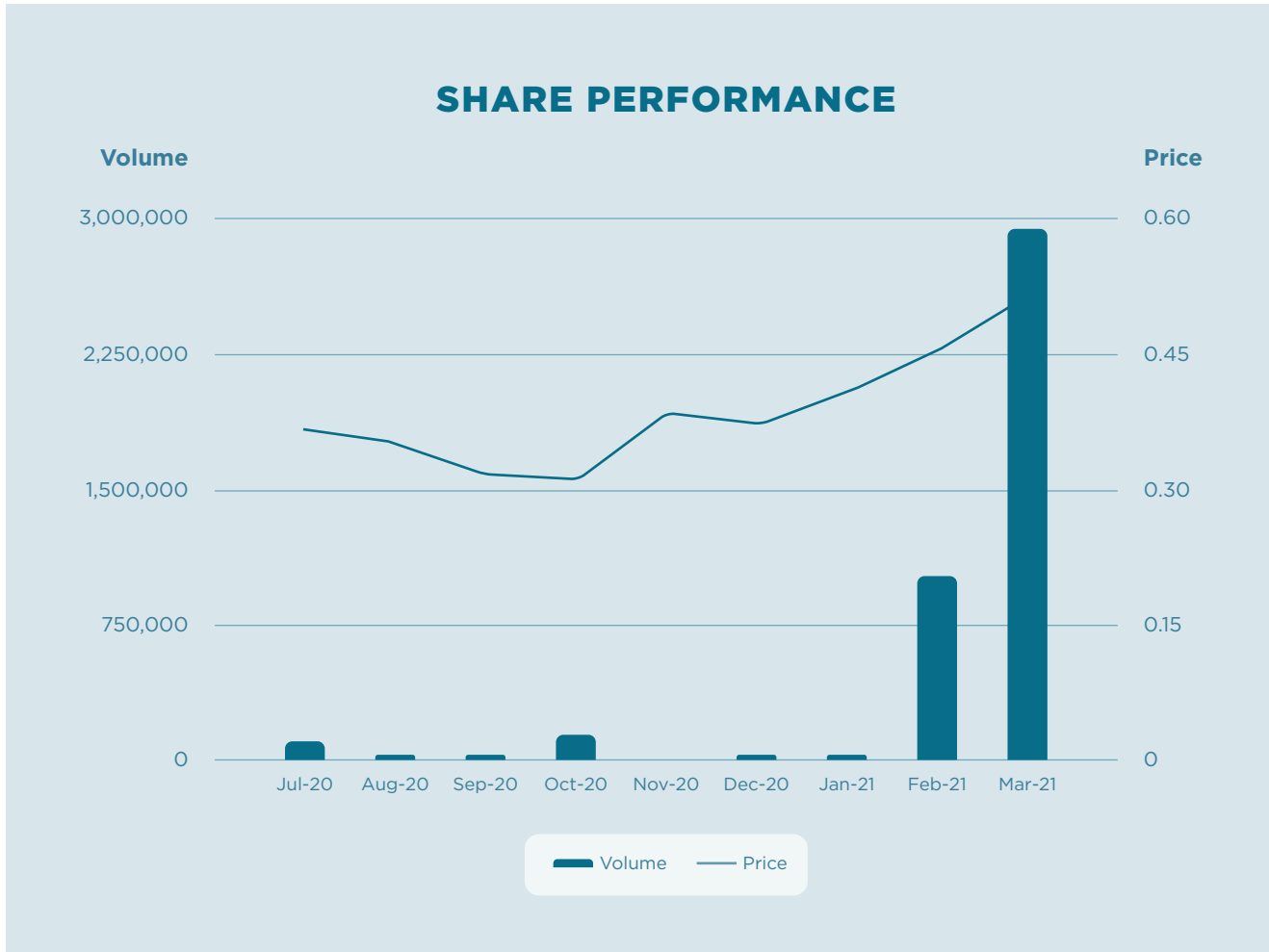
5-YEAR GROUP FINANCIAL HIGHLIGHTS

Financial Year Ended 31 December

AUDITED					
	2016	2017	2018	2019	2020
Revenue (RM'000)	95,651	101,624	106,934	117,190	103,032
Profit/(Loss) for the year (RM'000)	4,940	1,161	2,182	1,393	-1,324
Basic Earnings/(Loss) per ordinary share (sen)	3.13	0.87	1.05	0.90	-0.24



SHARE PERFORMANCE



MARKET VALUE RATIO

At 31 March 2021

Market capitalisation : RM68.9 million

Price / Book value : 2.28x

DIRECTORS' PROFILE

Phang Chee Leong

Executive Chairman

*Member of the
Remuneration
Committee*

Malaysian, aged 50 (M)

Phang Chee Leong was appointed as the Executive Chairman on 28 April 2008. He graduated with a Bachelor of Science Degree in Microelectronics from Campbell University, USA in 1995. He started his career as a software engineer with PC Automation Sdn Bhd, a company involved in industrial automation.

Moving on, he joined Asia Connect Sdn Bhd as a senior software architect and technical manager where he was involved in video streaming, testing and deployment of new technology. Subsequently in 1997, he joined Consortio, a US company that implemented large-scale e-business solutions. In 1999, he co-founded Innity Sdn Bhd ("ISB") and took on the position of Chief Executive Officer / Chief Technology Officer. Through his 23 years of experience in the digital industry, Mr. Phang has been a visionary for the company, helping to develop Innity over the years into a leading provider of online interactive marketing technologies.

Mr. Phang's continuous enthusiasm and zeal to look beyond the ordinary has been a key factor in facilitating the company's growth. He is deeply involved in directing product development and R&D strategies in order to ensure that all future developments are integrated with cutting edge technology so as to deliver value-added and optimised digital advertising solutions. He does not hold any other directorship of public companies.

Mr. Phang attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2020.

Looa Hong Tuan was appointed as the Managing Director on 28 April 2008. He graduated with a Bachelor of Science Degree in Microelectronics from Campbell University, USA in 1995. He started his career as the Head of Sales Department in Jebesen & Jessen, a Danish multinational video conferencing, streaming and networking company and has since been involved in a number of projects across various industries, such as e-learning, e-government and telemedicine. In 1999, he co-founded ISB and took on the position of Sales and Marketing Director and has helped the company to grow multifold over the years.

He is responsible for leading the sales and marketing team in pitching for new online advertising campaigns, establishing relationships with various online publishers, and planning the Group's branding efforts while contributing extensively to the industry from the time of its inception. He currently heads the sales and marketing team. He is also involved in the Group's business development together with Phang Chee Leong. He does not hold any other directorship of public companies.

Mr. Looa attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2020.

Looa Hong Tuan

Managing Director

Malaysian, aged 50 (M)

DIRECTORS' PROFILE

(CONT'D)

Wong Kok Woh

Executive Director

Malaysian, aged 50 (M)

Wong Kok Woh was appointed as the Executive Director on 28 April 2008. He graduated with a Bachelor of Science Degree in Microelectronics from Campbell University, USA in 1995. Upon his graduation from university, he joined Nokia Malaysia as a wireless network-planner under the client-servicing department, where he was in charge of handling and implementing numerous GSM phone network projects across the Asia Pacific region.

After a few internal promotions, he left Nokia Malaysia in 1999 as Jiang Xi's province network planning manager. Moving on, he co-founded ISB in 1999 and took on the role as Client Services Director. His job scope entails the implementation and streamlining of daily workflow processes in order to ensure timely and efficient communications with clients to deliver quality work of the highest standards.

He plays a critical role in the account management for clients, due to his vast experience in the campaign management of large scale projects. He also works closely with the R&D team to ensure development efforts are consistent with prospective client requirements. He does not hold any other directorship of public companies.

Mr. Wong attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2020.

Seah Kum Loong was appointed as the Executive Director on 28 April 2008. He obtained an Advanced Diploma in Advertising and Design from the Lim Kok Wing Institute of Creative Technology. Following his graduation, he joined Asia Connect Sdn Bhd as a design executive from 1996 to 1998. In 1998, he moved on to Mcities Sdn Bhd, a leading online music entertainment portal as their Creative Director.

He later joined Labtyd Sdn Bhd, a leading local advertising agency, as an Art Director, where he was part of a team in designing and producing advertisements catering to specific customer needs. He has vast experience in multiple aspects of the design process, encompassing traditional branding, brand identity and packaging to conceptual interface development. In 1999, he co-founded ISB and was appointed as Creative Director. He currently heads the design department and is in charge of leading and managing the various designers to ensure consistent design output of the finest quality.

He is also actively involved with the Group's R&D efforts due to his insights of the ad creation process, current online advertising design trends and the technologies used to create these ads. His job requires him to communicate and fully understand specific needs of clients and then designing an advertisement that accurately represents the client's business. He does not hold any other directorship of public companies.

Mr. Seah attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2020.

Seah Kum Loong

Executive Director

Malaysian, aged 49 (M)

DIRECTORS' PROFILE

(CONT'D)

Shamsul Ariffin Bin Mohd Nor

*Independent
Non-Executive Director*

*Chairman of Audit and Risk
Management Committee*

*Member of the Remuneration
and Nominating Committees*

Malaysian, aged 75 (M)

Shamsul Ariffin Bin Mohd Nor was appointed as the Independent Non-Executive Director on 30 April 2008. He holds a Bachelor of Arts (Honours) Degree from Universiti Sains Malaysia and a Masters in Business Administration from Universiti Kebangsaan Malaysia.

He has served in various capacities in the public service including as Assistant Secretary and Principal Assistant Secretary to the Ministry of Land & Regional Development, Senior Assistant Director to the Director General Land & Mine Department and Director of Enforcement Road Transport Department, Malaysia.

He was also a board member of Perbadanan Niaga FELDA, NARSCO Bhd, NASPRO Sdn Bhd, NARSCO Properties Sdn Bhd, NARSCO Management Services Sdn Bhd and Commercial Vehicle Licensing Board. He is currently the Executive Director of See Hup Consolidating Berhad and also holds directorship in several private companies.

Encik Shamsul attended five (5) out of six (6) Board Meetings of the Company held during the financial year ended 31 December 2020.

Fung Kam Foo was appointed as Independent Non-Executive Director to our Board on 1 August 2019. He obtained Bachelor of Computer Science and Business Administration (Honours) from University of Guelph, Ontario, Canada in 1984.

Mr. Fung is a well-respected figure in the ICT industry, having worked in various sub-sectors of the industry for more than 30 years. Mr. Fung is currently the SVP of Strategic Business of i-Serve Group. Mr. Fung was the CEO of PIKOM (The National Tech Association of Malaysia) from October 2018 to September 2019. He was also with PIKOM as an Executive Director from 1994 to 2000 before embarking on an entrepreneurial journey to start his own company, permission.com, an email marketing company in the year 2000 and later on to become the CEO of txt123, a Maybank Associate company in the year 2001. He also worked in MNCs including Digital Equipment Corp, the second largest global computer company in the 1990s.

Prior to his return to PIKOM in the year 2018, Mr.Fung held the position of Senior Manager for Enterprise Development Division at the Malaysia Digital Economy Corporation (MDEC) and was the founding team member of MDEC Global Acceleration and Innovation (GAIN) programme focusing on globalising selected high-growth Malaysian tech companies. He was instrumental in spearheading his team to turn around a then loss-making PIKOM in the 90s, into a profitable, vibrant and respected industry association by the time he left in 2000. In recognition of his work at PIKOM, he was selected as one of Malaysia' top 50 local IT Personalities by the Computerworld Magazine. He does not hold any other directorship of public companies.

Mr. Fung attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2020.

Fung Kam Foo

*Independent Non-Executive
Director*

*Chairman of Nomination and
Remuneration Committee*

*Member of the Audit and Risk
Management Committee*

Malaysian, aged 57 (M)

DIRECTORS' PROFILE

(CONT'D)

Cheong Chee Yun

*Independent
Non-Executive Director*

*Member of the Audit and
Risk Management
Committee and
Nominating Committee*

Malaysian, aged 59 (M)

Cheong Chee Yun was appointed as Independent Non-Executive Director on 27 September 2018. He is a Chartered Accountant member of the Malaysian Institute of Accountants, a member of the Certified Practising Accountant Australia (CPA Australia) and also a member of the Asian Institute of Chartered Bankers.

In the year 1985, he graduated with a Bachelor of Accounting (Hons) from Universiti Malaya. In the same year, he started his career as an executive officer with RHB Bank Berhad (formerly known as D&C Bank). He was involved in all branch operational aspects, corporate banking, trade financing and international banking matters and last held a managerial position. Thereafter, he joined a PC assembly and monitor manufacturer, KT Technology Sdn Bhd as Financial Controller in the year 1998. He then joined a software development and system integration company known as Object Solutions Sdn Bhd as director in the year 1999. In the year 2001, he joined Saferay (M) Sdn Bhd, a manufacturer and exporter of architectural mouldings as an executive director. In the year 2003, he was also appointed as a non-executive director in CS Opto Semiconductors Sdn Bhd but had resigned in the year 2012. In the year 2006, he was appointed as operational director in Eastmont Sdn Bhd, a building construction services company. He has since resigned in November 2018.

In year the 2012, he joined Enco Holdings Sdn Bhd, a biomass thermal energy solutions provider as Head of Finance & Corporate Affairs and is now an executive director of the company. He is also a director of Kencana Bio Energy Pte Ltd, Singapore, a biomass power generation company. Moreover, he holds the post of independent non-executive director for Samchem Holdings Berhad and ManagePay Systems Berhad currently.

Mr.Cheong attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2020.

Gregory Charles Poarch was appointed as the Non-Independent Non-Executive Director on 19 August 2009. He graduated with a Bachelor of Science in Accounting from Southwestern Oklahoma State University, USA in 1988. He commenced his career in 1988 as a Senior Auditor with Finley & Cook, Certified Public Accounting Firm.

Moving on, he joined Occidental Petroleum Corporation as an Audit Supervisor. Subsequently in 1996, he joined MEASAT Broadcast Network Systems Sdn. Bhd. as a Project Manager. He was promoted to Senior Manager level in 1997. He joined the JobStreet.com group in 2000 and took on the position of Vice President, Finance & Administration. With the listing of the JobStreet group in November 2004, he became the Chief Financial Officer of JCBNext Berhad. He does not hold any other directorship of public companies.

Mr. Poarch attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2020.

Gregory Charles Poarch

*Non-Independent
Non-Executive Director*

American, aged 56 (M)

DIRECTORS' PROFILE

(CONT'D)

Liong Wei Li

*Alternate Director to
Gregory Charles Poarch*

Malaysian, aged 36 (M)

Liong Wei Li was appointed as the Alternate Director to Gregory Charles Poarch on 26 August 2019. He received his Bachelor of Economics from University of Malaya in 2008 and a Masters of Philosophy in Economics from University of Cambridge, United Kingdom in 2012. Mr Liong also holds a Bachelor of Laws degree from University of London (external), United Kingdom and obtained the Certificate of Legal Practice in 2010. He commenced his career as a research associate at Institute of China Studies and Faculty of Economics, University of Malaya. He joined JcbNext Berhad (formerly JobStreet Corporation Berhad) as the Special Officer to the Chief Executive Officer in the year 2012. He was then being promoted to Acting Chief Executive Officer in the year 2021. Mr. Liong is a holder of Chartered Financial Analyst (CFA), Chartered Alternative Investment Analyst (CAIA Charter), and Certificate in Investment Performance Measurement (CIPM) designations. He does not hold any other directorship of public companies.

Michihiko Suganuma was appointed as principal Director on 1 April 2017. He graduated with a Bachelor of Business from the University of Tsukuba in 2003. He started his career in International Marketing at Pioneer Corporation. In 2006 he joined D.A.Consortium, Japan's leading online media representative, and focused on identifying and partnering with ad tech companies for strategic entry into the Japanese market. In 2015, he was promoted to the Head of the Global Business Group and Executive Officer. In this role, he develops business strategy in the oversea market which includes implementing regional marketing and sales plan and identifying fitting local partners to provide technology solutions and media products. He has spoken at many events including ad:tech in Tokyo, Singapore and New Delhi. He does not hold any other directorship of public companies.

Mr. Michihiko attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2020.

Michihiko Suganuma

*Non-Independent Non-
Executive Director*

Japanese, aged 42 (M)

Rieko Yoshikawa

*Alternate Director to
Michihiko Suganuma*

Japanese, aged 41 (F)

Rieko Yoshikawa was appointed as the Alternate Director to Michihiko Suganuma on 24 August 2020. She received her Bachelor of Policy Studies from Kwansei Gakuin University in 2002 and a Masters of Policy and Management from Doshisha University in 2004. She started her career as Media Planner at D.A.Consortium Inc. from year 2004 to 2008. She then took up the role of Accounting Supervisor at D.A.Consortium Inc. from year 2008 to 2014. She is now the Director of Corporate Strategy Group at D.A.Consortium Inc. since 2014, Director CFO at D.A.C Tech Vietnam Joint Stock Company since 2017, Manager of Global Business Management Group at D.A.Consortium Inc. since 2018 and CFO at DAC Data Science Vietnam Co. Ltd since 2019. She does not hold any other directorship of public companies.

Notes:

Save as disclosed above:

1. None of the Directors have family relationships with any other Director and/or major shareholder of the Company.
2. None of the Directors have been convicted of any offences within the past five years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
3. None of the Directors have any conflict of interest with the company.
4. Gender of Directors are represented by (M) Male, (F) Female.

KEY SENIOR MANAGEMENT'S PROFILE

The Key Senior Management in FY 2020 comprises Mr. Phang - Executive Chairman of Innity Corporation Berhad and Chief Executive Officer of Innity Sdn Bhd ("ISB"); Mr. Looa - Managing Director of Innity Corporation Berhad and Sales and Marketing Director of ISB; Mr. Wong - Executive Director of Innity Corporation Berhad and Client Services Director of ISB; and Mr. Seah - Executive Director of Innity Corporation Berhad and Creative Director of ISB are included under the Directors' profiles on (page 8 to page 12) in the Annual Report 2020 and the following persons:

Chow Tat Kee

*Corporate Strategy Director
Malaysian, aged 55 (M)*

Chow Tat Kee is the Director of Corporate Strategies of INNITY group of companies. He obtained a Diploma in Financial Accounting from Kolej Damansara Utama in year 1990. From the year 1991 to year 1994, he worked as an auditor with Kassim Chan & Co (now known as Deloitte KassimChan & Co), where he was involved in the auditing of companies in various industries such as trading and services, manufacturing, banking and finance, stock broking, petroleum and property development. In year 1994, he left Deloitte Kassim Chan & Co as an Audit Senior to join Pilecon Engineering Berhad as the Personal Assistant to the Operations Director. Subsequently, he joined Syarikat Binaan Budi Sawmill Berhad (now known as SBBS Consortium Berhad) in year 1996 as an accountant. He left in the year 1997 to join Cheetah Holdings Berhad as the Finance and Administration Manager. In year 2005, he joined ISB as Financial Controller and subsequently became the Finance Director of INNITY group in year 2008. He was re-designated to the current position on the 25 February 2013. His current responsibilities in INNITY group of companies include establishing the Group's key thrusts and performance targets, effecting of organisation-wide planning cycle as well as the allocation of resources within the Group to optimise corporate performance.

Ng Eng Tat

*Head of Technology Development
Malaysian, aged 38 (M)*

As Head of Technology, Eng Tat is responsible for INNITY's global technology organisation, including product development, architecture, platform innovation, engineering and technology operations. Since joining ISB in August 2005, Eng Tat has held several technical roles transforming the engineering organisation and managing platform scaling to enterprise standards. Prior to ISB, Eng Tat worked at Jobs and More, a UK based job recruitment company, and co-founded a game company focusing on South East Asia market. He has a Bachelor Degree in Software Engineering and Games Design from Multimedia University, where he specialised in marrying both art and engineering.

KEY SENIOR MANAGEMENT'S PROFILE

(CONT'D)

Simon Ong

*Director, Appsploration Sdn Bhd
Malaysian, aged 47 (M)*

Simon was appointed as a Director to Appsploration Sdn Bhd, a subsidiary of INNITY in July 2013, focused on the development of mobile ad products. As a B.Sci Computer Science graduate from Queen Mary & Westfield College, University of London, Simon began his career at EACgraphics developing educational touch screen kiosks in year 1996. He went on to join Asia Connect Sdn Bhd and Consortio Sdn Bhd to pursue his interest in web/internet software development. Later, he started his own software development business and joined WapNet Interactive Solutions Sdn Bhd as a shareholder and developed software for plasma touch screen kiosks with an advertising scheduling and distribution system for shopping malls.

Edward Lum

*Head of Creative & Design
Malaysian, aged 42 (M)*

Edward graduated from the Central Academy of Arts with a Diploma in Graphic Design in year 2000. Edward started his career as a self-taught web designer for a prominent digital publisher. In the year 2001, he joined ISB as a creative designer rising through the ranks to be lead designer focusing on web development, UI and UX as well as product development in the area of digital advertising. He left ISB in the year 2006 and held the position of senior designer at OfferStation Sdn Bhd responsible for maintaining the content and marketing of the brand. Edward re-joined ISB in year 2009 as a Head of Creative & Design in charge of branding and creative development of INNITY's ad solution as well as heading the creative production team together with the marketing team.

Yap Soon Kim

*Chief Financial Officer
Malaysian, aged 47 (F)*

Yap Soon Kim graduated from Association of Chartered Certified Accountants (ACCA) and is a member of Malaysia Institute of Accountants (MIA). She has more than 20 years of experience in the areas of accounting, taxation and finance. She had previously held senior positions in several private companies and Public Listed companies. She started her career as audit associate and involved in auditing of trading, services, construction and manufacturing sectors. From year 2004 to 2006, Ms Yap held Accountant position in Kumpulan H&L Berhad in charged of group reporting and subsequently promoted to Finance Manager in charged of a subsidiary's financial management and taxation. Prior joining Innity, she was attached with PECD Berhad, in charge of group reporting. She joined ISB in February 2009 as a Finance Manager in charged of group reporting, in year 2011 she was re-designated to Group Finance Manager and undertaking financial management, group reporting, taxation, treasury and compliance roles. Subsequently on 25 February 2013, she was promoted as Chief Financial Officer of INNITY Group.

Notes:

Save as disclosed above:

1. None of the Key Senior Management have family relationships with any other Director and/or major shareholder of the Company.
2. None of the Key Senior Management have been convicted of any offences within the past five years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
3. None of the Key Senior Management have any conflict of interest with the company.
4. Gender of Key Senior Management are represented by (M) Male, (F) Female.

EXECUTIVE CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors ("the Board") of Innity Corporation Berhad ("INNITY" or "the Company"), it gives me great pleasure to present the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2020.

ECONOMIC OVERVIEW

It could be said that 2020 has truly been a turbulent year for many. This has not been the start of a highly promising decade that everyone had envisioned it to be. The International Monetary Fund ("IMF") has torn up its growth forecasts as the Covid-19 outbreak hits the world economy in January 2020.

The impact from lockdown or circuit-breaker measures to curb the rampant spread of the virus has severely weakened global economies. To avoid the economic collapse, several countries in Asean and Far East have taken significant measures to provide an economic safety net for citizens and businesses in distress, including through direct cash disbursements and grants, short and medium-term loans, deferment of loan payments, wages subsidy and tax rebate. These measures have provided a short-term breather to most businesses and individuals.

The Malaysian economy has remained weak throughout 2020. After recording a smaller contraction of 2.7% in the third quarter of 2020 (second quarter of 2020: -17.1%) (Source: Bank Negara Malaysia), the momentum of recovery in the fourth quarter of 2020 was abruptly halted, in January 2021, with the spite in resurgence of Covid-19 cases weighing heavily on economic, health and social activities. For the full year of 2020, the Malaysian economy recorded a contraction of 5.6% (2019: growth of 4.3%).

Despite the setback, policy stimulus continues to provide support to economic activities in Malaysia. The Government's containment measures are expected to jump-start the economy predicated on the following key reasons:

- a. The impact of the current second Movement Control Order on businesses is construed as less severe because major economic sectors such as Manufacturing, Construction, Plantations/Commodities, Trade/Distribution and Professional Services were allowed to operate subject to strict compliance of standard operating procedures;
- b. Relief assistance from banks/financial institutions to individual and corporate borrowers such as the 6-month loan moratorium, Prihatin wage subsidies, Penjana and various tax incentives under Budget 2021;
- c. Low interest rate environment with the Overnight Policy Rate ("OPR"), currently at 1.75%, is one of its lowest rates. Lower OPR results in lower interest rates thus, allowing consumers and businesses to access bank loans at lower borrowing cost hence, incentivising increased spending and investment;
- d. The effectiveness of the Covid-19 vaccines which have been extensively hailed as a "band-aid" solution to curb the spread of the deadly virus;
- e. Fuel prices continued to remain steady after a significant 25% average drop in crude oil prices occurred in March 2020. Reasonably cheap fuel prices will witness a rise in motor vehicle traffic especially after the Covid-19 vaccinations were started in March 2021.

EXECUTIVE CHAIRMAN'S STATEMENT

(CONT'D)

ECONOMIC OVERVIEW (CONT'D)

Covid-19 is still part of our daily life and continues to dominate the global landscape. However, there has been considerable progress in containing the global pandemic, underpinned by vaccination rollouts in many countries, including Malaysia, and signaling a gradual return to normalcy.

Driven by the increasing pace for adoption of the internet worldwide and faster broadband speeds, mobile devices and services would continue to fuel an upsurge in household broadband penetration rate in Malaysia – which was at 90.8% (2018: 87.4%) as of the second quarter of 2019 (Source: Statista Research – 28 July 2020). This encouraging growth trend will be further boosted by the Government's 5-year National Fiberisation and Connectivity Plan announced in August 2019 – under which Malaysians across the urban-rural divide are poised to enjoy high-quality and affordable digital connectivity. In addition, the lockdown or circuit-breaker measures implemented under the first Movement Control Order, from 18 March 2020 to 12 May 2020, saw a significant increase in online traffic from the 'Work From Home' demographic – as most were working in self-isolation from home instead of in the office. Finally, the imminent rollout of the 5G networks will inevitably accelerate the overall broadband penetration rate in Malaysia to reach 100% by 2025 (Source: Ministry of Communications and Multimedia).

FY2020 PERFORMANCE

Business conditions in the business units located in Asean and Far East were extremely challenging in financial year ended 31 December 2020 ("FY2020") especially in 1Q20 ("First Quarter 2020") and 2Q20 ("Second Quarter 2020") with the onset of the Covid-19 outbreak and resurgence of cases. Nevertheless, our group losses were minimised from RM6.09 million loss after tax ("LAT") in first six months of FY2020 to RM1.32 million LAT in FY2020 (FY2019: Profit After Tax 1.39 million).

As business conditions were increasingly tough particularly, in the 1Q20 and 2Q20, a significant portion of brainstorming sessions were focused on re-strategising and re-positioning INNITY's overseas presence and market share particularly, in traditional markets such as Singapore and Malaysia and growth markets like the Philippines, Indonesia, Hong Kong/China and Vietnam. The re-strategising and re-positioning had a positive impact in consolidating INNITY's position as a leading one-stop online ad solutions provider in these regions.

A detailed discussion of the Group's financial performance in 2020 is found under the Management Discussion and Analysis section in the ensuing pages.

BUSINESS OUTLOOK

The overall impact of the Covid-19 pandemic on global economies, at least in 2021, may not be known anytime soon. Timeliness and effectiveness of vaccines as well as the actions of policymakers, would prevent a worldwide recession in all major and emerging market economies.

Going into 2021, business confidence in Southeast Asia remains cautiously optimistic in the shadow of Covid-19. The Malaysian economy is expected to recover with growth ranging from 6.0% to 7.5% (Source: Bank Negara Malaysia Annual Report 2020) ("BNM"). According to BNM, Malaysia's integration in fast-growing segments of global value chains, accommodative monetary policy and diversified external trade structure, as well as continued policy support would be key drivers of a resilient and sustained economic rebound in 2021.

EXECUTIVE CHAIRMAN'S STATEMENT

(CONT'D)

BUSINESS OUTLOOK (CONT'D)

Despite the uncertain but optimistic outlook facing us in 2021, INNITY will actively focus on:

- a. Digital marketing technology using its vast experience and knowledge in R&D;
- b. Discovering viable business opportunities particularly in its overseas network;
- c. Leveraging on the Government's containment measures and other economic drivers to jump-start the domestic economy;
- d. Maintaining cordial and long-term customer relationships to ensure continuity of business;
- e. Continuing to secure new business and/or customers to minimise our risk of dependency on a handful of major customers;
- f. Improving credit control and credit recovery procedures on long outstanding trade receivables which are considered as high business risk; and
- g. Embracing cutting edge technologies such as data-driven IoT - which will lead to our versatile combination of sustainable high-impact, media modeling and analytical solutions that are reasonably priced and rapidly executed.

CORPORATE GOVERNANCE

INNITY is committed to conducting its businesses in full compliance with the legal and regulatory jurisdictions under which it operates. The Group conducts its businesses professionally with the utmost integrity and corporate governance.

In achieving a high level of corporate governance best practices to protect and enhance shareholder value, the Board is fully supportive of the recommendations of the Malaysian Code on Corporate Governance ("MCCG 2017") and, where appropriate, has taken the necessary steps to embrace and adopt the "Comprehend, Apply and Report" ("CARE") approach as set out in the latest MCCG 2017 ("the Code").

As we face uncertain economic times in the coming years, we have sought to identify and strengthen governance weaknesses, refined our analysis of the online marketing space and further stepped up our development and compliance to boost sustainable growth.

In line with the Code, a Corporate Governance Report ("CG Report") and Corporate Governance Overview Statement ("CG Overview Statement") have been prepared and approved by the Board. They provide an account of the Group's application of the 3 Principles espoused in the Code. Where relevant, the Group's focus areas and future priorities are presented in relation to its Corporate Governance practices.

The Board adopts a zero-tolerance approach towards any form of corruption, bribery or other improper payments in any of its business operations. In compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and in light of amendments to the ACE Market Listing Requirements relating to Anti-Corruption and Whistle-Blowing, the CG Overview Statement outlines clear guidelines and procedures of these policies with the aim of promoting better governance culture and ethical behavior within INNITY as well as provide greater accountability and transparency to investors.

EXECUTIVE CHAIRMAN'S STATEMENT

(CONT'D)

CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

INNITY's CSR commitment of building long-lasting, mutually beneficial relationships with our stakeholders and the society at large within the spirit of appreciation, were temporarily curtailed following the outbreak of the COVID-19 pandemic in 2020.

- Notwithstanding the temporary hiccup, INNITY adopted its in-house product called Passionation – a media network and influencer marketing platform which aims to unite both Brands and Influencers utilising the best broadcasting channels. In October 2020, Passionation in collaboration with the Malaysian National Cancer Society initiated the campaign “#1 Have Checked” with the goal of getting influencers to educate and spread the importance of Self Breast Examination in support of Breast Cancer awareness. A total of 60 influencers were actively involved in spreading the message of breast cancer awareness on Instagram.

A statement detailing INNITY's actions in addressing economic, environmental and social (“EES”) risks and opportunities, in 2020, is found under the Corporate Sustainability Statement in the ensuing pages.

APPRECIATION

As Executive Chairman of the Group, I would like to extend my sincere gratitude and appreciation to my fellow Directors for their immense contribution and commitment as we continue to persevere and preserve shareholder value in these challenging times.

Under their valued guidance, I would like to express my sincere appreciation and thanks to the Management and employees of the Group for their unfailing dedication and teamwork towards achieving the Group's objectives.

Lastly, on behalf of the Board, I would like to extend our heartfelt thanks and gratitude to our shareholders, customers, business partners and bankers for placing their continuing support and trust in the Group.

Stay strong and stay safe.

PHANG CHEE LEONG
EXECUTIVE CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION & ANALYSIS

The following Management Discussion & Analysis (“MD&A”) contains data derived from audited financial statements and factual statements of INNITY and INNITY Group. It provides an overview of the Group’s business and operations and how INNITY addresses risks, foreign exchange fluctuations, impact of inflation and other economic uncertainties for the financial year ended 31 December 2020 (“FY2020”).

The MD&A should be read in conjunction with the financial statements and the accompanying notes to the financial statements. The financial statements were audited and subsequently approved and authorised for release by the Board of Directors.

1. GROUP BUSINESS AND OPERATIONS

INNITY is principally, an investment holding company. The core operations of the Group are carried out by subsidiary companies which are involved in the provision of interactive online marketing platforms and data-driven technologies for advertisers and publishers.

INNITY is a public limited liability company, incorporated and domiciled in Malaysia. INNITY’s shares are listed and traded on the ACE Market of Bursa Malaysia Securities Berhad.

INNITY Group is principally involved in providing technology-based online advertising solutions, to our customers in the Asia Pacific region, using in-house developed technology platforms. Our role in the online advertising process is to serve as a one-stop centre for advertisers and advertising agencies in offering the 3 major functions of the online advertising process, i.e., Creative, Media and Research. In essence, the Group assumes the role of the advertising agency, creative agency, media agency and researcher.

As a leading architect of origination and innovation, our strategy is to develop and consistently deliver relevant and functional technology-based online advertising solutions and other related internet services to a global audience.

We belong to an industry that is constantly evolving to be more complex and sophisticated. Frequent changes in consumer demand due to our industry’s vast client demographic and intense competition amongst the industry players inevitably leads to greater challenges. For the Group to thrive to ensure its returns are not diminished, requires continuous Research & Development (“R&D”) expertise in creating innovative and sustainable advertising solutions to stay ahead of our competitors.

Amidst Covid-19 pandemic crisis, the global economy was undoubtedly impacted. Most governments, in countries where INNITY has a presence such as Philippines, Indonesia, Malaysia, Hong Kong, Singapore and Vietnam, invoked a full lock down or circuit breaker restricting social interaction in their bid to contain the spread of the virus and to “flatten the curve” of new Covid-19 cases. As a result, INNITY’s business was disrupted in 1Q20 (“First Quarter 2020”) and 2Q20 (“Second Quarter 2020”).

Business gradually recovered in 3Q20 (“Third Quarter 2020”) and 4Q20 (“Fourth Quarter 2020”) -attributable to the change in consumer habits from offline to online. Consumers adapted to the new norm of staying indoors during the pandemic. During this challenging period, the management undertook various cost-effective measures to optimise the Group’s performance through cost control, developing new products, improving risk management and internal control procedures so as to minimise losses and improve the Group’s cashflow.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

1. GROUP BUSINESS AND OPERATIONS (CONT'D)

INNITY continues to abide by Malaysia's Covid-19 standard operating procedures ("SOP") to safeguard the health and safety of employees and stakeholders. Various SOPs were introduced as follows:

- Working from home during the lockdown period. High-risk group staff i.e., staff having pre-medical conditions and staff above 50 years of age were compelled to work from home;
- Sales and marketing staff were not allowed to step into the office after external meetings or visits;
- Limiting the number of attendees at a meeting;
- Making the wearing of masks and usage of sanitisers compulsory; and
- Splitting the departmental structure to limit the number of employees coming into the office.

a) Summary Financial Results of the Group Operations

Financial Year Ended 31 December	2020	2019	2018	%Change	%Change
	(RM'000)			2020 vs 2019	2019 vs 2018
Revenue	103,032	117,190	106,934	(12.1)	9.6
Net (loss)/profit attributed to Equity Shareholders	(329)	1,249	1,449	> (100.0)	(13.8)
Basic (loss)/earnings per share(sen)*	(0.24)	0.90	1.05	> (100.0)	(14.3)

NOTE: * Basic (loss)/earnings per share is calculated based on the net (loss)/profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares on issue for the applicable financial year.

Diluted earnings per share are not presented as there are no dilutive potential ordinary shares as at the applicable period.

b) Compliance with Applicable Accounting Standards

The financial statements were prepared in accordance with the new and revised Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of Company Act 2016 in Malaysia. Preparing consolidated financial statements requires the Board/ARMC members to make a judgement call affecting the reported amounts of assets, liabilities, revenue and expenses.

The accounting policies adopted by the Group are consistent with previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and amendments to MFRSs adopted during the financial year are disclosed on pages 158 in the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

1. GROUP BUSINESS AND OPERATIONS (CONT'D)

c) Group Review of Revenue and Profit Before Tax

Group revenue in FY2020 declined approximately 12.1% to RM103.03 million compared with RM117.19 million in FY2019. Revenue significantly declined by approximately 36.8% in the 2Q20 of FY2020 quarter-on-quarter as the onset of the COVID-19 pandemic impacted most countries including Malaysia.

Group revenue recovered from a drop in revenue of 36.8% in 2Q20 to 2.9% in the 3Q20 comparing quarter-on quarter and subsequently rebounded strongly in 4Q20 in most of the business units, except Indonesia, Hong Kong and South Korea.

In tandem with the decline in revenue, the Group recorded a loss after tax ("LAT") of RM1.32 million compared with profit after tax ("PAT") of RM1.39 million in FY2019. The loss was due to the fatal consequences of the pandemic which have caused uncertainty in the global economy. Large events were forced to be postponed or cancelled. As a result, advertisers adopted a cautious stance in their spending and advertising campaign commitments, which then led to a consequential decline in sales turnover and a huge LAT were incurred during 1Q20 and 2Q20 in most business units when the lock down/circuit breaker and social restrictions were in force. However, the Group's losses were gradually minimised in 3Q20 and 4Q20 from a LAT of RM6.09 million in first six months of FY2020 to RM1.32 million in FY2020.

In spite of the decline in revenue, gross profit margin was maintained at 41% in FY2020, as a result of INNITY's action plan and forward-looking pricing strategy during a crisis situation.

In FY2020, Other Income increased by more than three-fold, from RM0.93 million in FY2019 to RM3.43 million in FY2020. This increase was mainly attributable to Covid-19 Government Support Grants awarded to our Singapore, Hong Kong and Taiwan business units, the gain on disposal of shareholdings in an associate company, Fivestones Digital (SEA) Pte. Ltd. ("Fivestones Digital") and reclassification adjustment attributed to the disposal of another associate Company, I-DAC.

Other operating expenses consisted of Selling and Marketing expenses and Administration expenses, the former of which decreased by 32.7%, as compared to FY2019, primarily due to lesser sales and marketing related activities and travelling expenses incurred due to movement restrictions arising from the Covid-19 pandemic.

However, higher staff costs, depreciation of Property, Plant and Equipment, Right-Of-Use Assets and amortisation of development expenditure were recorded in FY2020. Staff costs recorded a slight increase of 1%. Depreciation of Property, Plant and Equipment, Right-Of-Use Assets and amortisation of development expenditure surged 14.4% and 6.7% respectively in FY2020 compared to FY2019. The surge in depreciation expenses was mainly caused by the increase in right-of-use assets depreciated over a lease term of new rented offices. Furthermore, Singapore and Taiwan business units' Right-Of-Use Assets recorded a full year depreciation in FY2020 as opposed to partial monthly depreciation incurred in FY2019 due to shorter lease tenures commenced in the previous year.

The Group's finance costs were recorded at RM0.23 million in FY2020 (FY2019: RM0.15 million). Finance costs increased marginally due to increase in interest expenses incurred on short term borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

2. FY2020 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

c) Group Review of Revenue and Profit Before Tax (Cont'd)

In FY2020, the group registered a lower share of losses from associate companies as compared to FY2019. Losses from associate companies were reduced due to lower losses incurred from Innity Digital Media (Thailand) Co. Ltd coupled with the absence of full year losses due to the disposal of Fivestones Digital.

Since the latter's disposal was completed on 31 May 2020, only five months losses were recorded in FY2020 as compared to full year losses in FY2019.

d) Segmental Results of Group Operations

Revenue

	Business Units in:	Financial Year Ended ("FYE") 31 December					
		2020		2019		2018	
		RM'000	% Change	RM'000	% Change	RM'000	% Change
1.	Malaysia	37,122	(3.7)	38,553	6.9	36,053	(1.7)
2.	Hong Kong/China	18,307	(39.3)	30,143	1.2	29,780	17.5
3.	Indonesia	3,601	(74.1)	13,896	35.0	10,292	16.6
4.	Philippines	9,498	(3.9)	9,882	28.2	7,706	16.8
5.	Singapore	13,515	(1.7)	13,753	3.7	13,264	15.3
6.	Taiwan	4,013	(10.4)	4,481	(10.5)	5,007	(30.9)
7.	Vietnam	12,285	>100.0	4,018	3.9	3,867	52.5
8.	South Korea	891	(9.9)	989	>100.0	365	>100.0
9.	Cambodia	3,583	>100.0	1,429	>100.0	237	100.0
10.	Myanmar	217	>100.0	46	(87.3)	363	(86.7)
	Total Revenue	103,032		117,190		106,934	

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

2. FY2020 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

d) Segmental Results of Group Operations (Cont'd)

(Loss)/Profit Before Tax

		FYE 31 December					
		2020		2019		2018	
Business Units in:		RM'000	% Change	RM'000	% Change	RM'000	% Change
1.	Malaysia	380	>100.0	(310)	> (100.0)	3,504	23.7
2.	Hong Kong/China	1,554	(49.1)	3,056	(23.9)	4,016	>100.0
3.	Indonesia	(1,869)	> (100.0)	(427)	> (100.0)	940	>100.0
4.	Philippines	302	(77.1)	1,320	45.7	906	>100.0
5.	Singapore	546	>100.0	197	>100.0	30	(82.8)
6.	Taiwan	(877)	> (100.0)	(216)	85.5	(1,491)	(92.1)
7.	Vietnam	143	>100.0	(554)	> (100.0)	64	>100.0
8.	South Korea	(317)	43.8	(564)	9.2	(621)	(55.3)
9.	Cambodia	157	>100.0	(26)	89.2	(240)	> (100.0)
10.	Myanmar	(249)	(9.7)	(227)	92.0	(2,841)	> (100.0)
Inter-Segment Elimination		-		-		(145)	
Total (Loss)/Profit Before Tax		(230)		2,249		4,122	

e) Country-Level Performance

Majority of the business units recorded decline in revenues in FY2020 compared to FY2019, except for Vietnam, Cambodia and Myanmar. Lower revenues were registered in the seven (7) remaining countries namely Malaysia, Hong Kong/China, Indonesia, Philippines, Singapore, Taiwan and South Korea business units. This was primarily due to the enforcement of full lockdowns, circuit breaker and/or social restrictions caused by the Covid-19 pandemic.

In tandem with the reduction in FY2020 revenues for the seven (7) countries highlighted above, lower profit before tax ("PBT") or loss before tax ("LBT") were posted in Hong Kong/China, Indonesia, Philippines and Taiwan business units. Nevertheless, business units in Malaysia, Singapore and South Korea recorded improved results despite a reduction in revenue in FY2020 compared to FY2019. The improvement in Malaysia and Singapore segments were attributed to the cost control measure undertaken for Malaysia segment and Covid-19 Government Support Grant received by Singapore segment during FY2020. In 3Q2020, the South Korean business unit was restructured, culminating in the unit generating positive results and posting a much lower LBT of RM317,000 in FY2020 (FY2019: LBT of RM564,000).

In tandem with the increase in revenues, the Vietnam and Cambodian business units experienced a turnaround in financial performance from LBT to PBT in FY2020. However, higher operating expenses incurred in the Myanmar business unit led to a further 9.7% hike in LBT despite recording an increase in revenue in FY2020 compared to FY2019.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

2. FY2020 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

Further detailed breakdown of Group revenue is as follows:

f) Revenue by Business Segments

Financial Year Ended 31 December	2020	2019	2018	%Change	%Change
	RM'000			2020 vs 2019	2019 vs 2018
Advenue Premium	65,646	70,228	67,265	(6.5)	4.3
Advenue Performance	28,708	36,910	30,530	(22.2)	20.9
Programmatic Advertising	4,010	4,885	3,906	(17.9)	25.1
Content and Production	3,847	3,764	4,336	2.2	(13.2)
Others	821	1,403	897	(41.5)	56.4
Total	103,032	117,190	106,934		

g) Significant Financial Disclosures

Liquidity

Our Group's principal sources of liquidity have been cash from operations, short-term borrowings in the form of bank overdraft and long-term borrowings in the form of term loans.

The following summarises the various sources of cash flow as at FYE 31 December 2020:

	FYE 2020	FYE 2019	FYE 2018
	RM'000	RM'000	RM'000
Net cash generated (used in)/from:			
-Operating activities	(1,861)	6,604	8,184
-Investing activities	(1,440)	(4,370)	(704)
-Financing activities	(1,258)	(1,329)	(160)
-Exchange difference	(361)	186	329
Net (decrease)/increase in cash and cash equivalents	(4,920)	1,091	7,649

Key Financial Ratios

		FYE 2020	FYE 2019	FYE 2018
a.	Trade debtors' collection period (days)	132	101	118
b.	Trade creditors' payment period (days)	148	100	123
c.	Current ratio	1.77	1.89	1.88

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

2. FY2020 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

g) Significant Financial Disclosures (Cont'd)

Trade debtors' ageing has increased to 132 days in FY2020 from 101 days in FY2019, mainly due to higher revenue generated in the tail-end of 4Q2020, resulting in most debts either current or becoming overdue within 30 days.

Trade creditors' payment period rose to 148 days in FY2020 from 100 days in FY2019. The longer payment period was mainly due to longer credit terms secured with the publishers.

The Group's cash and cash equivalents fell by 27% or RM5.0 million, from RM23.0 million in FY2019 to RM18.0 million as at FY2020. Nevertheless, the Group will continue adopting the following measures to tighten the Group cash flow in FY2021: -

- Limiting the number of overseas business units. In FY2021, there will be no expansion into other countries;
- Tightening capital and operational expenditure spending;
- Securing longer credit terms with publishers and influencers;
- Negotiate discounts from publishers or influencers demanding cash terms; and
- Collecting downpayment/upfront deposits from new customers.

Research & Development Expenses

R&D is top priority as INNITY's competitive edge relies on continuous R&D development for new product innovation and improvements in display, mobile and programmatic advertising. Total development expenditure incurred in FY2020 amounted to RM1.57 million (FY2019: RM1.86 million).

Expenditures incurred at the research phase, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are charged to profit or loss.

Expenditures incurred at the development phase are recognised as intangible assets provided the following specific criteria are met:

- i. It is technically feasible to complete the development of the intangible asset so that it will be available for use or sale;
- ii. Management intends to complete the intangible assets and use it or sell it;
- iii. Ability to use or sell the intangible asset;
- iv. It can be demonstrated how the intangible asset will generate probable future economic benefits;
- v. Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- vi. The expenditure attributable to the intangible asset during its development can be reliably measured.

The capitalised capital expenditures cover direct labour and cost of materials associated with product development and other related software use for product development activities.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

2. FY2020 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

g) Significant Financial Disclosures (Cont'd)

Income Tax Expense

Income tax expense included income tax and deferred tax. The Group incurred an income tax expense of RM1.09 million in FY2020 (FY2019: RM0.86 million).

The effective tax rate for Malaysia business unit in FY2020 was higher than the statutory tax rate, mainly due to certain expenses which were not tax deductible. Coupled with a portion of deferred tax on assets arising from tax losses incurred by certain Malaysian subsidiaries, these expenses were not recognised as tax benefits in instances where taxable profits are not available in the foreseeable future.

In FY2020, the Hong Kong and Philippines business units were subjected to statutory tax rates of 8.5% (FY2019:8.5% to 16.5%) and 30% (FY2019:30%) respectively.

Identified Risks Affecting Group Performance

We belong to an industry that is constantly evolving and highly competitive. Frequent changes in technology and consumer demand require our expertise in creating innovative and sustainable advertising solutions to stay ahead of our competitors, at home and abroad.

The identified risks affecting Group performance are:

Credit Risk

The Group's credit risk primarily comprises trade and other receivables. Credit risks are managed through credit checks using the services of credit reporting and checking agencies such as RAM Credit Information Sdn. Bhd. ("RAMCI"). Credit risks are also minimised through selective interaction and association with creditworthy business partners.

Due to the Covid-19 pandemic prevailing in most of FY2020, the Group continued to further strengthen the credit control and credit recovery procedures developed by the company. More stringent procedures were applied to new businesses as well as regular monitoring on long outstanding trade receivables considered as high exposures.

Foreign Currency Exchange Risk

The Group continues with its existing presence in ten (10) countries. As business transactions are conducted in foreign currencies, our Group is exposed to foreign currency risk. Foreign currency denominated assets and liabilities together with its expected cash flows arising from sales and purchases give rise to foreign exchange exposures.

The majority of foreign currency transactions within the Group involved sales and purchase transactions. Besides, the Group's cash and cash equivalents were maintained in a foreign currency account in all business units to meet current and future financial obligations. There is a risk of significant fluctuation on MYR against multiple foreign currencies where the business unit transacted may significantly affect the results of the Group.

These transactions provide a natural hedge against fluctuations in foreign currencies. Hence, the Group does not adopt bank hedging or enter into forward exchange contracts in view of the minimum amount of hedging required.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

2. FY2020 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

g) Significant Financial Disclosures (Cont'd)

Competition Risk

Our long-term success depends largely on how we continue to secure new businesses and/or customers to minimise our risk of dependency on a handful of major customers. Furthermore, maintaining cordial and long-term customer relationships are essential to ensure continuity of business.

Notwithstanding our strengths, we continue to face competition from existing and prospective industry players. Despite the competition risk, we have developed long-term business relationships with our publishers by entering into reseller partnerships to bring in a variety of quality inventories to strengthen our market share.

Interest Rate Risk

The group's primary interest rate risk relates to interest bearing debts. INNITY Group manages its interest rate exposure by:

- i. maintaining a prudent mix of fixed and floating rate borrowings;
- ii. conducting a periodic review on the debt's portfolio; and
- iii. taking into account the investment holding period and nature of the assets held.

h) Factors Affecting Group's Results

Apart from the key business risks and the mitigating measures being highlighted in the Statement on Risk Management and Internal Control on pages 40 to 48, our Group's financial performance will continue to be affected by several key factors set out below: -

Covid-19 Pandemic Risk

Depending on both the magnitude and longevity of the Covid-19 pandemic, its impact on the Asia Pacific and Far East economies remains uncertain despite expectations that the global economy is poised for a recovery upon the successful containment of the Covid-19 virus.

The introduction of movement control order ("MCO") in the 1Q2021, the longevity of the pandemic in Malaysia, our principal market, presents new challenges. However, the financial impact on INNITY's was minimal as consumers adapted to the new normal of staying indoors and spending online during the MCO.

The Group will continue to assess the impact of the COVID-19 pandemic on the financial statements of the Group for the financial year ended 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

2. FY2020 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

h) Factors Affecting Group's Results (Cont'd)

People

We belong to a fast-paced industry that requires creative people with expertise in new product design, R&D and sales personnel with the requisite digital product knowledge to service our valued clients. People are our most important resource.

We value our employees by offering a competitive remuneration package, a compelling series of training and development programmes and a conducive and safe working environment.

Political and Economic Stability

Political stability is important for the business environment as it affects consumer confidence and hence, economic stability.

The growing political uncertainty in Myanmar, which included internet and social media blackout in 1Q2021, its financial impact was not significantly affected the Group results as due to the relatively low internet usage.

Change in Rules and Regulations

Any change in the rules and regulations on foreign investment is likely to have an impact on the Group's performance. Our Management has always taken a proactive stance in addressing these changes which may include working closely with foreign government regulators to ensure compliance, enhancing internal risk practices in order to minimise the risk of non-compliance and improving our ability to adapt to such changes.

Technology

Technology is critical to realise growth potential. Technological developments in global digital advertising, combined with its increasing commercial use and the rapidly growing number of internet users worldwide have shaped the evolution of online advertising into different advertising models and new market players.

Online technological advancements are often rapid and volatile. Thus, it is imperative that online advertising companies place high priority on research and development of new products and services while maintaining awareness of new developments in the industry.

With our renowned digital advertising technology in providing innovative one-stop advertising solutions as well as a strong network of quality online publishers and customer base, we believe that our relentless focus on technology and R&D will propel the Group to remain as a leading player in the online advertising market.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

2. FY2020 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

i) Industry Trends

Globally, the online advertising market in 2019 was valued at US\$304.0 billion and, at a compound annual growth rate ("CAGR") of 21.6%, is forecasted to reach US\$982.82 billion over the next five years (2020-2025). Technological advancements coupled with a surge in digital spending by enterprises are expected to drive the online advertisement market over the forecast period.

As consumers widely prefer mobile devices such as smartphone and tablets (over laptops or desktops), owing to convenience and portability, these mobile platforms are expected to grow lucratively.

The Covid-19 pandemic is having a big impact on various brick-and-mortar industries, forcing these industries to shift their operations and advertising investment on digital platforms. Despite the raging pandemic, eMarketer estimates that worldwide retail e-commerce sales grew 27.6% for 2020 compared with a decline of 3% in total worldwide retail sales for the same period. (Source: eMarketer's Global Ecommerce Update 2021).

In Malaysia, which is our principal market, online advertising has experienced tremendous growth in line with higher rates of broadband penetration and the proliferation of corporate websites and online marketing campaigns firmly driving the growth of the market.

In Hong Kong, Singapore, Philippines and Indonesia, the presence of large multi-national conglomerates has provided a springboard for further regional expansion and development of a robust regional network of clients and publishers.

In Myanmar and Cambodia, where the proportion of internet users to the general population remain relatively low, government support for increasing internet usage among its populace would witness significant growth for digitally-led content ads.

Our strategy of continuous R&D to outperform our peers in delivering relevant and functional technology-based advertising solutions to our clients in spite of the competition and constant industry shifts remains a primary goal in the years ahead.

j) Future Industry Trends

The online advertising market in Malaysia offers tremendous potential. Market drivers (i.e., key trends, developments or events) that can spur further expansion in the coming years, include the following: -

E-Commerce Advertising

E-commerce advertising encompass Ad investment across E-Commerce sites, Omnichannel Retailers and Social Media Channels. E commerce advertising solution consists of any type of content (i.e., video, articles, images, etc) that provides a direct purchasing opportunity and allows consumers to either add products to cart directly from the content or ad they are viewing or be taken to a product page and continue to shop from there. The shoppable technologies erase the gap between content and product by reducing the number of steps a customer needs to make a purchase. With shoppable content currently on the rise, the retail industry is experiencing significant changes in the way it advertises products. Content is shifting from traditional format to becoming more interactive with seamless in-ad shopping experience that can dynamically showcase multiple products, complete with up-to date product details and pricing.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

2. FY2020 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

j) Future Industry Trends (Cont'd)

Social Commerce

Social commerce sells products directly through social media networks such as Facebook, Instagram, and TikTok. Brands are using social commerce in a variety of ways ranging from basic strategies like creating branded hashtags to more advanced techniques like including user-generated content on both their website and social channels or enabling social shopping where customers can purchase products in-app.

Additionally, social commerce allows brands to build customer loyalty through reward gratifications, referral and affiliate programs, and more.

Brand Community

A brand community is a hub where website visitors can find content that is either branded, curated, or user generated. A brand community helps brands drive authentic conversations, and user-generated content on social media, which ultimately increases sales. It is a space that helps strengthen bonds between a brand and its consumers. This community consists of people who keep up with Branded content on social media, recommend products, and come together to share their love for the brand.

Programmatic Offering

The adoption of programmatic advertising into different channels like Audio, Digital Out of Home, AR/VR and smart devices provide marketers with more options while also providing the customer with a more personalised and engaging experience. Furthermore, 5G, Artificial Intelligence, and machine learning will also increase the efficiency of programmatic advertising.

Programmatic advertising is a component of advertising technology that is the most crucial in relation to other forms of advertising. It is currently keeping the whole ad tech fraternity on its toes, waiting for what is going to happen next. In the coming years, programmatic advertising is set to act as default trading method in media.

Video Advertising

Video advertising shows no signs of slowing down in 2021. Surveys show that 6 out of 10 people would rather watch online videos than TV, proving that the role of video content is imperative to help brands connect with their audiences. By combining traits of showing and telling at the same time, videos generate high engagement and greater exposure than text or images. Mobile device technology is projected to be the main driver of developments in Video Advertising. According to the Interactive Advertising Bureau (IAB), most of the expenses are allocated to mobile advertising, amounting to almost two-thirds of the total advertising budget for video ads. Additionally, a report from Grand View focusing on the digital video ad market said that the global digital video advertising market size was valued at USD 19.7 billion in 2019 and is expected to grow at a CAGR of 41.1% from 2020 to 2027.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

2. FY2020 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

j) Future Industry Trends (Cont'd)

Influencer Marketing

Influencer marketing is the art of connecting brands and the powerful voices of digital content creators. Influencer marketing has grown significantly due to the pervasive use of social media platforms, especially in 2020 when the world was in lockdown from the pandemic. According to Business Insider, the influencer marketing industry is worth just around USD15.0 billion. Influencers help to drive authentic conversations around a product message, conclusively driving awareness and engagement. Influencer marketing provides brands with the opportunity to reach and engage audiences via individuals they rely on and trust.

Over the last few years, a trend in influencer marketing has developed: performance-based influencer marketing. In order to achieve success, brands must align influencer campaigns to strategic business goals and incorporate them into their holistic digital marketing strategy. Influencer Marketing campaigns today include providing influencers with a unique discount code and exclusive offers, affiliate links, amplifying social posts through paid efforts that include a strong call to action, as well as product collaborations to drive sales.

With influencer-driven content fast becoming a popular trend, there will be pressure on marketers to fine-tune their approach at measuring influencer impact.

k) Sustainability of Operations

INNITY aspires to ensure sustainability for the long-term preservation and enhancement of the economic, environmental and social (“EES”) factors in all of its business activities. The integration of sustainability into all our domestic and overseas operations is a continuous process with the Board having oversight responsibility.

EES factors, experienced in varying business practices, cultures and the environment of our various overseas destinations, has enhanced and strengthened INNITY’s corporate value and reputation among the communities where we operate.

As an example, our continuing strategic partnership as official reseller with TikTok, one of the world’s fastest growing social apps focusing on short-form mobile videos, has been extended from within Malaysia to twenty-two (22) other countries across Europe, US and Asia. The extended strategic partnership has facilitated a wider market coverage and into new markets (such as the GenZ demographic) for INNITY’s client advertisers to tap into a variety of ad formats offered by TikTok and engage with audiences across three (3) continents.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

2. FY2020 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

I) Forward-Looking Statements

Prospects and Outlook

The Covid-19 pandemic appears to have triggered one of the deepest economic contractions across the globe including the vast majority of emerging markets and developed economies.

While the extent of the economic impact beyond 2020 is uncertain, the global outlook remains bleak contingent upon the severity and duration of the pandemic and the timely availability and effectiveness of the vaccines in various economies.

Beyond the complications created by the pandemic, there could also be other factors weighing down on the global economy such as escalating trade tensions between the United States and China on multiple fronts (including a tech war), frayed relationships among the OPEC coalition of crude oil producers, financial market volatility and fragile geopolitical issues.

Malaysia's economy will be impacted by the global and domestic actions taken to contain the outbreak. Added to these, the domestic economy will also be affected by the sharp decline in oil consumption (as a result of worldwide travel restrictions) and related volatile shifts in crude oil prices.

The Government's cash aid, wage subsidies, interest rate cuts and other stimulus measures are expected to restart economic activity, improve employment prospects and stabilise the domestic economy in 2021 and beyond.

Against this challenging outlook, Malaysia foresees a rebound of between 6.5% and 7.5% GDP growth in 2021 (Source: Bank Negara Malaysia - Economic & Monetary Review).

Widespread adoption of the internet worldwide coupled with higher broadband speeds and exceptional growth of technology-driven mobile devices and apps will catalyse a new era where the internet becomes a mainstream entertainment and communications medium with significantly ample room for marketers to manifest themselves in the mind of consumers.

The accelerated shift to digitalisation by brick and mortar businesses during the pandemic has paved the speedy adoption of high impact rich media technology streaming video, voice and graphics, resulting in a step-up of Malaysia's economic complexity through the adoption of smart technologies such as Industrial Revolution 4.0, 5G telecommunication networks, Artificial Intelligence (AI), robotics, virtual reality, big data analytics, Internet of Things (IoT), Blockchain and Cloud Computing. These smart technologies are driving new growth in a multitude of applications across a broad spectrum of industries.

The Covid-19 pandemic has curtailed the growth of digital advertising expenditure in Malaysia - declining 13.2% to RM649.4 million in the first half of 2020 from RM748.1 million registered in H1 2019 (Source: Media Specialists Association - Malaysian Digital Adex Report, September 2020). Despite the setback, eMarketer Inc. reported that, barring any further unforeseen global economic debacles, digital adex in the Southeast Asian economies of Malaysia, Indonesia, the Philippines, Singapore, Thailand, Vietnam, Myanmar and Cambodia will witness double-digit gains within the next 5 years. The rising demand for mobile, video and social media advertising will drive this growth.

Given the tremendous growth for online advertising in the years ahead, we are uniquely positioned to adapt to the emerging paradigm shift by capitalising on our competitive R&D advantage to deliver breakthrough ideas and product improvements in a diverse range of innovative engagement and advertising solutions.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

2. FY2020 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

l) Forward-Looking Statements (Cont'd)

Prospects and Outlook (Cont'd)

Adopting this integrated approach, the Group has built up an impeccable reputation and track record since the business started in 1999. Over the period, the Group had achieved several “firsts” such as: -

- 1st in APAC to introduce Cost Per Engagement;
- 1st in APAC to introduce retargeting; and
- 1st and only fully transparent ad serving system in Asia that is IAB certified.

The Group had also engaged in several business alliances and partnerships with some of the leading names in IT. These partnerships included the following: -

- Advertising Provider on Facebook Platform;
- Google certified Rich Media and Ad Network Vendor;
- Adhere to global ad and fraud standards set by Interactive Advertising Bureau (IAB), Trustworthy Accountability Group (TAG) and Coalition for Better Ads (CBA);
- Compliant with the Viewable Impressions measurement standard; and
- Inventory Quality Guidelines Certified for Brand Safety.

Given this established track record, the Group foresees the level of business to further increase in the foreseeable future. This optimistic outlook is based on the following factors: -

- The exponential growth and expansion of the digital advertising market globally;
- Our renowned expertise in developing proprietary technology-based online advertising solutions;
- Our capability to manage an entire online advertising campaign as we are a one-stop solutions provider;
- Strong and lasting business relationships with leading names in our strong clientele network; and
- Our established track record and impeccable reputation as Southeast Asia’s leading online marketing technology provider.

m) Dividend Policy

In FY2020, the Board do not recommend the payment of any final dividend.

Our ability to declare a dividend or make other distributions in the future, is subject to us having profits and excess funds which are not required to be retained to fund our Group’s operations, other financial obligations or business plans.

Given that the Malaysian economy, in 2021, is widely expected to remain challenging, underpinned by the fatal effects of the COVID-19 pandemic- which has yet to be completely eradicated despite the widespread usage of vaccines to curtail the deadly virus, the Board’s decision against declaring a dividend is deemed acceptable.

This statement is made at the Board of Directors’ Meeting held on 8 April 2021.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Pursuant to Paragraph 15.15 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board is pleased to present the Audit and Risk Management Committee Report for the financial year under review.

1. COMPOSITION

Presently, the Audit and Risk Management Committee (“ARMC”) comprises three (3) members of the Board, all of whom are Independent Non-Executive Directors.

2. MEMBERSHIP

Members of the Board who are currently serving on the ARMC as at the date of the Annual Report are: -

Chairman

Encik Shamsul Ariffin bin Mohd Nor (*Independent Non-Executive Director*)

Members

Mr. Cheong Chee Yun (*Independent Non-Executive Director*)

Mr. Fung Kam Foo (*Independent Non-Executive Director*)

The ARMC had fulfilled paragraph 15.09(1), 15.09(2) and 15.10 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code of Corporate Governance 2017 (“MCCG 2017”) Practice 8.1, 8.3 and 8.4.

- The Chairman and all the ARMC member shall comprise solely Non-Executive and Independent Directors.
- One of the ARMC member must be a member of the Malaysian Institute of Accountants.
- No alternate director is appointed as a member of the ARMC.
- The Chairman of the ARMC is not the Chairman of the Board.
- The ARMC has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

3. FREQUENCY OF MEETINGS

During the financial year ended 31 December 2020, the ARMC convened five (5) meetings. The attendance of each ARMC member at these meetings during the financial year were as follows: -

Director	Number of Meetings Attended
Encik Shamsul Ariffin Bin Mohd Nor	4/5
Mr. Cheong Chee Yun	5/5
Mr. Fung Kam Foo	5/5

Total five (5) ARMC meetings were held in financial year 2020, the ARMC meetings were carrying out in a systematic order. The notices and board papers of the ARMC meetings was circulated at least 7 calendar days before each meeting to members of the ARMC, to ensure ARMC having the sufficient time to go through the significant matters highlighted in the board papers.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

3. FREQUENCY OF MEETINGS (CONT'D)

ARMC Chairman reports to the Board on any concern arose from external auditors and internal auditors, minutes of each ARMC meeting recorded and tabled at the following meeting and circulated to the members of the Board for notation.

ARMC members have and will undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules to discharge its fiduciary duties and responsibilities.

In performing its duties and discharging its responsibilities, the ARMC is guided by its Terms of Reference which is available for reference at the Company's website, www.innity.com.

4. INTERNAL AUDIT FUNCTIONS

The ARMC is supported by an independent internal audit service provider. Its main role is to conduct regular and systematic reviews of the operation, procedures and internal control of the Company and its subsidiaries so as to provide reasonable assurance that the internal control systems put in place continue to operate satisfactorily and effectively.

During the financial year ended 31 December 2020, the business activities and entity review and risk assessment were carried out in accordance with the approved risk based internal audit plan approved by the ARMC. The business activities and entity reviewed was Innity Sdn. Bhd. The processes reviewed were as follows:

- a. Sales and marketing;
- b. Credit control and collection; and
- c. Human resource management.

The results of the internal audit on entity processes reviewed carried out including the recommended corrective actions that were agreed by Senior Management, were presented to the ARMC Committee at their meetings held on 24 August 2020.

Corruption Risk Assessment on the group was carried out to set up a Corruption Risk Profile to design a risk approach and right control to mitigate the corruption and bribery risk. Management had furnished the identified corruption risks information to the Internal Auditor to assess, compile and reflected in the Corruption Risk Profile. The Corruption Risk Profile comprises a list of corruption risks were rated as high, moderate or low. Some action plans/risk responses proposed on the high rated corruption risks with a timeframe for Management implementation were presented to the ARMC Committee at their meetings held on 21 February 2020 and 25 February 2021.

Follow-up visits were conducted to ensure that management's action plans in respect of the matters highlighted in the internal audit reports have been adequately addressed and the results of the follow up reviews were also reported to the ARMC.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

The cost incurred for the internal audit function for the financial year under review was RM52,000.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONT'D)

5. SUMMARY OF ACTIVITIES

During the year, the ARMC carried out the following activities covering both audit and risk issues: -

- a. Reviewed the internal audit planning and internal audit report presented by internal auditor;
- b. Reviewed the financial budget vs actual results for the financial year 2020;
- c. Reviewed the draft Circular to Shareholders in relation to Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading transaction;
- d. Reviewed the External Auditors' audit strategy and plan prior to the audit;
- e. Reviewed External Auditors' audit findings and Management response during the year, including the status of previous audit recommendations;
- f. Reviewed the draft Audited Financial Statements of the Group and of the Company prior to submission to the Board for their consideration and approval;
- g. Reviewed the Executive Chairman's Statement, Audit and Risk Management Committee Report, Management Discussion and Analysis, Corporate Governance Overview Statement, Corporate Governance Report, Sustainability Statement and Statement on Risk Management and Internal Control for inclusion in the Annual Report;
- h. Reviewed the unaudited interim financial statements of the Group, before submission to the Board for their consideration and approval;
- i. To assess the independence and effectiveness of the External Auditor and recommend their re-appointment for the Board approval;
- j. Reviewed the Register of the Recurrent Related Party Transactions in every quarter;
- k. Reviewed potential risk factors identified by management;
- l. Recommended to the Board mitigating measures to limit the various risks identified; and
- m. Assess the impact of the Covid-19 pandemic and undertaken the relevant control measures including formulation of Business Continuity plan to minimise the impact to the Group business.

6. NOMINATING COMMITTEE 'S EVALUATION

During the year, the Nominating Committee undertook a formal and rigorous annual evaluation of the ARMC members, which included Self & Peer Assessment and Assessment of each member's independence.

An objective assessment of the ARMC's performance, as a whole, was also undertaken by the Board in compliance with MCCG 2017.

The Board is satisfied that the ARMC and its members discharged their functions, duties and responsibilities in accordance with the Committee's Terms of Reference, supporting the Board in ensuring that the highest standards of corporate governance are practiced throughout the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONT'D)

7. DUTIES & RESPONSIBILITIES

The duties and responsibilities of the ARMC shall include the following: -

(A) Matters Relating to External Audit: -

- i. To consider the appointment, re-appointment, decision to not-appoint, resignation or removal of external auditors, the audit fee and any question of resignation or dismissal;
- ii. Review with the External Auditor, the audit scope and plan, including any changes to the scope of the audit plan;
- iii. To review major audit findings and Management's response during the year with Management and External Auditors, including the status of previous audit recommendations;
- iv. To set policies and procedures to assess the suitability, objectivity and independence of the external auditor;
- v. Review the non-audit services provided by the external auditor and/or its network firms to the Company for the financial year, including the nature of the non-audit services, fee of the non-audit services, individually and in aggregate, relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided;
- vi. To review and assess each year, the suitability, objectivity and independence of external auditor; and
- vii. Review the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.

The ARMC is satisfied that the external auditor substantially meets all the established criteria and accordingly recommends to the Board to seek shareholders' approval for its reappointment to audit the financial statements for the next financial year.

The fees paid and payable to Messrs. BDO PLT, the external auditor was:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Audit fees	147.0	154.5	78.0	78.0
Non-audit fees	6.0	6.0	6.0	6.0
Over provision in prior year	-	(4.0)	-	(4.0)
Total	153.0	156.5	84.0	80.0

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

7. DUTIES & RESPONSIBILITIES (CONT'D)

(B) Matters Relating to Internal Audit function: -

- i. To ensure the internal audit function is independent of the activities it audits and the head of internal audit reports functionally to the Committee directly and review their performance on an annual basis. The head of internal audit shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Company;
- ii. Take cognizance of resignations of internal audit staff members (for in-house internal audit function) or the internal audit service provider (for out-sourced internal audit) and provide the resigning staff member or the internal audit service provider an opportunity to submit his reasons for resigning;
- iii. Review the adequacy of the internal audit scope and plan, including the internal audit programme; functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work; and
- iv. Review the internal audit reports to ensure that appropriate and prompt remedial action is taken by Management on major deficiencies in controls or procedures that are identified.

(C) Matters Relating to Risk and Internal Control: -

- i. Review the risk profile of the Group (including risk registers) and the Risk Management Team's plans to mitigate business risks as identified from time to time;
- ii. Review the adequacy and integrity, including effectiveness, of risk management and internal control systems/framework, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems; and
- iii. Direct and, where appropriate, supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts.

(D) Disclosure Obligations: -

- i. Review the quarterly results and the year end financial statements, prior to approval by the Board, focusing particularly on:
 - Changes in or implementation of major accounting policy changes;
 - Significant matters highlighted including financial reporting issues, significant judgement made by management, significant and unusual events or transactions, and how these matters are addressed; and
 - Compliance with accounting standards and other legal requirements.
- ii. Prepare reports, at the end of each financial year to the Board which includes the following:
 - The composition of the Committee, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise);
 - The number of Committee meetings held during the financial year and details of attendance of each Committee member;
 - A summary of the work of the Committee in the discharge of its functions and duties for that financial year and how it has met its responsibilities; and
 - A summary of the work of the internal audit function.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONT'D)

7. DUTIES & RESPONSIBILITIES (CONT'D)

(E) Authority and Rights of the ARMC: -

The Committee shall in accordance with the procedure determined by the Board, at the expense of the company:

- i. has authority to investigate any activity within its Terms of Reference;
- ii. has the resources which are required to perform its duties;
- iii. has authority to obtain independent professional advice it consider necessary in the discharge of its responsibilities;
- iv. shall have full and unlimited access to any information pertaining to the Group;
- v. has direct communication channels with the Internal and External Auditors and with Senior Management of the Group; and
- vi. able to convene meetings with External Auditors, Internal Auditors or both excluding the attendance of executive members of the Group, whenever deemed necessary.

8. RETIREMENT & RESIGNATION OF ARMC MEMBER: -

(A) Retirement/Resignation

- i. A member of the ARMC who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

(B) Vacancy

- i. In the event of any vacancy in the ARMC, including the election of an independent Chairman, the Company shall fill the vacancy within three (3) months.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) of Innity Corporation Berhad (“the Company”) is pleased to present the Statement on Risk Management and Internal Control of the Company and its subsidiaries (“the Group”) which outlines the nature and scope of risk management and the internal control systems of the Group for the financial year ended 31 December 2020 pursuant to Paragraph 15.26 (b) of the Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance 2017 (“MCCG 2017”) and the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers” (“the Guidelines”).

BOARD’S RESPONSIBILITIES

The Board acknowledges its overall responsibility for the Group’s risk management and internal control system to safeguard shareholders’ investment and the Group’s assets as well as reviewing its effectiveness, adequacy and integrity on a regular basis. The Board has also received assurance from the Executive Chairman (“EC”) and Chief Financial Officer (“CFO”) that the Group’s risk management and internal control system are operating adequately and effectively, in all material aspects.

The system of internal control covers governance, risk management, financial, organisational, operational and compliance controls. However, due to inherent limitations in any risk management and internal control system, such system put into effect by Management is designed to manage rather than eliminate risks that may impede the achievement of the Group’s corporate objectives.

The Board, through the Audit and Risk Management Committee (“ARMC” or the “Committee”), implements the risk management and internal control practices within the Group. The management is required to apply good judgement in assessing the risks faced by the Group, assessing the Group’s ability to reduce the incidence and impact of risks.

KEY FEATURES OF THE GROUP’S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Key elements of the Group’s risk management and internal control system that have been established to facilitate the proper conduct of the Group’s businesses are described below:

1. RISK MANAGEMENT SYSTEM

Risk Management is regarded by the Board as an integral part of the Group’s business and firmly embedded in the Group’s culture, processes and structure of organisation. Senior management and Heads of Departments are delegated with the responsibility of managing identified risks.

The Board maintains an ongoing commitment to strengthen the Group’s risk management framework. The Group has developed an Enterprise Risk Management Framework (“ERMF”) to facilitate the identification and assessment of the Group’s principal risks.

The Group has established a monitoring and reporting process to continuously identify, assess and manage the principal risks based on approved procedures for corporate disclosures. These initiatives ensure that the Group has in place an ongoing process for identifying, evaluating, monitoring and managing the principal risks affecting the achievement of its business objectives for the year under review and up to the date of approval of this statement.

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

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

1. RISK MANAGEMENT SYSTEM (CONT'D)

Group Risk Management Committee ("GRMC")

GRMC was established by the Board in assisting the Board to oversee the overall risk management. The Committee serves as an oversight to the risk management process of the entire Group. Roles of the committee include identifying principal risks of the Group and ensuring the implementation of appropriate system to mitigate and manage these risks. The GRMC sets, where appropriate, objectives performance targets and policies to management the key risks faced by the Group. GRMC consists of four executive directors and a senior management personnel.

Management Risk Committee ("MRC")

The MRC which consists of senior management and key personnel of the companies in the Group, was established to assist the Board Committee (i.e., GRMC). Representatives from the respective divisions/business units within the Group have the overall responsibility to report key risks to the attention of the MRC. The MRC is supported by a Senior Manager as the Risk Management Officer who coordinates the risk management activities of the Group.

Risk assessment is conducted minimum half-yearly by the respective working committees comprising of Senior Management and relevant Heads of Departments. The process involves identifying and reviewing new and existing key risks factors that affect the Group and the corresponding mitigation action plan to address them; in accordance to the Group's risk appetite and tolerance defined in the ERMF. It includes update on the effectiveness of the mitigation action implemented.

The risk assessment report is presented to the MRC; for review before presentation to the members of GRMC and ultimately for endorsement of the Board.

These initiatives ensure that the Group has in place an ongoing process for identifying, evaluating, monitoring and managing the principal risks that affects the achievement of its business objectives for the year under review and up to the date of approval of this statement.

Key business risks are identified and categorised to highlight the sources of risk, the severity of the risk and its effect on the Company or Group's performance and the likelihood of its occurrence. The risk assessment takes into account all aspects of the businesses and its internal control framework, the control environment and control activities, information, communication and monitoring procedures. Periodic reviews are conducted to identify new risks and a thorough assessment of the risks previously identified remains relevant.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

1. RISK MANAGEMENT SYSTEM (CONT'D)

Management Risk Committee ("MRC") (Cont'd)

As the Group is principally involved in the online advertising business, some of the identified risks and measures to mitigate these risks are outlined as follows:

i) Competition in the Online Advertising Market

The online advertising market is an open market, consisting of local and foreign online advertising companies and local publishers whose deliverables are directly channeled to media buying agencies. The growing competition, especially from multinational online advertising companies, will spur INNITY's increased focus on technological development and R&D. Our enviable track record to provide one-stop solutions, as well as our strong network of online publishers and customer base will enable the Group to remain as a major player in the online advertising market.

ii) Technologies Advancements and Developments

Our Group operates in an environment, which is subject to inherent risks due to changes in technology and customer requirements, introduction of new solutions and enhancement of existing solutions. Our Group's competitive edge depends substantially upon our ability to keep pace with technological changes to address our customers' needs.

The objective of our Group's R&D team is to maintain our Group's competitive edge over our competitors by:

- a. continuously enhancing existing technology and applications as part of continuous improvement efforts; and
- b. developing new technology for new solutions to meet greater variety of customer demand.

Nevertheless, no assurance can be given that our Group's R&D programmes will be successful in producing commercially viable new solutions or enhanced existing solutions, which are within budget and on timely basis in accordance with market requirements and expectations.

Our Group aims to develop more advanced technology and solutions to provide greater benefits to clients in terms of functionality as well as usability. Our Group is committed to produce new and innovative technologies coupled with improved interactivity that provides a richer media experience to advertisers and customers.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

1. RISK MANAGEMENT SYSTEM (CONT'D)

Management Risk Committee ("MRC") (Cont'd)

As the Group is principally involved in the online advertising business, some of the identified risks and measures to mitigate these risks are outlined as follows:

iii) Foreign Exchange Fluctuations

Because of our overseas presence, it is in the normal course of business that most transactions would be denominated in foreign currencies. These transactions include purchase of online publishers' sites, sales to advertisers and/or media agencies and inter-group billings. As business volume increases, the Group is exposed to larger risk of foreign exchange fluctuations.

Our Group has a natural hedge system wherein all foreign subsidiary companies, while maintaining a local currency bank account, are required to open an USD Bank Account to facilitate payments and collections in USD. Also, the lion's share of transactions is denominated in USD, hence minimising the effect of foreign exchange risk.

iv) Security and System Disruption

Operating in a high technology environment, the Group is susceptible to various security risks such as computer viruses, system disruptions, hacking and fraud. There is then a strong possibility of a complete system shutdown.

Our Advenue Platform technology resides on computer systems housed at various locations. These data back-up and recovery systems are critical to our continuing and uninterrupted performance.

v) Larger Funding for Growing Business Volume

There is inevitably a mismatch in collection from clients and payments to publishers. With rising business volumes, the Group is exposed to the risk of depleting internal funds.

The Group has implemented stricter credit control procedures coupled with prompt payment incentives to clients with the objective of expediting collections. Occasionally, banking facilities have been utilised to meet any funding requirements in working capital.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

1. RISK MANAGEMENT SYSTEM (CONT'D)

Management Risk Committee ("MRC") (Cont'd)

As the Group is principally involved in the online advertising business, some of the identified risks and measures to mitigate these risks are outlined as follows:

vi) The Group Might Be Exposed to Possible Transfer Pricing Issues

The rising volume and variety of intercompany regional transactions and transfer pricing regulations, accompanied by increased enforcement activities worldwide have made transfer pricing a leading risk management issue for the Group businesses. We are in need a Full Transfer Pricing Documentation for addressing the risks that might arise within the Group.

We have consulted professional tax consultants and sought their services to ensure our compliance with the TP documentation requirements under the Malaysian transfer pricing regulatory framework, as governed by Section 140A of the Malaysian Income Tax Act 1967, the Income Tax (Transfer Pricing) Rules 2012 and Malaysian Transfer Pricing Guidelines 2012.

vii) Higher Working Capital Requirement for Influencer Marketing Business

The power to influence consumer purchasing habits has been shifting from traditional public media to individual brand ambassadors. These ambassadors are defined as key opinion leaders (KOLs) and they are powerful influencers on social media platforms. These individuals or groups with large followings in relevant niches have a huge influence on purchase demands and have always been on the rise to be recruited on behalf of a brand for marketing and promotional purposes.

The Group's businesses are dynamically adapting to the above change and KOL campaigns have rapidly become the major contributor to the Group's revenue. This business trend however has developed a separate issue, i.e., higher working capital requirements to fulfill media buys from KOL as majority of the Premium KOLs and Macro KOLs would insist an advance payment prior to commencement of campaigns, whereas the advertisers are normally allowed a credit term of 60 to 90 days.

We have initiated to build an online business platform for KOL, aimed at empowering both Brands and Influencers to utilize the best broadcasting channels of today to reach each other. Potential but less prominent KOLs would find this platform useful for their presence and specialties to be radiated and these KOLs are less insistent on upfront payment prior to commencement of campaigns and would normally allow credit terms ranging from 30 to 45 days. In the meantime, we hope to work out a better payment arrangement with more prominent KOLs when our online business platform has become a reputable and trusted brand name in the arena.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

1. RISK MANAGEMENT SYSTEM (CONT'D)

Management Risk Committee ("MRC") (Cont'd)

viii) Covid-19 Pandemic

The 2019 Novel Coronavirus infection ("Covid-19") pandemic escalated rapidly across the globe, the highly contagious virus has hits the global economy severely. The Covid-19 Task Force was established by ARMC, which reports to the ARMC, roles of the Task Force include proactively manage the Covid-19 impact to the business and operations, implementing relevant measures and complying with the Standard Operating Procedures ("SOPs") issued by the National Security Council ("MKN") to prevent the Covid-19 outbreak in the workplace.

During the year, various risk assessments by functions was carried out in the areas of finance, human capital, technology facilities, corporate affairs, products development, campaign operations, business development and customer relations, necessary control measures was undertaken to minimize the Covid-19 impact arising from the Covid-19 outbreak.

Covid-19 is still part of our daily life and continues to dominate the global landscape, ARMC will continue to assess and review the Covid-19 impact to the business and undertaken the necessary measures and precautions to mitigate the adverse impact to the Group business.

Whilst the Board maintains ultimate control over risk and internal control issues, the development and implementation of the Enterprise Risk Management Framework and internal control systems rests with the Management. The responsibility of managing risks of each department lies with the respective Heads of Departments. Periodic management meetings between the Heads of Departments and Senior Management are held to highlight key risks and the ways of managing the significant risks identified. Significant risks affecting the Group's strategic and business plans are escalated to the Board at their scheduled meetings.

Credit Committee ("CC")

The CC which consists of senior management and key personnel of the companies in the Group, was established during the financial year to assist the Board in managing the credit risks of the entire Group. The objective of the CC is to manage and improve all credit arrangements, by means of supervision on the company's credit control policies and activities which comprise the identification, assessment, monitoring and management of the company's credit risk exposure while aligning to the company's risk appetite.

The functions and responsibilities of the Committee shall include the following:

- a. determination of credit risk appetite of the Group;
- b. periodic review and update of credit control policy and procedure;
- c. credit assessment of new customer as well as the credit terms and limits to be provided to the credit customer;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

1. RISK MANAGEMENT SYSTEM (CONT'D)

Credit Committee ("CC") (Cont'd)

The functions and responsibilities of the Committee shall include the following: (Cont'd)

- d. periodic review on the procedures and criteria of the release of credit hold;
- e. periodic review on credit risk exposure;
- f. periodic assess expected credit loss, basis in arriving at the expected credit loss, provision of doubtful debt and bad debt; and
- g. periodic evaluation on credit customer.

Meeting of the Committee shall be held on an ad-hoc basis, as required in order to exercise the powers or perform the functions or responsibilities of the Committee. Committee meetings shall be convened whenever doubt arises or in any circumstances which indicate that a meeting of the Committee may well be required.

2. INTERNAL CONTROL SYSTEM

- **Organisation Structure & Authorisation Procedures**

The Group maintains a formal organisational structure that includes clear delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures to enhance the internal control system of the Group's various business units.

- **Business Strategic Plan and Annual Budget**

Yearly Business Plan and Annual Budget is prepared by management and tabled to the Board for approval. The business plan will be subject to revision based on changing market conditions to meet the Group's business objectives. Periodic monitoring is carried out to measure the actual performance against budget to identify significant variances and devise remedial action plans.

- **Group Policies and Procedures**

Documented policies and procedures are in place and are regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Group's business activities at all times as the Group continues to grow.

- **Information and Communication**

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

2. INTERNAL CONTROL SYSTEM (CONT'D)

- **Monitoring and Review**

Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performance and comparison of actual performance against budgets are presented to the management team for monitoring and review. The quarterly financial statements are presented to the Board, via the ARMC, for their review, consideration and approval. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

- **Human Resource Policies and Procedures**

The employees' handbook containing the Company's scheme of service and code of business conduct is accessible to all employees in the intranet. All employees are required to acknowledge the acceptance of the policies.

- **Training and Development Programmes**

Training and development programmes are established to ensure that the staff are constantly kept up-to-date with the constant technological changing environment in order to be competent in the industry in line with achieving the Group's business objectives.

3. INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional firm. The internal audit function, which provides feedback regarding the adequacy and effectiveness of the Group's system of internal control, is under the purview of the ARMC.

During the financial year ended 31 December 2020, internal audits were carried out in accordance with the approved internal audit plan and the processes reviewed were disclosed in Audit and Risk Committee Report.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

4. ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Management that the Group's risk management and internal control system were operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group, for the financial year ended 31 December 2020, and up to 8 April 2021, being the date of this Statement.

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

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

5. REVIEW OF THIS STATEMENT

The external auditors have reviewed the Statement on Risk Management and Internal Control. This review was performed in accordance with Malaysian Approved Standard on Assurance Engagement, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and 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. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group. Based on the review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor was factually inaccurate.

CONCLUSION

The Board is of the view that the Group's system of internal control and risk management is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control and risk management framework. The Group's risk management process and internal control system do not apply to associates where the Group does not have full management control. The Group's interest in the associates are served through representation on the Board of Directors.

This statement was approved by the Board of Directors on 8 April 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT (“STATEMENT”)

In ensuring continuous and sustainable growth, the Board believes in the adoption of a high standard of corporate governance that values transparency, timely disclosures and constructive communication to all its stakeholders.

The Board is pleased to present the CG Overview Statement to provide shareholders and investors with an overview of the corporate governance (“CG”) principles and best practices of the Company as laid out in the Malaysian Code on Corporate Governance 2017 (“MCCG 2017” or “the Code”) throughout the financial year under review. This statement should be read together with the Corporate Governance Report (“CG Report”) and with other statements in the Annual Report (e.g., Statement of Risk Management and Internal Control and Audit and Risk Management Committee Report) which are available on the INNITY’s website at www.innity.com. The CG Report provides a detailed application of the CG practices as set out in the MCCG 2017.

A. APPLICATION OF MCCG 2017 PRACTICES

The Code’s Best Practice		Application	Explanation For Departure And Timeframe
PRINCIPLE A - BOARD LEADERSHIP & EFFECTIVENESS			
I. Board Responsibilities			
1.1	The Board should set the company’s strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The Board should set the company’s values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.	Applied	Not applicable
1.2	A Chairman of the Board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board is appointed.	Applied	Not applicable
1.3	The position of Chairman and CEO are held by different individuals.	Applied	Not applicable
1.4	The Board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices.	Applied	Not applicable
1.5	Directors receive meeting materials which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.	Applied	Not applicable
2.1	The Board has a Board Charter which is periodically reviewed and published on the company’s website. The Board Charter clearly identifies: - <ul style="list-style-type: none"> • the respective roles and responsibilities of the Board, Board committees, individual directors and management; and • issues and decisions reserved for the Board 	Applied	Not applicable

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

A. APPLICATION OF MCCG 2017 PRACTICES (CONT'D)

The Code's Best Practice		Application	Explanation For Departure And Timeframe
PRINCIPLE A - BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)			
I. Board Responsibilities (Cont'd)			
3.1	<p>The Board establishes a Code of Conduct and Ethics for the company and together with management implements its policies and procedures which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.</p> <p>The Code of Conduct and Ethics is published on the company's website.</p>	Applied	Not applicable
3.2	<p>The Board establishes reviews and together with management implements policies and procedures on whistleblowing.</p>	Applied	Not applicable
II. Board Composition			
4.1	<p>At least half of the Board comprises independent directors. For Large Companies, the Board comprises a majority of independent directors.</p>	Departure	<p>Explanation: The Board is putting every effort in getting suitable candidates who could meet the objective criteria, merit and with due regard for diversity in skills, experience and background to sit as Independent Directors on the Board.</p> <p>Timeframe: The Board shall make every effort to increase the ratio of independent directors to at least 50% on the Board but would not commit to a definite timeframe.</p>
4.2	<p>The tenure of an independent director does not exceed a cumulative term limit of nine (9) years. Upon completion of the nine years, an independent director may continue to serve on the Board as a non-independent director.</p> <p>If the Board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the Board continues to retain the independent director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.</p>	Applied	Not applicable
4.3	<p>Step Up:</p> <p>The Board has a policy which limits the tenure of its independent directors to nine (9) years.</p>	Not adopted	Not applicable

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

A. APPLICATION OF MCCG 2017 PRACTICES (CONT'D)

The Code's Best Practice		Application	Explanation for Departure and Timeframe
PRINCIPLE A - BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)			
II. Board Composition (Cont'd)			
4.4	Appointment of Board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.	Applied	Not applicable
4.5	The Board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies , the Board must have at least 30% women directors.	Departure	<p>Explanation: The Board is of the view that the appointment of new board members will not solely be guided by gender but rather the skills, knowledge and experience of the candidate.</p> <p>The Board takes cognisance of the importance of having women representation on Board and is taking steps to identify women who meet the qualifications, qualities and standards that commensurate with the Group's requirements.</p> <p>Timeframe: The Board shall make every effort to increase women representation on the Board but would not commit to a definite timeframe to achieve the 30% target.</p>
4.6	In identifying candidates for appointment of directors, the Board does not solely rely on recommendations from existing board members, management or major shareholders. The Board utilises independent sources to identify suitably qualified candidates.	Applied	Not applicable
4.7	The Nomination Committee is chaired by an Independent Director or the Senior Independent Director.	Applied	Not applicable
5.1	The Board should undertake a formal and objective annual evaluation to determine effectiveness of its committees and each individual director. The Board should disclose how the assessment was carried out and its outcome.	Applied	Not applicable

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

A. APPLICATION OF MCCG 2017 PRACTICES (CONT'D)

The Code's Best Practice		Application	Explanation for Departure and Timeframe
PRINCIPLE A - BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)			
III. Remuneration			
6.1	The Board has in place policies and procedures to determine the remuneration of directors and senior management which take into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.	Applied	Not applicable
6.2	The Board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board and senior management. The Committee has written Terms of Reference (TORs) which deals with its authority and duties and these TORs are disclosed in the Company's website.	Applied	Not applicable
7.1	There is a detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits-in-kind and other emoluments.	Applied	Not applicable
7.2	The Board discloses on a named basis the top five (5) senior management remuneration component including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000.	Applied	Not applicable
7.3	Step Up: Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.	Not adopted	Not applicable

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

A. APPLICATION OF MCCG 2017 PRACTICES (CONT'D)

The Code's Best Practice		Application	Explanation for Departure and Timeframe
PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT			
I. Audit and Risk Management Committee			
8.1	The Chairman of the Audit and Risk Management Committee ("ARMC") is not the Chairman of the Board.	Applied	Not applicable
8.2	The ARMC has a policy that requires a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the ARMC.	Applied	Not applicable
8.3	The ARMC has policies and procedures to assess the suitability, objectivity and independent of the external auditor	Applied	Not applicable
8.4	Step Up: The ARMC should comprise solely of independent directors.	Applied	Not applicable
8.5	Collectively, the ARMC should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the ARMC including the financial reporting process. All members of the ARMC should undertake continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.	Applied	Not applicable
9.1	The Board should establish an effective risk management and internal control framework.	Applied	Not applicable
9.2	The Board should disclose the features of its risk management and internal control framework and the adequacy and effectiveness of this framework.	Applied	Not applicable
9.3	Step Up: The Board establishes a Risk Management Committee which comprises a majority of independent directors to oversee the company's risk management framework and policies.	Applied	Not applicable
10.1	The ARMC should ensure that the internal audit function is effective and able to function independently.	Applied	Not applicable

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

A. APPLICATION OF MCCG 2017 PRACTICES (CONT'D)

The Code's Best Practice		Application	Explanation for Departure and Timeframe
PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)			
I. Audit and Risk Management Committee (Cont'd)			
10.2	<p>The Board should disclose:-</p> <ul style="list-style-type: none"> a. whether internal audit personnel are free from any relationships and conflicts of interest which could impair their objectivity and performance; b. the number of resources in the internal audit department; c. name and qualification of the person responsible for internal audit; and d. whether the internal audit function is carried out in accordance with a recognised framework. 	Applied	Not applicable
PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS			
I. Communication with Stakeholders			
11.1	The Board ensures there is effective, transparent and regular communication with its stakeholders.	Applied	Not applicable
11.2	Large companies are encouraged to adopt integrated reporting based on globally recognised frameworks.	Not applicable	Not applicable
II. Conduct of General Meetings			
12.1	Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.	Applied	Not applicable
12.2	All directors attend General Meetings. The Chair of the Nomination, ARMC and other committees provide meaningful response to questions addressed to them.	Applied	Not applicable
12.3	<p>Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate: -</p> <ul style="list-style-type: none"> • voting including voting in absentia; and • remote shareholders' participation at General Meetings. 	Applied	Not applicable

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

B. PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

Strategic Aim, Value and Standard

The Board assumes full responsibility for long-term sustainability of the Group through effective stewardship and application of corporate governance best practices.

In discharging its fiduciary duties and overall leadership functions, the Board delegates some authorities to be key members of Senior Management to facilitate effective day to day management of business, providing leadership and guidance by working with the Senior Management in mapping out the strategic direction of the Group, ensuring the effective use of resources to meet its objectives while exercising oversight on management's performance.

The Board Committees, comprising the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee are entrusted with specific responsibilities to oversee, with authority, the Group's affairs, as laid out in the respective Terms of Reference. At each Board meeting, the Chairman of the relevant Board Committees report on key matters deliberated by the Board Committees at their respective meetings.

Key matters reserved for the Board's approval include the annual business plan and budget, capital and risk management, investment policies, authority/discretionary powers, issue of new securities, business restructuring, dividend policy, capital expenditure or operating expenditure exceeding authorised limits, material acquisitions and disposal of assets.

The Board regularly reviews the progress on the financial performance and strategic plan, ensuring effective risk management and control in all aspects of the Group's business.

Chairman

The Group is headed by an Executive Chairman, Mr. Phang Chee Leong, who is one of INNITY's principal founders. The Chairman has an important role in leading overall functioning of the Board so that the Board and Board Committees can perform its responsibilities effectively.

The Chairman is responsible for:

- Setting the agenda for Board meetings with a focus towards the Group's performance, strategic direction and good governance practices;
- Ensuring clear and relevant information are provided when key matters are deliberated at Board meetings;
- Acting as a facilitator at Board meetings to ensure key matters presented by the relevant Board Committees are addressed, resolved and sanctioned by the Board; and
- Maintaining ongoing dialogue and cordial relationship of trust with and between the Directors and Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

B. PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

Separation of the Position between Chairman and Chief Executive Officer (“CEO”)

The positions of Chairman (designated as Executive Chairman) and CEO (designated as Managing Director) are held by different individuals.

The roles and responsibilities of the Executive Chairman and Managing Director are clearly differentiated between the strategy and policy-making process and daily management of the Group. This is to ensure clarity of responsibilities and accountability between two individuals such that no one individual has unfettered powers over decision making.

Qualified and Competent Secretary

The Board is ably supported by three (3) Company Secretaries. The Company Secretaries namely, Ms. Fong Seah Lih (appointed on 24 August 2020), Ms. Wong Wai Foong and Ms. Tham Yin Tong are externally appointed.

The Company Secretaries are well qualified Chartered Secretaries and possess the requisite knowledge, experience and all-round exposure in their respective role as Company Secretary for public listed companies in other sectors of the economy.

Apart from rendering secretarial services to public listed entities, the Company Secretaries provide relevant advice on corporate governance, update the Board on the latest security regulations with respect to corporate disclosures and compliance as set out by external regulators to keep the Board abreast with updated rules and regulations.

Access to Information and Advice

The agenda for Board meetings and a complete set of Board papers and preceding Board minutes containing information relevant to the meeting agenda are circulated to all Directors at least seven (7) calendar days prior to the meeting. Board members are therefore, given sufficient time to go through the Board papers thoroughly.

All Directors have access to all information within the Group. To facilitate discussions on operational issues, such as changes on operating procedures and human resource issues, the Directors may interact directly with the management requesting for further clarification, information or updates.

In addition, the Directors may seek independent professional advice at the Group’s expense, on specialised issues to enable them to discharge their duties with adequate knowledge of the issues being deliberated.

Board Charter

The Board Charter is reviewed and updated from time to time, as deemed necessary, to keep abreast of statutory revisions in corporate governance best practices to ensure its relevance and effectiveness.

Any amendments made during the year will be disclosed in the following year’s Corporate Governance Overview Statement.

The Board Charter is available on the Company’s website at www.innity.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

B. PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

Business Code of Conduct (“COC”)

A COC has been formalised to reflect the Group’s vision and core values of integrity, teamwork, learning and performance.

The COC constitutes the primary behaviour guide for the Company’s employees. It incorporates the basic standards of ethical legal behaviour emphasising INNITY’s commitment, as a corporate family to ethics and compliance with the law. The COC is also a preventive tool to help prevent and detect violations of the Company’s policies and the law.

The COC is available on the Company’s website at www.innity.com.

Whistle-Blowing

The Board has adopted a Whistle-Blowing Policy for the Group as a measure against any form of fraudulent or criminal act. The Whistle-Blowing Policy outlines its governing principles, the reporting channels available to the whistle-blower, the initiation, investigation, follow-up phases and remedial or consequent action taken.

Employees who have reasonable belief that there is serious misconduct relating to any matter disclosed, may direct the complaint to the Chairman and a member of ARMC. Management will ensure the employee who raises a genuine complaint in good faith shall not be penalised for such disclosure and such complaint shall be kept confidential.

In relation to whistle-blowing, a policy was developed in FY2016 which sets out the principles and grievance procedures for any individual to report any suspected or actual misconduct/wrongdoing perpetrated within the Group. This policy, under the purview of the Group Risk Management Committee (“GRMC”) not only covers possible improprieties but also include:

- A) Corruption/bribery;
- B) Fraudulent representation;
- C) Fraudulent business dealings;
- D) Asset misappropriation;
- E) Other criminal offences such as blackmail;
- F) Miscarriage of justice;
- G) Non-compliance of legal or regulatory obligations;
- H) Endangerment of an individual’s health and safety; and
- I) Concealment of any or a combination of the above.

Details of the Whistle-Blowing Policy is available on the Company’s website at www.innity.com.

In brief, the Whistle-Blowing Policy outlines its governing principles, the reporting channels available to the whistle-blower, the initiation, investigation, follow-up phases and remedial or consequent action taken.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

B. PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

Anti-Bribery and Corruption

INNITY's aversion to corruption, bribery or other improper payments in any of its business operations has prompted the Board to develop and adopt the Anti-Bribery and Corruption Policy. The policy acts as a deterrent to commit bribery and corruption violations which are punishable by law. It is also an initiative to protect investors' interest as well as to effectively manage bribery and corruption risk. The policy was drafted in compliance with Section 17A(5) of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, Paragraph 15.28 (1)(a)(i) of the Listing Requirements pertaining to the Anti-Money Laundering Act ("AMLA") in full support of the National Anti-Corruption Plan (2019-2023).

A Corruption Risk Profile was developed, the risk response and action plan was identified and ongoing control will be implemented and enhanced in managing corruption risks. The Anti-Bribery and Corruption measures implemented will not only promote better governance culture and ethical behaviour within INNITY, but will also provide greater accountability and transparency to investors.

The Anti-Bribery and Corruption Policy is available on the Company's website at www.innity.com.

PART II -BOARD COMPOSITION

Board Composition

The Board consists of eleven (11) Directors, comprising nine (9) principal Directors and two (2) alternate Directors. The nine (9) principal Directors comprised:

- One (1) Executive Chairman;
- One (1) Managing Director;
- Two (2) Executive Directors;
- Three (3) Independent Non-Executive Directors; and
- Two (2) Non-Independent Non-Executive Directors.

The present composition of the Board is in compliance with Rule 15.02 of the ACE Market Listing Requirements ("AMLR"). The Board is aware of the importance of independence in relation to the decision-making process. An effective Board is able to exercise objective business judgment on corporate affairs with frank and unbiased views from its independent directors whose roles are to act in the Company's best interest.

Tenure of Independent Director

As the date of this Statement, a sole independent director namely, Shamsul Ariffin Bin Mohd Nor has served a cumulative term limit exceeding twelve (12) years on the Board.

Annual shareholders' approval was sought at the Annual General Meeting (AGM) to retain the independent director through a two-tier voting process at the AGM held on 27 August 2020. Independent directors seeking re-election are supported by disclosures as to why the Board endorsed their re-appointments. The disclosures are verbally explained to shareholders at the Company's AGM prior to formal voting.

Before seeking re-election, the Nomination Committee conducted an assessment on Shamsul Ariffin Bin Mohd Nor and concluded he has fulfilled the criteria under the definition of Independent Director under the AMLR, that he is able to discharge his duties with impartiality and unbiased judgment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

B. PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

Diverse Board and Senior Management Team

The Board acknowledges the importance of diversity in terms of skills, experiences, age, cultural background as well as gender in leading the Board and Board Committees.

In evaluating potential candidates, the Group does not have a diversity policy for its workforce in terms of gender, ethnicity and age. Nevertheless, the Group is an equal opportunity employer and all appointments and employments are based strictly on merit and are not driven by any racial, age or gender bias. The Board shall endeavor to increase female representation on the Board and Senior Management if there are appropriate candidates available to fill vacancies when it arises.

Nomination Committee

The Nomination Committee is tasked with making suitable recommendations to fill vacancies on the Board and its various Committees. This ensures that the appointed Directors bring to the Board, a mix of skills and expertise necessary to meet the requirements of corporate stewardship.

To alleviate the perception of bias in the selection of candidates, the Nomination Committee is open to recommendations or suggestions from external sources such as professional associations and executive search agencies for this purpose.

Apart from the above, the Nomination Committee also assists the Board in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole.

The Nomination Committee comprises exclusively of Independent Non-Executive Directors headed by Mr. Fung Kam Foo, an Independent Non-Executive Director, as Chairman.

The Committee's composition allows it to deliberate and act independently of the Board on such matters as:

- a. The annual review of the Board's effectiveness;
- b. Assess each Director's performance and training needs; and
- c. Spearhead succession planning and appointment of Board members.

Chairman

Mr. Fung Kam Foo (*Independent Non-Executive Director*)

Members

Encik Shamsul Ariffin Bin Mohd Nor (*Independent Non-Executive Director*)

Mr. Cheong Chee Yun (*Independent Non-Executive Director*)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

B. PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

Nomination Committee (Cont'd)

The Committee held two (2) meetings during the financial year ended 31 December 2020. During the meeting, the Committee: -

- i. Reviewed and assessed the performance and effectiveness of the Board of Directors and the respective Board Committees as a whole for the year 2020. The respective contribution(s) of each individual Director to the Company were also appraised;
- ii. Assessed, reviewed, considered and recommended, at the next AGM, Board members due for re-election, re-appointment of new Director(s) who came on board during the preceding year;
- iii. Assessed the independence of the Independent Non-Executive Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 9 years and recommended the proposed continuation of their services in accordance with MCCG 2017; and
- iv. Evaluate the suitability of new Board appointments recommended to the Board to fill vacancies on the Board.

The Terms of Reference of the Nomination Committee is available at the Company's website at www.innity.com.

Annual Evaluation

Vested with the responsibility of evaluating the effectiveness of the Board, Board Committees and individual directors, a formal and objective evaluation of each individual director, based on Self and Peer assessment, is conducted by the Nomination Committee annually.

The evaluation of the Board, Board Committees and individual Directors' effectiveness was conducted internally, facilitated by the Company Secretary. The evaluation process was carried out using questionnaires that were modelled on Self and Peer rating assessment. The evaluation was administered by the Company Secretary.

Each Director furnishes to the Board a self-assessment of his performance during the course of the financial year. An objective assessment by each Director on the performance of each of his peers is also submitted to the Board for adjudication and levelling. The assessment included whether each Director, when addressing various issues, was able to exercise independent judgment, when challenged on his point of view, while still acting in the Company's best interest.

The Board is satisfied with the time commitment and level of effective participation given by the Directors as espoused in the Code, towards fulfilling their roles and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

B. PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

Nomination Committee (Cont'd)

Board Commitment

During the financial year, six (6) meetings were held. Details of the Directors' attendance are as follows:

Director	Number of Board Meetings Attended
Mr. Phang Chee Leong	6/6
Mr. Looa Hong Tuan	6/6
Mr. Wong Kok Woh	6/6
Mr. Seah Kum Loong	6/6
Mr. Gregory Charles Poarch	6/6
Mr. Michihiko Suganuma	6/6
En. Shamsul Ariffin Bin Mohd Nor	5/6
Mr. Cheong Chee Yun	6/6
Mr. Fung Kam Foo	6/6

Re-election of Retiring Directors

In accordance with the Companies Act 2016 and the Constitution of the Company, one-third (1/3) of the Directors, including the Executive Chairman, shall retire by rotation from office at each Annual General Meeting ("AGM") and they shall be eligible for re-election at such AGM. The Directors to retire shall be the Directors who have been longest in office since their appointment or last re-election.

Directors who are appointed by the Board in the course of the year shall be subject for re-election at the next AGM to be held following their appointments.

Pursuant to Clause 76 of the Company Constitution, Wong Kok Woh, Gregory Charles Poarch and Michihiko Suganuma are subject to retirement by rotation at the forthcoming Fourteenth AGM and they have expressed their willingness to seek for re-election at the Fourteenth AGM.

Directors' Training

The Board views the importance of continuing education for its Directors seriously, ensuring they are well informed and are equipped with the requisite skills and knowledge to meet the various challenging issues to be deliberated by the Board. A budget for Directors' continuing education has been set aside annually by the Company.

Ms. Rieko Yoshikawa was appointed on 24 August 2020, replacing Mr. Kento Isshiki, as alternate director to Mr. Michihiko Suganuma. Ms. Rieko Yoshikawa had on 19 to 21 October 2020 attended the Mandatory Accreditation Program ("MAP").

In discharging their duties, directors are expected to keep abreast of regulatory changes, industry developments and trends, to further enhance their business acumen and professionalism.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

B. PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

Nomination Committee (Cont'd)

Directors' Training (Cont'd)

The following directors listed in the table have attended relevant training programmes, talks, seminars, dialogue sessions and briefings organised by regulatory authorities and professional bodies: -

	Name of Director	Name of programme	Date
1.	Phang Chee Leong	Reinventing Budgeting, Profit Planning and Control Beyond Covid-19 and MCO	20 to 21 October 2020
2.	Looa Hong Tuan	Covid-19's impact on consumer behaviors in APAC How to turn consumer into business success	28 April 2020 28 May 2020
3.	Wong Kok Woh	Corporate Directors' Training Programme Fundamentals 3.0	25 November 2020
4.	Seah Kum Loong	Corporate Directors' Training Programme Fundamental 3.0	25 November 2020
5.	Shamsul Ariffin Bin Mohd Nor	Budget 2021: Key Updates and Changes for Corporate Accountants	30 November 2020
6.	Cheong Chee Yun	Covid-19 & MCO-Managing Corporate Law Concerns Impact on Covid-19 on Goodwill Impairment - An Asian Perspective Securing Confidential Information and Trade Secrets Contracting in a Digital - First Economy 2021 Budget The Manufacturing Industry: What's new and What's next Industry 4WRD & Incentives	18 May 2020 21 May 2020 17 July 2020 11 August 2020 18 November 2020 24 November 2020 8 December 2020
7.	Gregory Charles Poarch	2020 Asia Economic and Entrepreneurship Summit, KSI Strategic Institute for Asia Pacific BDO Tax Budget Webinar	8 September 2020 18 November 2020
8.	Michihiko Suganuma	IAB Tech Lab Quarterly Update Ad: Tech Conference, Tokyo IAB Brand Disruption Summit Global Marketing World WebSummit	22 January 2020 8 February 2020 4 August 2020 19 November 2020 29- 30 October 2020 9- 11 November 2020 10 November 2020 2- 5 December 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

B. PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

Nomination Committee (Cont'd)

Directors' Training (Cont'd)

The following directors listed in the table have attended relevant training programmes, talks, seminars, dialogue sessions and briefings organised by regulatory authorities and professional bodies: - (Cont'd)

	Name of Director	Name of programme	Date
9.	Fung Kam Foo	Preparing the Board for a Post-COVID World	14 August 2020
		The Role of The Risk Management Committee in Managing Risk	19 to 20 October 2020
		The Regenerative Business of the Future by Ed Gillespie (London,UK)	7 December 2020
		Digital Leadership and Communication During Turbulent Times (An Exploration of Executive Online Presence and Reputation) by Bant Breen (New York, US)	8 December 2020
		The Modern Board Architecture by Mark A. Pfister (New York, US)	9 December 2020
		On Board: A Conversation with Sir John Tusa - in collaboration with the Myanmar Institute of Directors (MIOD)	10 December 2020

PART III - REMUNERATION

Remuneration Committee

The Board has established a Remuneration Committee ("RC") to make recommendations to the Board on all aspects of remuneration for the Executive Directors and Non-Executive Directors.

The present composition of the Remuneration Committee consists of two (2) Independent Non-Executive Directors and one (1) Executive Director: -

Chairman

Mr. Fung Kam Foo (*Independent Non-Executive Director*)

Members

Mr. Phang Chee Leong (*Executive Chairman*)

Encik Shamsul Ariffin Bin Mohd Nor (*Independent Non-Executive Director*)

The Committee meets at least once a year. Additional meetings can be convened if it is necessary by the Chairman.

The Committee held one (1) meeting during the financial year ended 31 December 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

B. PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III – REMUNERATION (CONT'D)

Remuneration Policy

An appropriate remuneration policy is critical to attract, retain and motivate individuals of the highest calibre to drive the long-term success of the Group.

At INNITY, the development of this policy framework, structured to link rewards to individual and corporate performance, is guided by market norms and industry practice. This framework is the purview of the Remuneration Committee and is shaped by the following underlying principles:

- a. Consistency with Group strategy and business objectives;
- b. Competitive with remuneration policies of competing companies; and
- c. Compliance with Company values.

The Remuneration Committee makes recommendations to the Board on all elements of the remuneration, terms of employment, reward structure, and fringe benefits for the Executive Directors, Senior Management and Non- Executive Directors.

Besides salaries, allowances, benefits-in-kind and bonuses, the remuneration package of Executive Directors and Senior Management includes employees' share options as an added incentive.

Non-Executive Directors are remunerated through fixed director's fees and meeting allowances.

The level of remuneration reflects the depth of experience and level of responsibilities undertaken by the individual Non-Executive Director concerned. In any event, fees payable to Non-Executive Directors are determined by way of benchmarking with competing organisations.

The Terms of Reference of the Remuneration Committee can be viewed on the Company's website at www.innity.com.

The Remuneration Committee shall recommend to the Board the remuneration and entitlement of all Directors (including the Executive Chairman) and the Board will decide based on the recommendations of the Remuneration Committee. The approval for directors' remuneration rests with the Board as a whole with the Directors abstaining from voting and deliberating on decisions in respect of their own remuneration package.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

B. PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III – REMUNERATION (CONT'D)

Remuneration Policy (Cont'd)

The remuneration paid or payable to Directors for the financial year ended 31 December 2020 are as follows:

Group (in RM)	Salary	Fees	Bonus	Other Emoluments*	Total
Non-Executive Directors: -					
Fung Kam Foo	-	42,000	-	2,000	44,000
Shamsul Ariffin Bin Mohd Nor	-	42,000	-	1,500	43,500
Cheong Chee Yun	-	42,000	-	2,000	44,000
Gregory Charles Poarch	-	-	-	-	-
Michihiko Suganuma	-	-	-	-	-
TOTAL	-	126,000	-	5,500	131,500
Executive Directors: -					
Phang Chee Leong	437,877	224,900	42,200	65,260	770,237
Looa Hong Tuan	545,380	-	37,110	58,243	640,733
Wong Kok Woh	250,569	-	12,410	39,274	302,253
Seah Kum Loong	236,775	-	11,350	37,482	285,607
TOTAL	1,470,601	224,900	103,070	200,259	1,998,830

* Other emoluments include allowances, Employee Provident Fund contributions, Employment Insurance System contributions and social security contributions by the Company/the Group.

The remuneration (comprising salary, bonus, benefits in-kind and other emoluments) paid to the top five (5) senior management staffs of the Group, categories into bands of RM50,000, for the financial year under review, are as follows:

Name	RM150,001 to RM200,000	RM250,001 to RM300,000
Chow Tat Kee		✓
Ng Eng Tat		✓
Simon Ong		✓
Edward Lum	✓	
Yap Soon Kim	✓	

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

C. PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART I - AUDIT COMMITTEE

Audit and Risk Management Committee

The Board has established an Audit Committee on 21 May 2009 and subsequently renamed it as the Audit and Risk Management Committee ("ARMC") on 29 May 2014.

The ARMC is tasked with oversight of the financial reporting process, internal and external audit process, issues pertaining to internal control and risk management. Its objective is to assist the Board of Directors in fulfilling its fiduciary duties.

Presently, the ARMC comprises three (3) members of the Board, who are all independent Non-Executive Directors. The Chairman of the ARMC is not the Chairman of the Board.

The Terms of Reference of the ARMC, composition and summary of activities are found on the Company's website at www.innity.com.

The activities of the ARMC during the year are described in the Audit and Risk Management Committee Report on page 36.

PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Governance

The Board recognises the importance of establishing an effective risk management and internal control framework in achieving the Group's strategic objectives and to ensure long-term sustainability of the business. The Board has established an Enterprise Risk Management Framework ("ERMF") which assists all operational levels in achieving the Company's strategic objectives by adopting a systematic approach to evaluating and improving the effectiveness of risk management and control.

The Group Risk Management Committee ("GRMC"), established by the Board, has oversight of the risk management process. The GRMC oversees the successful implementation of the framework by setting, where appropriate, objective performance targets and policies to the Management Risk Committee ("MRC") to manage and mitigate the principal risks identified. GRMC consists of four executive directors and a senior management personnel.

The MRC comprises a Senior Manager, as the Risk Management Officer/Coordinator, and key personnel from companies in the Group. Representatives from the respective divisions/business units within the Group are tasked with reporting key risks to the Risk Management Officer/Coordinator for the attention of the MRC.

Risk assessment is conducted on a minimum half-yearly basis by the respective working committees comprising Senior Management and relevant Heads of Departments. The process involves identifying and reviewing new and existing key risks factors that affect the Group and the corresponding mitigation action plan to address them in accordance with the Group's risk appetite and tolerance defined in the ERMF. It includes updates on the effectiveness of the mitigation action implemented.

The Risk Management framework entails identifying and reviewing existing and potential key risk factors afflicting or may likely affect the Group's businesses. The GRMC meets every quarter with the Risk Management Officer/Coordinator to deliberate on the identified risks. These identified risks are managed and mitigated through an action plan developed by the MRC and sanctioned by the GRMC with the Board's endorsement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

C. PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

Risk Governance (Cont'd)

The Statement on Risk Management and Internal Control, as set out in page 40 to 48, provides an overview on the state of risk management and internal control within the Group.

Internal Audit

The internal audit function, which provides feedback on the adequacy and effectiveness of the Group's system of internal control, is under the purview of the ARMC.

The Group's internal audit function is outsourced to an independent professional audit firm, Resolve IR Sdn Bhd ("RIRSB").

RIRSB is a member of the Institution of Internal Auditors, Malaysia ("IIAM"). In compliance with the Institution's Professional Practice Framework ("IPPF"), RIRSB is empowered with an appropriate level of independence and authority to discharge its duties responsibly and effectively.

RIRSB reports directly to the ARMC which acts independently on audits. The duties and responsibilities of ARMC on Internal Audit are governed in the ARMC's Terms of Reference.

During the financial year ended 31 December 2020, regular and systematic reviews of the operational and internal control procedures of the Company and its subsidiaries were carried out so as to provide reasonable assurance that the internal control system put in place continue to operate satisfactorily and effectively.

The findings of the internal audits, including recommended corrective actions, were presented to the ARMC at half yearly meetings. In addition, follow up reviews were conducted to ensure that corrective actions have been implemented in a timely manner.

The internal audit function has been carried out using the risk-based approach and was guided by IPPF. The audit is also conducted in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' value. However, the Board is also cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control and risk management framework.

The Group's risk management process and internal control system do not apply to associate companies where the Group does not have full management control. The Group's interest in the respective associate companies is served through representation on the Board of Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

C. PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

Relationship with the External Auditors

The Board maintains, via the ARMC, an active, transparent and professional relationship with the Group's external auditors. The ARMC works closely with the senior audit partner, assigned to act as the key representative and liaison, overseeing the relationship of INNITY Group with the external auditors. At least 2 meetings are held to discuss the audit plan, audit findings and the Group's financial statements. From time to time, the auditors highlight to the ARMC and the Board on matters that require the ARMC and Board's attention and action.

The ARMC has put in place a set of criteria to assess the suitability and independence of external auditors.

Briefly, these are:

- a. Adequacy of resources, qualifications and service quality of the External Audit team;
- b. Global presence in the Group's existing business units;
- c. Possess a stringent audit framework and programme to uncover major audit issues (if any);
- d. Strict enforcement of applicable auditing and accounting standards;
- e. Experience in offering practicable solutions when faced with problematic issues;
- f. Able to communicate effectively with top and middle management; and
- g. Independent but strong and cordial relationship with auditee companies.

During the financial year under review, the ARMC was satisfied with the suitability and performance of the external auditors in terms of the quality of services rendered, their objectivity, independence and professionalism with respect to the Company and the Group, in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. In addition, to the best knowledge of the ARMC, the provision of non-audit services by the external auditors during the year did not compromise the external auditors' independence.

As and when necessary, the external auditors are invited to attend the Company's Annual General Meeting/Extraordinary General Meeting and are obliged to answer any questions from shareholders on the conduct of the statutory audit, contents of the Annual Audited Financial Statements as well as any corporate exercise(s) undertaken by the Group where the external auditors are involved.

The services provided by the external auditor include statutory audit and non-statutory audit services. The terms of engagement for the statutory audit and non-audit services rendered by the external auditor are designed to ensure that such services do not impair the external auditors' independence or objectivity. As evidence of this, the amount of non-audit fees paid were not significant as compared to the total fees paid to the external auditors for the financial year under review.

The activities of the ARMC during the year are described in the Audit and Risk Management Committee Report in this Annual Report (page 36).

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

D. PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I - COMMUNICATION WITH STAKEHOLDERS

The Board values transparency and accountability to its shareholders, media personnel and investors.

The Company reaches out to these stakeholders through timely disclosures via various public announcements, organising investor, analyst and media briefings and issuance of the Annual Report.

The Annual Report, being a key source of information available to each shareholder, contains easy and comprehensive details on the progress of the business, the financial performance of the Company and Group and various other corporate information relevant to shareholders. The Company's shareholders and investors can also obtain general information of the Company through its website.

Updates on the Company's financial performance are also provided through quarterly financial reports announced via Bursa Link.

PART II - CONDUCT OF GENERAL MEETING

Currently, the General Meetings are the principal forum for dialogues with the shareholders and investors. At each General Meeting, the Board presents the progress and performance of the Group and/or Corporate Proposals of the Company and shareholders are encouraged to participate in the question and answer sessions. Informal discussions between the Directors, senior management staff and the shareholders and investors are always active before and after the General Meetings.

Notice of the AGM, the Annual Report and relevant circulars are sent out to shareholders at least twenty-eight (28) days before the date of the meeting.

At each AGM, the Board presents the progress and performance of the business and encourages shareholders to participate and to raise questions about the resolutions being proposed and about the Group's operations in general. Executive Directors and, where appropriate, the Chairman of the various Board Committees are available to respond to shareholders' questions during the meeting.

Our Priorities and Focus Areas in FY2021

INNITY's priority is to continually drive risk and compliance culture across the Group by supporting corporate governance best practices as set out in MCCG 2017. This will ensure the Group's strong capital position and earnings growth are achieved in a sustainable manner.

In FY2021, much of our priorities will be focused in the following areas: -

- i. Fulfilling MCCG 2017 on a minimum 50% of the Board be made up of Independent Directors. Despite this departure currently, the Board will make every effort and expense in appointing the right candidate, irrespective of gender, who meets the prerequisites of having a balanced perspective, delivering unbiased opinions and exercising strong independent judgment, diversity in skills, experience and background, to sit as Independent Directors on the Board;
- ii. Enhancing the Group's risk management capabilities to identify and control emerging risks including cyber risks; and
- iii. Refining the audit and internal control processes to deal with any potential weaknesses which may likely affect the Group's businesses.

This statement is made at the Board of Directors' Meeting held on 8 April 2021.

SUSTAINABILITY STATEMENT

CORPORATE SUSTAINABILITY STATEMENT

The aim of sustainability is to create value for the present while demonstrating a strong commitment to the long-term preservation and enhancement of the social, economic and environmental (“EES”) factors that impact our business and in turn, the communities where we operate.

INNITY aspires to ensure sustainability for all of its business activities. The integration of sustainability into all our operations is a continuous process with the Board having oversight responsibility.

In compliance with ACE Market Listing Requirements of adopting sustainability practices and sustainability reporting, based on the criteria espoused in the United Nations Sustainable Development Goals on business continuity and competitiveness, the Group has applied a holistic approach that included making a thorough assessment of key factors that may affect the sustainability of the Group’s business and taking the necessary steps to mitigate those factors. These factors are being progressively addressed by INNITY with unequivocal support of its Board members and senior management.

By assessing the impact of these key factors on our business operations, our senior management were able to focus on areas where sustainability management and business processes could be strengthened or improved to meet the objectives and strategies of the Group and all its subsidiaries. These areas of concern also provide a basis on which we can continually improve our reporting to better meet the expectations of our stakeholders.

INNITY’s Sustainability Framework, in no particular order of importance, is focused on the following objectives:

1. **Economic:**
Develop mutually beneficial business relations with stakeholders through delivery of relevant and functional technology-based online advertising solutions and other related internet services aiming at a global audience;
2. **Environmental:**
Seek effective and efficient conservation management of resources in support of the green environment; and
3. **Social:**
Provide a safe, conducive and friendly working environment where employees can grow their career, striking a balance between work and family responsibilities and at the same time, contribute through social activities that benefit the local community.

ECONOMIC	ENVIRONMENTAL	SOCIAL
» Legal & Regulatory Compliance	» Resource Conservation	» Health & Employee Well-Being
» Corporate Governance	» Quality, Health & Safety	» Talent Attraction, Retention & Development
» Research & Product Development	» Environmental Protection	» Diversity
» Brand Reputation & Corporate Recognition	» Procurement Management	» Community Engagement & Investment
» Strategic Alliances		
» Client Satisfaction & Engagement		
» Wider Market Coverage		

The scope of INNITY’s sustainability reporting covers the period from 1 January 2020 to 31 December 2020 in tandem with this Annual Report.

SUSTAINABILITY STATEMENT

(CONT'D)

1. ECONOMIC SUSTAINABILITY

- a. The INNITY Group is committed to conducting its businesses in full compliance with the legal and regulatory jurisdictions under which it operates. The Group conducts its businesses professionally with the utmost integrity and corporate governance;
- b. The Covid-19 pandemic in 2020 presented a significant challenge to the global economy threatening the near collapse of most businesses worldwide. INNITY, too, was not spared from the impact but has managed to emerge from FY2020 largely unscathed;
- c. While the focus during the pandemic was on developing new products, controlling costs, improving risk management and internal control to consolidate the business, INNITY's other priority was aimed at targeting 'Work From Home' audiences as most were in self-isolation at home in their fight against the deadly Covid-19 virus;
- d. Risk management in a pandemic situation like Covid-19 was improved to achieve business retention and internal control procedures were revisited to comply with best practices of integrity and ethics in the conduct of INNITY's business;
- e. A Code of Conduct and Ethics, which is published on the company's website, sets out the standards of conduct that all directors and employees are required to comply thus, ensuring that the Group's obligations and commitment are always upheld;
- f. INNITY strictly prohibits corruption, bribery or other improper payments in any of its business operations. In compliance with Section 17A(5) of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and the applicable laws on anti-bribery and corruption, the Group has put in place the Anti-Bribery and Corruption Policy, found in the Company's website, as an initiative to protect investors' interest as well as to effectively manage bribery and corruption risk;
- g. In spite of a highly challenging year in which the global COVID-19 pandemic impeded business hegemony worldwide, INNITY successfully launched and marketed several innovative advertising solutions in its ever-expanding portfolio as elaborated below:

i. **Advenue Supply Side Platform**

Advenue Supply Side Platform ('SSP') helps digital media owners and publishers sell digital ads in automated auctions. It is a technology platform used to coordinate and manage the supply and distribution of ad inventories. The purpose of SSP is to efficiently improve the yield optimization of advertising space inventory on websites to minimise wasted space and maximise views.

ii. **3D Posts Advertisement Format**

As its name suggests, the 3D Post advertisement format adds a unique three dimensional twist to the advertisements. It captures the attention of the audience as they scroll through the site, enabling brands to seamlessly transform social posts into display ads for high impact viewing. This format is targeted for brand marketers planning to expand and amplify their social media presence to reach out to more audiences.

iii. **Programmatic Shoppable Ads**

A Shoppable app has been launched in late FY20, as part of the exclusive Digital Commerce Advertising Partnership Program with leading premium publishers in Southeast Asia. Innity's Shoppable Ads offers an end-to-end shopping experience that shortens and streamlines the consumer purchase journey while providing businesses with important insights to reach purchase-ready consumers more efficiently. Additionally, Innity Shoppable Ads fully leverages Innity's SSP capabilities to offer marketers greater viewability and engagement through programmatic and data-driven buys for high impact advertising.

SUSTAINABILITY STATEMENT

(CONT'D)

1. ECONOMIC SUSTAINABILITY (CONT'D)

h. Strategic Alliances

TikTok, one of the world's fastest growing social apps focusing on short-form mobile videos has exceeded Twitter and Snapchat in terms of popularity worldwide. Advertisers on TikTok will get to deliver their brand message clearly, effectively and creatively with the help of personalised filters, music and unique challenges.

INNITY's continuing strategic partnership with TikTok has made tremendous progress during FY2020. Besides Malaysia, TikTok extended its strategic partnership by appointing INNITY as official reseller to twenty-two (22) other countries across US, Europe and Asia. The extended strategic partnership has facilitated entry into new markets for INNITY's clients including Malaysia, Singapore, Indonesia, Hong Kong, Thailand, Philippines, Vietnam and many more – enabling advertisers to tap into a variety of ad formats offered by TikTok and engage with audiences across three (3) continents.

In FY2020, INNITY has been appointed as a Technology Solutions Provider (“TSP”) for the SME Digitalisation Grant by the Malaysian Digital Economy Corporation (“MDEC”). The objective of MDEC's Digitalisation Grant is to provide eligible SMEs with a grant to digitalise their businesses.

The grant allows eligible SMEs to claim up to RM5,000 per company or a 50% matching grant which commensurates with the SME's projected digitalisation expenditure.

As TSP, INNITY successfully developed 'Value Packages' which complements the quantum of SME grant awarded thus, bringing further cost savings to SMEs planning to make the transition into the digital world.

i. Brand Reputation & Corporate Recognition

INNITY was recognised as a leading online advertising solutions provider in Asia Pacific (“APAC”) at the ASEAN Business Awards 2019 held in Bangkok, Thailand. INNITY was chosen as the APAC winner under the “Priority Integration Sectors: ICT (Mid-Tier) category. This award is significant as it has inspired INNITY to keep elevating its already lofty standards in providing innovative advertising solutions to its advertisers, publishers and partners.

j. Stakeholder Satisfaction & Engagement

Stakeholder satisfaction and frequent engagement significantly impact on our brand and opportunity for repeatable business. As the Board is responsible for promoting effective communication with investors, shareholders and relevant stakeholders, frequent engagement through accurate and timely disclosure of information on key sustainability issues are vital for them to comprehend the actions and direction of the Group's current and future strategies with greater clarity.

SUSTAINABILITY STATEMENT

(CONT'D)

1. ECONOMIC SUSTAINABILITY (CONT'D)

j. Stakeholder Satisfaction & Engagement (Cont'd)

Currently, INNITY's engagement model with stakeholders is as below:

Stakeholders	Sustainability Issues	Engagement Platforms	Frequency
Investors & Shareholders	<ul style="list-style-type: none"> Day-to-day operation Business performance Market conditions Future trends 	<ul style="list-style-type: none"> Company website Bursa announcements Press interviews/releases Quarterly reports Annual reports Annual General Meetings Extraordinary General Meetings Analysts' briefings 	<ul style="list-style-type: none"> As required As required As required Quarterly Annually Annually As required As required
Employees	<ul style="list-style-type: none"> Communication & engagement Health & safety Working environment Career development 	<ul style="list-style-type: none"> Meeting & brainstorming sessions Training & development Breakout and team building sessions Appraisal and performance reviews 	<ul style="list-style-type: none"> As required As required As required Annually
Government & Regulators	<ul style="list-style-type: none"> Legal & Regulatory Compliance 	<ul style="list-style-type: none"> Compliance of relevant legal and regulatory framework 	<ul style="list-style-type: none"> On-going
Customers	<ul style="list-style-type: none"> Regular updates on product development Sustaining long-term relationships 	<ul style="list-style-type: none"> Regular dialogues Online customer feedback sessions Site visits to customer 	<ul style="list-style-type: none"> On-going On-going As required
Communities	<ul style="list-style-type: none"> Focus on green technologies Initiate/Participate in community activities 	<ul style="list-style-type: none"> Initiate/participate in conservation of resources based on 3R concept (i.e., reduce, reuse & recycle) Community programmes 	<ul style="list-style-type: none"> As required As required

SUSTAINABILITY STATEMENT

(CONT'D)

1. ECONOMIC SUSTAINABILITY (CONT'D)

k. Wider Market Coverage

Over the years, our growth expansion has taken us to most countries in ASEAN and the Far East. Our presence in ten (10) ASEAN and Far East markets including Singapore, Indonesia, Philippines, Malaysia and Vietnam, Taiwan, Hong Kong, Korea to name a few, and the growing presence of our business units in Cambodia and Myanmar are ample testament of our widespread presence.

The rationale for the establishment of these overseas business units is the following:

- i. It enables us to have an understanding of the local business environment;
- ii. Overseas business units provide a wider reach and clientele base to promote our expanding portfolio of products;
- iii. Adapting swiftly to market intelligence data and analytics of current market trends;
- iv. As most sale transactions are mostly denominated in United States Dollars (“USD”), purchase of online publishers’ sites, sales to advertisers and/or media agencies, provide a natural hedge wherein, all overseas business units maintain an USD bank account to facilitate payments and collections in USD hence, minimising the effect of foreign exchange risk; and
- v. The appreciation of varying business practices, cultures and the environment in our various overseas destinations has enhanced EES sustainability and strengthen INNITY’s corporate value and reputation.

2. ENVIRONMENTAL SUSTAINABILITY

- a. As environmental protection is every bit as important as other elements of sustainability, the Group aims to minimise wastage in our energy consumption through mindful usage of energy and water resources;
- b. Our firm commitment in the conservation of these resources, based on the 3R concept (i.e., Reduce, Reuse, Recycle), has paved the way for the adoption of the following initiatives:
 - multi-video conferencing for our regular communication with overseas business units and business associates;
 - electronic mail for communication amongst Group employees;
 - Introduced waste disposal bins at strategically located areas to separate plastic and paper trash;
 - installation of energy-saving LED lighting in our offices;
 - a designated photocopying area for the collection of waste paper for recycling;
 - using recycled paper for photocopying unofficial documents; and
 - adopting an electronic leave and attendance system for leave applications.
- c. We are also focusing on moving towards a paperless working environment. We continue streamlining and digitising work processes to improve productivity, reduce wastage and conserve energy resources;
- d. In the coming years, INNITY will increasingly focus its interactive online marketing platforms to advertisers and publishers involved in green technologies;

SUSTAINABILITY STATEMENT

(CONT'D)

3. SOCIAL SUSTAINABILITY

- a. Our employees are our priceless assets and the best way to retain an awesome workforce is to serve the needs of our employees so that they can best serve our organisation;
- b. In our business, we pride on technical expertise and innovative solutions to enrich our customers' experience and create long term value for our brand. Undoubtedly, our employees are of paramount importance because they are the backbone of our business. As such, we are mindful of the importance of proper staff recruitment and talent development to enable employees to achieve their full potential;

In filling job vacancies, we place emphasis on meritocracy and gender diversity with no racial bias. Our preference is also to hire resident staff, irrespective of whether the job vacancies are in Malaysia or in our overseas business units.

- c. In fostering a culture of balance in the workplace and family life, INNITY's employees enjoy the following fringe benefits:
 - i. Community Engagement Opportunities to fulfil INNITY's corporate social responsibility ("CSR") role. Our employees are actively encouraged to contribute part of their time to assist those less fortunate than themselves;
 - ii. A conducive work environment that can help in reducing stress to increase productivity of its employees;
 - iii. Flexible working hours giving employees the option to attend to their private affairs for a few hours;
 - iv. Upskill deserving employees with training and workshops to keep abreast of new technologies and media applications; and
 - v. Health and insurance coverage for all employees.
- d. INNITY's CSR commitment of building long-lasting, mutually beneficial relationships with our stakeholders and the society at large within the spirit of appreciation, were temporarily curtailed following the outbreak of the COVID-19 virus in 2020.

Notwithstanding the temporary hiccup, INNITY adopted its in-house product called Passionation - a media network and influencer marketing platform which aims to unite both Brands and Influencers utilising the best broadcasting channels. In October 2020, Passionation created the campaign #IHaveChecked in collaboration with National Cancer Society Malaysia. This campaign was in support of Breast Cancer Awareness with the goal of getting influencers to educate and spread the importance of Self Breast Examinations to their followers. A total of 60 influencers were engaged to help spread breast cancer awareness on Instagram.

ADDITIONAL COMPLIANCE INFORMATION

1. Share Buyback

During the financial year, the Company did not enter into any share buyback transaction.

2. Options, Warrants or Convertible Securities

During the financial year, no option, warrants or convertible securities were issued by the Company.

3. Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme for the financial year ended 31 December 2020.

4. Sanctions and/or Penalties

During the financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

5. Non-Audit Fees

There was an amount of RM6,000 paid to the Company's auditors Messrs BDO PLT during the financial year ended 31 December 2020 on the review of Statement of Risk Management and Internal Control.

6. Profit Guarantee

There were no profit guarantees given by the Group and the Company during the financial year ended 31 December 2020.

7. Variation of Results

For the financial year ended 31 December 2020, there were no variances between the audited financial statements and the unaudited results previously announced.

8. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries which involved the Directors and substantial shareholders' interest during the financial year ended 31 December 2020.

9. Innity Corporation Berhad's Employee's Share Scheme ("ESS")

The ESS which was approved by the shareholders at the Extraordinary General Meeting held on 1 July 2015 governed by the ESS By-Laws, is the only ESS in existence during the financial year. The ESS was implemented on 4 June 2018, which is in force for a period of five (5) years until 3 June 2023.

Since the implementation of the ESS until end of the financial year, a total of 700,000 shares award had been granted to a Senior Management of the Group. The entire 700,000 shares award had been exercised since the implementation of the ESS until end of the financial year. There were no shares granted during the financial year ended 31 December 2020.

ADDITIONAL COMPLIANCE INFORMATION

(CONT'D)

10. Innity Corporation Berhad's Employee's Share Scheme ("ESS")

Share granted to the Senior Management

	During the Financial Year ended 31 December 2020	Since the Commencement of the ESS on 4 June 2018
Aggregate maximum allocation in percentage	12.6%	80%
Actual percentage granted	0.5%	5%

There was no share award granted to the Executive Directors and Independent Non-Executive Directors of the Company and its subsidiaries during the financial year.

11. Recurrent Related Party Transaction

The Company had on 8 April 2021 announced to Bursa Malaysia Securities Berhad ("Bursa Securities") on the renewal of shareholders' mandate for recurrent related party transactions ("RRPT") of a revenue or trading nature entered/to be entered into from forthcoming AGM until the next AGM.

The Company will, at the forthcoming AGM, seek shareholders' approval for the RRPTs entered into from forthcoming AGM until the next AGM.

The related parties are as follows:

JcbNext Berhad ("JCBNEXT") and D.A. Consortium Inc ("DAC"), are substantial shareholders with direct holding of 20.982% and 24.917% equity interest respectively in the Company;

Autoworld.com.my Sdn. Bhd. is the wholly-owned subsidiary of JCBNEXT;

JCBNEXT has a direct holding of 7,630,000 shares in 104 Corporation Ltd. ("104 Corporation"), representing a 22.99% equity interest.

Hakuhodo DY Group consists of subsidiaries and associated companies of Hakuhodo DY Holdings Inc ("Hakuhodo DY Holdings"). Hakuhodo DY Holdings is the ultimate holding company of D.A.Consortium Inc. ("DAC"), by virtue of its 100% indirect equity interest in DAC, through 100% equity interest in D.A.Consortium Holdings Inc. ("DAC Holdings").

DAC Asia Pte Ltd ("DAC Asia") is an indirect wholly owned subsidiary of Hakuhodo DY Holdings, though 51% equity interest in DAC, 24.5% in Hakuhodo DY Media Partners Inc. and 24.5% in Hakuhodo Inc.

I-DAC (M) Sdn. Bhd. ("I-DAC (M)") is an indirect wholly owned subsidiary of DAC Asia, through 100% equity interest in I-DAC Pte.Ltd. ("I-DAC").

I-DAC is a 80% owned subsidiary of DAC through DAC Asia.

Innity Sdn. Bhd.'s ("ISB") wholly-owned subsidiary, Innity Limited ("Innity Ltd") has a direct shareholding of 49% equity interest, representing 9,800 shares in Innity Digital Media Thailand Co., Ltd ("Innity Thailand").

ADDITIONAL COMPLIANCE INFORMATION

(CONT'D)

11. Recurrent Related Party Transaction (Cont'd)

ISB is a wholly-owned subsidiary of INNITY.

Prior to 31 May 2020, Fivestones Digital (SEA) Pte. Ltd. ("Fivestones Digital") was a 49% owned associates to the Group.

On 7 May 2020, Innity Singapore Pte. Ltd. ("ISPL"), an indirect wholly-owned subsidiary of INNITY entered into an agreement with FiveStones Limited ("FiveStones Ltd") to fully dispose 245,000 ordinary shares in Fivestones Digital with sales proceeds of SGD120,000 to FiveStones Ltd. The conditions stated in the agreement had been satisfied and the disposal was completed on 31 May 2020.

The RRPTs entered into by the Group during the financial year ended 31 December 2020 were as follows:

Related Party	Nature of Recurrent Transactions	Interested Related Parties	Actual Value Transacted for the Financial Year (RM)
Autoworld.com.my Sdn Bhd	Purchase of advertisement space	Major shareholder JCBNext Director Gregory Charles Poarch Liong Wei Li	28
Hakuhodo DY Group DAC Asia	Provision of advertising and publicity related services Bookkeeping fees	Major shareholder DAC Corporations Connected with Major Shareholder DAC Holdings Hakuhodo DY Holdings Director Michihiko Suganuma Reiko Yoshikawa	1,238,500 5,000
I-DAC (M)	Bookkeeping fees	Major shareholder DAC Corporations Connected with Major Shareholder DAC Holdings Hakuhodo DY Holdings Director Michihiko Suganuma Reiko Yoshikawa Phang Chee Leong Looa Hong Tuan	7,000

ADDITIONAL COMPLIANCE INFORMATION

(CONT'D)

11. Recurrent Related Party Transaction (Cont'd)

The RRPTs entered into by the Group during the financial year ended 31 December 2020 were as follows: (Cont'd)

Related Party	Nature of Recurrent Transactions	Interested Related Parties	Actual Value Transacted for the Financial Year (RM)
Innity Thailand	Provision of advertising and publicity related services	Director Looa Hong Tuan	105,641
	Purchase of advertising and publicity related services		263,449
	Management fees in relation to backend support staff costs chargeback which include Corporate Strategy, Finance, Business Development, Operation and Creative team based on time allocation of each individual		283,440
	Royalty fees		146,250
Fivestones Digital	Purchase of advertising and publicity related services	Director Phang Chee Leong Looa Hong Tuan	427,994
	Management fees in relation to reimbursement of staff costs incurred on behalf		191,883

STATEMENT OF RESPONSIBILITY BY DIRECTORS

STATEMENT OF RESPONSIBILITY BY DIRECTORS

In respect of preparation of the Audited Financial Statements

The Directors are responsible for ensuring that the audited financial statements of the Group and of the Company are drawn up in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provision of the Companies Act 2016 in Malaysia.

The Directors are also responsible for ensuring that the audited financial statements of the Group and of the Company are prepared with reasonable accuracy from the accounting records of the Group and of the Company so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2020, and of their financial performance and cash flows for the year then ended.

In preparing the audited financial statements, the Directors have:

- a. adopted appropriate accounting policies and applied them consistently;
- b. made judgements and estimates that are reasonable and prudent; and
- c. prepared the financial statements on a going concern basis.

The Directors also have a general responsibility to take reasonable steps to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

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DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The details of the subsidiaries, including their principal activities, are disclosed in Note 8(c) to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Loss for the year	(1,324,320)	(326,684)
Attributable to:		
Owners of the Company	(329,072)	(326,684)
Non-controlling interests	(995,248)	-
	(1,324,320)	(326,684)

DIVIDEND

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

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those presented in the statements of changes in equity.

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS' REPORT

(CONT'D)

EMPLOYEES' SHARE SCHEME

The Company implements an Employees' Share Scheme ("ESS"), which is in force for a period of five (5) years until 3 June 2023 ("the scheme period"). The main features of the ESS are as follows:

- a. The ESS is made available to Senior Management and full-time Executive Directors who are confirmed employees of the Company and its subsidiaries as defined in the Companies Act 2016 in Malaysia, as amended from time to time, and any re-enactment thereof;
- b. The total number of shares offered under the ESS shall not, in aggregate, exceed 5% of the issued and paid-up share capital of the Company at any time during the existence of the ESS;
- c. The Participant will not be required to pay for the new ESS Shares that may be issued and allotted to them and/or the existing Company Shares to be transferred to them pursuant to the Proposed ESS;
- d. The actual number of shares, which may be offered to any eligible employee shall be at the discretion of the ESS Committee provided that the number of shares offered are not less than 100 shares and in multiples of 100 shares and are subject to the following:
 - i. not more than 80% of the shares available under the ESS shall be allocated in aggregate to the Senior Management of the Company and its subsidiaries; and
 - ii. not more than 10% of the total number of ESS Shares shall be allocated to a Participant, who, either singly or collectively through persons connected with the Participant, holds twenty percent (20%) or more of our issued and paid-up share capital.
- e. A share award is granted under the ESS may be exercised by the grantee upon achieving the vesting conditions set by the ESS Committee; and
- f. The shares shall on issue and allotment rank pari passu in all respects with the then existing issued shares of the Company.

Since the implementation of the ESS until end of the financial year, a total of 700,000 shares award had been granted to Senior Management of the Group. The entire 700,000 shares award had been exercised since the implementation of the ESS until end of the financial year.

There were no share award granted to the Executive Directors of the Company and its subsidiaries during the financial year. Since the implementation of the ESS until end of the financial year, none of the Executive Directors of the Company and its subsidiaries had been granted any share award under the ESS.

DIRECTORS' REPORT

(CONT'D)

DIRECTORS

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

Innity Corporation Berhad

Phang Chee Leong*	
Looa Hong Tuan*	
Wong Kok Woh*	
Seah Kum Loong*	
Shamsul Ariffin Bin Mohd Nor	
Michihiko Suganuma	
Cheong Chee Yun	
Gregory Charles Poarch	
Fung Kam Foo	
Liong Wei Li (Alternate Director to Gregory Charles Poarch)	- appointed on 24 August 2020
Rieko Yoshikawa (Alternate Director to Michihiko Suganuma)	- resigned on 24 August 2020
Kento Isshiki (Alternate Director to Michihiko Suganuma)	

*These Directors are also Directors of the subsidiaries of the Company.

Subsidiaries of Innity Corporation Berhad

Francisco Valenzuela	
Gabriel Joaquin D. Zosa II	
Simon Ong	
U Moe Kyaw	
Nadya Rosalia Hanum S	- appointed on 6 March 2020
Erwin L. Razon	- appointed on 10 June 2020
Francisco Yohanes	- resigned on 6 March 2020
Celine Mariel J. Gaspar	- resigned on 10 June 2020

DIRECTORS' INTEREST

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

Shares in the Company	Number of ordinary shares			Balance as at 31.12.2020
	Balance as at 1.1.2020	Bought	Sold	
Direct interest				
Phang Chee Leong	13,298,372	-	-	13,298,372
Looa Hong Tuan	12,374,685	-	-	12,374,685
Wong Kok Woh	7,299,086	-	-	7,299,086
Seah Kum Loong	6,817,292	-	-	6,817,292

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

DIRECTORS' REPORT

(CONT'D)

DIRECTORS' BENEFITS

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

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

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 22 (b) to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

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

During the financial year, the total amount of insurance premium paid for the Directors and the officers of the Group and of the Company is RM8,776.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

I. AS AT THE END OF THE FINANCIAL YEAR

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

DIRECTORS' REPORT

(CONT'D)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

II. FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

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

III. AS AT THE DATE OF THIS REPORT

- e. There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- f. There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- g. The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 31 to the financial statements.

DIRECTORS' REPORT

(CONT'D)

AUDITORS

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

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2020 are disclosed in Note 24 to the financial statements.

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

Phang Chee Leong
Director

Looa Hong Tuan
Director

Kuala Lumpur
8 April 2021

STATEMENT BY DIRECTORS

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 94 to 160 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

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

Phang Chee Leong
Director

Looa Hong Tuan
Director

Kuala Lumpur
8 April 2021

STATUTORY DECLARATION

STATUTORY DECLARATION

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

I, Yap Soon Kim (CA 23399), being the officer primarily responsible for the financial management of Innity Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 94 to 160 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed
at Kuala Lumpur this
8 April 2021

Yap Soon Kim

Before me,
Commissioner for Oaths
Kuala Lumpur
8 April 2021

INDEPENDENT AUDITORS' REPORT

To The Members Of Innity Corporation Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Innity Corporation Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 94 to 160.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

a. Provision of direct costs

As at 31 December 2020, provision of direct costs of the Group was amounted to RM16,239,666 as disclosed in Note 18 to the financial statements. Provision for direct costs represents the cost payable to publishers based on rate card profit margin for on-going advertising campaigns as of end of reporting period.

We determined this to be key audit matter because it requires management to exercise significant judgement in providing the direct costs as of end of reporting period based on rate card profit margin from individual advertising campaigns.

INDEPENDENT AUDITORS' REPORT

To The Members Of Innity Corporation Berhad (CONT'D)

Key Audit Matters (Cont'd)

a. Provision of direct costs (Cont'd)

Audit response

Our audit procedures, with the involvements of components auditors, included the following:

- i. Enquiries of management to understand design of controls over the provision for direct costs relating to on-going advertising campaigns as of end of reporting period;
- ii. Assessed the contractual terms with publishers in determining the measurement and completeness of provision of direct costs to publishers as of end of reporting period; and
- iii. Assessed the measurement and completeness of provision of direct costs as of end of reporting period by comparing the actual invoices issued by the publishers subsequent to the end of the reporting period, to year end provision of direct costs.

b. Impairment of development expenditures

As stated in Note 7(c) to the financial statements, the carrying amount of development expenditure as at 31 December 2020, of a subsidiary which has impairment indicators was RM439,719. As such, management has performed impairment assessments on this Cash Generating Unit ("CGU").

We determined this to be key audit matter because it requires management to exercise significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the Cash Generating Unit ("CGU") in determining its recoverable amount. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

Audit response

Our audit procedures included the following:

- i. Verified growth rates and operating profit margin to support the key assumptions in projection by comparing to industry trends which have been adjusted for the impact of the Covid-19 pandemic;
- ii. Assessed appropriateness of pre-tax discount rates used for the CGU by comparing to the weighted average cost of capital of the Group and relevant risk factors; and
- iii. Performed sensitivity analysis to stress test the key assumptions in the impairment model.

We have determined that there are no key audit matters to communicate in our report in respect to the audit of the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT

To The Members Of Innity Corporation Berhad (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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.

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.

INDEPENDENT AUDITORS' REPORT

To The Members Of Innity Corporation Berhad (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

- a. 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.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- d. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- e. Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- f. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT

To The Members Of Innity Corporation Berhad (CONT'D)

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 8 to the financial statements.

Other Matters

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

BDO PLT

LLP0018825-LCA & AF 0206
Chartered Accountants

Kuala Lumpur
8 April 2021

Tan Seong Yuh

03314/07/2021 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	1,445,107	1,710,903	-	-
Right-of-use assets	6	2,718,194	2,526,291	-	-
Intangible assets	7	5,011,301	5,164,621	-	-
Investments in subsidiaries	8	-	-	15,335,819	15,335,819
Investments in associates	9	507,755	997,410	-	-
Deferred tax assets	11	917,815	723,645	-	-
		10,600,172	11,122,870	15,335,819	15,335,819
Current assets					
Trade receivables	12	37,148,090	32,452,902	-	-
Other receivables, deposits, contract assets and prepayments	13	6,611,410	3,578,151	6,607	103,533
Tax recoverable		730,432	741,797	-	-
Cash and bank balances	14	21,327,180	25,978,753	188,651	16,380
		65,817,112	62,751,603	195,258	119,913
TOTAL ASSETS		76,417,284	73,874,473	15,531,077	15,455,732
EQUITY					
Share capital	15	19,342,031	19,342,031	19,342,031	19,342,031
Reserves	16	15,903,430	16,290,075	(4,328,284)	(4,001,600)
Equity attributable to owners of the Company		35,245,461	35,632,106	15,013,747	15,340,431
Non-controlling interests		1,730,089	2,987,329	-	-
TOTAL EQUITY		36,975,550	38,619,435	15,013,747	15,340,431
LIABILITIES					
Non-current liabilities					
Other payables, contract liabilities and accruals	19	-	-	387,600	-
Deferred tax liabilities	11	812,363	620,640	-	-
Lease liabilities	6	503,620	801,531	-	-
Retirement benefit obligations	17	688,580	604,552	-	-
Borrowings	20	337,021	-	-	-
		2,341,584	2,026,723	387,600	-
Current liabilities					
Trade payables	18	24,690,108	18,971,506	-	-
Other payables, contract liabilities and accruals	19	9,685,671	11,207,922	129,730	115,301
Lease liabilities	6	1,247,847	1,053,414	-	-
Borrowings	20	1,312,168	994,025	-	-
Tax payable		164,356	1,001,448	-	-
		37,100,150	33,228,315	129,730	115,301
TOTAL LIABILITIES		39,441,734	35,255,038	517,330	115,301
TOTAL EQUITY AND LIABILITIES		76,417,284	73,874,473	15,531,077	15,455,732

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

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	21	103,031,725	117,189,967	-	-
Other operating income		3,431,232	931,132	130,037	97,842
Direct costs		(60,824,386)	(69,486,778)	-	-
Staff costs	22	(34,718,166)	(34,339,059)	(145,360)	(128,608)
Depreciation		(2,139,122)	(1,869,269)	-	-
Amortisation of development expenditure	7	(1,722,269)	(1,614,534)	-	-
(Impairment losses on financial assets)/Reversal of impairment losses on financial assets, net	24	(578,545)	(401,446)	2,500	-
Other operating expenses		(6,097,024)	(7,238,313)	(313,861)	(262,447)
Profit/(Loss) from operations	24	383,445	3,171,700	(326,684)	(293,213)
Finance costs	25	(225,833)	(149,386)	-	-
Share of loss in equity-accounted associates, net of tax		(387,466)	(773,369)	-	-
(Loss)/Profit before tax		(229,854)	2,248,945	(326,684)	(293,213)
Income tax expense	26	(1,094,466)	(856,391)	-	-
(Loss)/Profit for the year		(1,324,320)	1,392,554	(326,684)	(293,213)
(Loss)/Profit attributable to:					
Owners of the Company		(329,072)	1,249,142	(326,684)	(293,213)
Non-controlling interests		(995,248)	143,412	-	-
		(1,324,320)	1,392,554	(326,684)	(293,213)
(Loss)/Earnings per ordinary share attributable to Owners of the Company (sen):					
Basic and diluted	27	(0.24)	0.90		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit for the year		(1,324,320)	1,392,554	(326,684)	(293,213)
Other comprehensive (loss)/income for the year, net of tax					
<u>Items that may be reclassified subsequently to profit or loss</u>					
Foreign currency translation	26(d)	(280,349)	213,324	-	-
Reclassification adjustment relating to an associate disposed off during the year		(248,505)	-	-	-
<u>Items that will not be reclassified subsequently to profit or loss</u>					
Remeasurement of retirement benefit obligations	26(d)	(37,147)	(10,915)	-	-
Total other comprehensive (loss)/income for the year, net of tax		(566,001)	202,409	-	-
Total comprehensive (loss)/income		(1,890,321)	1,594,963	(326,684)	(293,213)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(786,680)	1,414,536	(326,684)	(293,213)
Non-controlling interests		(1,103,641)	180,427	-	-
		(1,890,321)	1,594,963	(326,684)	(293,213)

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	----- Non-distributable ----- Distributable					Total attributable to Owners of the Company	Non- controlling interests	Total equity
	Share capital (Note 15)	Reverse acquisition reserve (Note 16)	Foreign currency translation reserve (Note 16)	Other reserve (Note 16)	Retained profits (Note 16)			
At 1 January 2019	19,193,531	(2,512,173)	(155,384)	248,505	17,555,472	34,329,951	2,546,021	36,875,972
Profit for the year	-	-	-	-	1,249,142	1,249,142	143,412	1,392,554
Other comprehensive income/(loss)	-	-	175,623	-	(10,229)	165,394	37,015	202,409
Total comprehensive income	-	-	175,623	-	1,238,913	1,414,536	180,427	1,594,963
Acquisition of shares from a non-controlling interest	-	-	-	-	(260,881)	(260,881)	260,881	-
Issuance of ordinary shares pursuant to ESS	148,500	-	-	-	-	148,500	-	148,500
Total transaction with Owners and changes in ownership interests	148,500	-	-	-	(260,881)	(112,381)	260,881	148,500
At 31 December 2019	19,342,031	(2,512,173)	20,239	248,505	18,533,504	35,632,106	2,987,329	38,619,435
Loss for the year	-	-	-	-	(329,072)	(329,072)	(995,248)	(1,324,320)
Other comprehensive loss	-	-	(185,132)	(248,505)	(23,971)	(457,608)	(108,393)	(566,001)
Total comprehensive loss	-	-	(185,132)	(248,505)	(353,043)	(786,680)	(1,103,641)	(1,890,321)
Allotment of shares to non-controlling interests	-	-	8,996	-	391,039	400,035	(153,599)	246,436
Total transaction with Owners and changes in ownership interests	-	-	8,996	-	391,039	400,035	(153,599)	246,436
At 31 December 2020	19,342,031	(2,512,173)	(155,897)	-	18,571,500	35,245,461	1,730,089	36,975,550

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

Company	-----Non-distributable-----		
	Share capital	Accumulated losses	Total
	(Note 15) RM	(Note 16) RM	RM
At 1 January 2019	19,193,531	(3,708,387)	15,485,144
Loss for the year/Total comprehensive loss	-	(293,213)	(293,213)
Issuance of ordinary shares pursuant to ESS/Total transaction with Owners	148,500	-	148,500
At 31 December 2019	19,342,031	(4,001,600)	15,340,431
Loss for the year/Total comprehensive loss	-	(326,684)	(326,684)
At 31 December 2020	19,342,031	(4,328,284)	15,013,747

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(229,854)	2,248,945	(326,684)	(293,213)
Adjustments for:					
Amortisation of development expenditure	7	1,722,269	1,614,534	-	-
Bad debts written off		13,300	4	-	-
Depreciation		2,139,122	1,869,269	-	-
Fair value adjustment		-	-	(87,289)	-
Gain on disposal of property, plant and equipment		-	(520)	-	-
Gain on disposal of associates		(528,449)	-	(3)	-
Interest expense	25	225,833	149,386	-	-
Interest income		(199,226)	(309,907)	(40,245)	(97,842)
Impairment losses on financial assets/ (Reversal of impairment losses on financial assets), net		578,545	401,446	(2,500)	-
Retirement benefits	17	97,943	150,264	-	-
Shares granted under ESS		-	148,500	-	-
Share-based payment		119,312	-	-	-
Share of loss in equity-accounted associates		387,466	773,369	-	-
Unrealised (gain)/loss on foreign exchange, net		(195,602)	58,581	-	-
Operating profit/(loss) before working capital changes		4,130,659	7,103,871	(456,721)	(391,055)
(Increase)/Decrease in trade and other receivables		(8,401,369)	2,783,108	-	3,989
Increase/(Decrease) in trade and other payables		4,399,886	(2,272,919)	40,279	(67,598)
Cash generated from/(used in) operations		(129,176)	7,614,060	(416,442)	(454,664)
Income tax paid		(2,041,403)	(1,011,909)	-	-
Income tax refunded		112,060	4,890	-	-
Retirement benefit paid	17	(60,590)	(2,869)	-	-
Net cash (used in)/from operating activities		(1,860,757)	6,604,172	(416,442)	(454,664)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Development expenditure paid	7	(1,568,949)	(1,863,355)	-	-
Withdrawals/(Placements) of fixed deposits pledged to licensed banks	14	29,696	(1,067,831)	-	-
Interest received		199,226	309,907	40,245	97,842
Proceeds from disposal of plant and equipment		-	520	-	-
Purchase of property, plant and equipment	5	(316,020)	(558,741)	-	-
Purchase of right-of-use assets	6	(437,443)	-	-	-
Allotment of shares to non-controlling interests		127,122	-	-	-
Acquisition of interests in an associate		-	(758,107)	-	-
Proceeds from disposal of associate		363,990	-	-	-
Repayment from/(Advances to) associates		162,850	(432,138)	-	-
Repayment from a subsidiary		-	-	58,468	137,303
Advances from a subsidiary		-	-	490,000	-
Net cash (used in)/from investing activities		(1,439,528)	(4,369,745)	588,713	235,145
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(69,554)	(381)	-	-
Proceeds from issuance of ordinary shares pursuant to ESS from a subsidiary	15	-	-	-	148,500
Drawdown of loan		357,000	-	-	-
Repayment of lease liabilities		(1,545,432)	(1,328,617)	-	-
Net cash (used in)/from financing activities		(1,257,986)	(1,328,998)	-	148,500
Net (decrease)/increase in cash and cash equivalents		(4,558,271)	905,429	172,271	(71,019)
Effects of exchange rate fluctuations on cash and cash equivalents		(361,770)	186,293	-	-
Cash and cash equivalents at beginning of year		22,961,389	21,869,667	16,380	87,399
Cash and cash equivalents at end of year	14	18,041,348	22,961,389	188,651	16,380

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

Reconciliation of liabilities arising from financing activities:

Group	Lease Liabilities Note 6 RM	Term loans Note 20 RM
At 1 January 2019	1,543,820	-
Cash flows	(1,328,617)	-
Non-cash flows:		
- Acquisition of right-of-use assets	1,469,088	-
- Effect of foreign exchange	21,649	-
- Unwinding of interests	149,005	-
At 31 December 2019	1,854,945	-
Cash flows	(1,545,432)	357,000
Non-cash flows:		
- Acquisition of right-of-use assets	1,283,931	-
- Effect of foreign exchange	1,744	-
- Unwinding of interests	156,279	-
At 31 December 2019	1,751,467	357,000

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

1. CORPORATE INFORMATION

Innity Corporation Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-1, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The principal place of business of the Company is located at C501 & C502, Block C, Kelana Square, 17, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2020 comprise the Company and its subsidiaries and the interests of the Group in associates. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 8 April 2021.

2. PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of the subsidiaries are disclosed in Note 8(c) to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 32.1 to the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. OPERATING SEGMENT

The Group is principally involved in providing technology based online advertising solutions and other related internet services in Malaysia and other areas of the Asia Pacific. For management purposes, the Group is organised into business units based on their geographical location and has reportable operating segments as follows:

- Malaysia
- Singapore
- Indonesia
- Vietnam
- Philippines
- Hong Kong/China
- Taiwan
- South Korea
- Cambodia
- Myanmar

The management monitors the operating results of its business units as well as relying on the segment information as disclosed below for the purpose of making decision about resources allocation and performance assessment.

Inter-segment transactions were entered into when advertising campaigns were carried out in a regional basis. The pricing of the inter-segment transactions is determined based on a negotiated margin basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before tax, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment profit/(loss) is used to measure performance as the management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operates these industries.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. OPERATING SEGMENT (CONT'D)

2020	Malaysia	Singapore	Indonesia	Vietnam	Philippines	Hong Kong/China	Taiwan	South Korea	Cambodia	Myanmar	Total	Inter-segment elimination	Group
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Revenue													
External revenue	3712,669	13,514,680	3,601,400	12,285,312	9,498,453	18,306,597	4,012,732	891,142	3,582,813	216,927	103,031,725	-	103,031,725
Inter-segment revenue	3,724,043	13,275	106,682	55,036	289,379	235,432	80,463	88,091	97,765	-	4,691,166	(4,691,166)	-
Total revenue	40,845,712	13,527,955	3,708,082	12,341,348	9,787,832	18,542,029	4,093,195	979,233	3,680,578	216,927	107,722,891	(4,691,166)	103,031,725
Results													
Profit/(Loss) from operations	649,018	830,826	(1,849,576)	228,125	333,470	1,554,522	(737,825)	(307,580)	185,492	(239,106)	647,366	(263,921)	383,445
Finance costs	(130,034)	(36,934)	(19,344)	(85,515)	(31,434)	(835)	(138,682)	(8817)	(28,108)	(10,051)	(489,754)	263,921	(225,833)
Share of loss in equity-accounted associates, net of tax	(139,444)	(248,022)	-	-	-	-	-	-	-	-	(387,466)	-	(387,466)
Profit/(Loss) before tax	379,540	545,870	(1,868,920)	142,610	302,036	1,553,687	(876,507)	(316,397)	157,384	(249,157)	(229,854)	-	(229,854)
Income tax expense	(780,372)	-	(23,839)	-	(104,854)	(64,734)	(60,388)	-	(60,279)	-	(1,094,466)	-	(1,094,466)
(Loss)/Profit for the year	(400,832)	545,870	(1,892,759)	142,610	197,182	1,488,953	(936,895)	(316,397)	97,105	(249,157)	(1,324,320)	-	(1,324,320)
Non-controlling interests	74,162	-	927,452	(39,553)	(9,860)	(259,367)	187,379	27,830	-	87,205	995,248	-	995,248
(Loss)/Profit attributable to Owners of the Company	(326,670)	545,870	(965,307)	103,057	187,322	1,229,586	(749,516)	(288,567)	97,105	(161,952)	(329,072)	-	(329,072)

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. OPERATING SEGMENT (CONT'D)

2020 (Cont'd)	Malaysia	Singapore	Indonesia	Vietnam	Philippines	Hong Kong/China	Taiwan	South Korea	Cambodia	Myanmar	Total	Inter-segment elimination	Group
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Assets and liabilities													
Segment assets	47,230,316	8,577,247	4,590,513	9,629,045	12,309,819	16,475,614	2,949,151	169,580	2,188,911	202,771	104,322,967	(28,413,438)	75,909,529
Investments in associates	507,755	-	-	-	-	-	-	-	-	-	507,755	-	507,755
Consolidated total assets	47,738,071	8,577,247	4,590,513	9,629,045	12,309,819	16,475,614	2,949,151	169,580	2,188,911	202,771	104,830,722	(28,413,438)	76,417,284
Segment liabilities	20,460,409	4,166,872	3,382,807	10,587,399	7,372,683	4,074,337	7,986,921	989,818	2,248,561	670,269	61,940,076	(22,498,342)	39,441,734
Consolidated total liabilities	20,460,409	4,166,872	3,382,807	10,587,399	7,372,683	4,074,337	7,986,921	989,818	2,248,561	670,269	61,940,076	(22,498,342)	39,441,734
Other information													
Capital expenditure	1,700,447	10,664	33,921	91,532	21,726	3,640	9,058	-	3,467	10,514	1,884,969	-	1,884,969
Amortisation of development expenditure	1,722,269	-	-	-	-	-	-	-	-	-	1,722,269	-	1,722,269
Depreciation	522,202	279,982	187,741	157,961	506,029	149,907	230,774	2,474	98,715	3,337	2,139,122	-	2,139,122
Material non-cash items other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bad debts written off	13,300	-	-	-	-	-	-	-	-	-	13,300	-	13,300
- Impairment losses on:													
- trade receivables	128,744	(377,005)	111,790	1,921	284,547	5,783	72,049	-	-	-	567,129	-	567,129
- other receivables	-	-	-	-	-	-	11,416	-	-	-	11,416	-	11,416
- Retirement benefits	-	-	40,420	-	57,523	-	-	-	-	-	97,943	-	97,943
- Unrealised loss/(Gain) on foreign exchange - net	48,676	28,292	1,602	36,799	6,884	(13,554)	(257,732)	(44,282)	17,215	6,230	(169,872)	(25,730)	(195,602)

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. OPERATING SEGMENT (CONT'D)

2019	Malaysia	Singapore	Indonesia	Vietnam	Philippines	Hong Kong/China	Taiwan	South Korea	Cambodia	Myanmar	Total	Inter-segment elimination	Group
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Revenue													
External revenue	38,552,565	13,752,982	13,895,818	4,018,227	9,881,943	30,143,316	4,480,877	988,896	1,429,299	46,044	117,189,967	-	117,189,967
Inter-segment revenue	3,665,658	269,573	238,511	108,381	149,252	98,623	220,266	76,095	436	-	4,826,775	(4,826,775)	-
Total revenue	42,218,203	14,022,555	14,134,329	4,126,608	10,031,195	30,241,939	4,701,143	1,064,991	1,429,735	46,044	122,016,742	(4,826,775)	117,189,967
Results													
Profit/(Loss) from operations	109,946	650,062	(396,793)	(454,816)	1,344,976	3,078,601	(89,749)	(563,606)	(26,371)	(226,960)	3,425,290	(253,590)	3,171,700
Finance costs	(58,089)	(41,563)	(30,409)	(99,327)	(24,767)	(23,318)	(125,503)	-	-	-	(402,976)	253,590	(149,386)
Share of loss in equity-accounted associates, net of tax	(361,961)	(411,408)	-	-	-	-	-	-	-	-	(773,369)	-	(773,369)
(Loss)/Profit before tax	(310,104)	197,091	(427,202)	(554,143)	1,320,209	3,055,283	(215,252)	(563,606)	(26,371)	(226,960)	2,248,945	-	2,248,945
Income tax expense	(227,860)	-	(51,488)	-	(156,858)	(406,922)	(131,010)	-	-	-	(856,229)	(162)	(856,391)
(Loss)/Profit for the year	(537,964)	197,091	(478,690)	(554,143)	1,163,351	2,648,361	(228,353)	(563,606)	(26,371)	(226,960)	1,392,716	(162)	1,392,554
Non-controlling interests	(24,779)	-	234,558	107,641	(58,174)	(539,723)	80,704	56,361	-	-	(143,412)	-	(143,412)
(Loss)/Profit attributable to Owners of the Company	(562,743)	197,091	(244,132)	(446,502)	1,105,177	2,108,638	(147,649)	(507,245)	(26,371)	(226,960)	1,249,304	(162)	1,249,142

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. OPERATING SEGMENT (CONT'D)

2019 (Cont'd)	Malaysia	Singapore	Indonesia	Vietnam	Philippines	Hong Kong/China	Taiwan	South Korea	Cambodia	Myanmar	Total	Inter-segment elimination	Group
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Assets and liabilities													
Segment assets	47016,461	6,909,619	7029,828	4,576,262	12,151,415	20,231,421	3,052,561	400,810	870,167	219,095	102,457,639	(29,580,576)	72,877,063
Investments in associates	646,968	350,442	-	-	-	-	-	-	-	-	997,410	-	997,410
Consolidated total assets	47,663,429	7,260,061	7,029,828	4,576,262	12,151,415	20,231,421	3,052,561	400,810	870,167	219,095	103,455,049	(29,580,576)	73,874,473
Segment liabilities	16,462,497	3,378,872	3,838,684	5,708,595	7,583,994	8,953,475	6,941,672	989,109	1,086,405	614,394	55,557,697	(20,302,659)	35,255,038
Consolidated total liabilities	16,462,497	3,378,872	3,838,684	5,708,595	7,583,994	8,953,475	6,941,672	989,109	1,086,405	614,394	55,557,697	(20,302,659)	35,255,038
Other information													
Capital expenditure	2,236,209	26,603	-	42,800	66,446	36,512	4,711	6,218	2,597	-	2,422,096	-	2,422,096
Amortisation of development expenditure	1,566,544	-	-	47,990	-	-	-	-	-	-	1,614,534	-	1,614,534
Depreciation	481,777	179,522	215,776	81,779	427,223	402,105	94,254	1,398	2,554	-	1,886,388	(17,119)	1,869,269
Material non-cash items other than depreciation and amortisation	-	-	-	-	-	-	-	-	4	-	4	-	4
- Bad debts written off	-	-	-	-	-	-	-	-	4	-	4	-	4
- Impairment losses on:													
- trade receivables	59,934	20,212	10,944	12,487	29,743	-	42,225	-	-	-	175,545	-	175,545
- other receivables	408,158	-	-	-	-	-	-	-	-	-	408,158	-	408,158
- Retirement benefits	-	-	107,265	-	42,959	-	-	-	-	-	150,264	-	150,264
- Reversal of impairment losses on:													
- trade receivables	-	-	(130,334)	-	-	(45,012)	(2,041)	-	-	-	(177,387)	-	(177,387)
- other receivables	(4,870)	-	-	-	-	-	-	-	-	-	(4,870)	-	(4,870)
- Unrealised loss/(gain) on foreign exchange - net	18,520	25,882	10,348	19,925	2,677	26,909	(67,922)	11,901	5,764	3,338	57,342	12,339	58,581

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Long term leasehold shop offices	Furniture, fittings and office equipment	Motor Vehicle	Computers and peripherals	Renovations	Total
	RM	RM	RM	RM	RM	RM
At cost						
At 1 January 2019	720,000	1,083,058	-	1,876,180	1,600,720	5,279,958
Effects of adoption of MFRS 16	(720,000)	-	-	-	-	(720,000)
Additions	-	111,060	15,000	302,864	129,817	558,741
Write-off	-	(1,075)	-	(15,201)	-	(16,276)
Disposals	-	-	-	(5,886)	-	(5,886)
Exchange differences	-	5,161	-	7,896	14,589	27,646
At 31 December 2019	-	1,198,204	15,000	2,165,853	1,745,126	5,124,183
Additions	-	19,640	-	251,362	45,018	316,020
Write-off	-	(1,983)	-	(128,697)	(235,892)	(366,572)
Disposals	-	-	-	-	-	-
Exchange differences	-	7,201	-	11,117	27,156	45,474
At 31 December 2020	-	1,223,062	15,000	2,299,635	1,581,408	5,119,105
Accumulated depreciation						
At 1 January 2019	111,681	451,483	-	1,383,349	890,455	2,836,968
Effects of adoption of MFRS 16	(111,681)	-	-	-	-	(111,681)
Charge for the year	-	99,024	1,750	295,883	241,386	638,043
Write-off	-	(1,075)	-	(15,201)	-	(16,276)
Disposals	-	-	-	(5,886)	-	(5,886)
Exchange differences	-	2,847	-	5,480	5,009	13,336
At 31 December 2019	-	552,279	1,750	1,663,625	1,136,850	3,354,504
Charge for the year	-	101,335	3,000	270,589	229,407	604,331
Write-off	-	(1,983)	-	(128,697)	(235,892)	(366,572)
Disposals	-	-	-	-	-	-
Exchange differences	-	1,870	-	7,885	13,204	22,959
At 31 December 2020	-	653,501	4,750	1,813,402	1,143,569	3,615,222
Accumulated impairment						
At 31 December 2019/ At 31 December 2020	-	43,178	-	12,594	3,004	58,776
Carrying amount						
At 31 December 2020	-	526,383	10,250	473,639	434,835	1,445,107
At 31 December 2019	-	602,747	13,250	489,634	605,272	1,710,903

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

All items of the property, plant and equipment are initially measured at costs. Subsequent to the initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on property, plant and equipment is calculated to write down the cost of the assets to its residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group.

The principal depreciation annual rates used are as follows:

Long term leasehold shop offices	2%
Furniture, fittings and office equipment	10% - 20%
Motor vehicle	20%
Computers and peripherals	25%
Renovations	20%

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. LEASES

The Group as lessee

Right-of-use assets

Group	Leasehold shop offices RM
At cost	
At 1 January 2020	3,870,293
Additions	1,721,374
Exchange differences	(1,134)
At 31 December 2020	5,590,533
Accumulated depreciation	
At 1 January 2020	1,344,002
Charge for the year	1,534,791
Exchange differences	(6,454)
At 31 December 2020	2,872,339
Carrying amount	
At 31 December 2020	2,718,194
Group	Leasehold shop offices RM
At cost	
At 1 January 2019	-
Effects of adoption of MFRS 16	2,375,511
Additions	1,469,088
Exchange differences	25,694
At 31 December 2019	3,870,293
Accumulated depreciation	
At 1 January 2019	-
Effects of adoption of MFRS 16	111,681
Charge for the year	1,231,226
Exchange differences	1,095
At 31 December 2019	1,344,002
Carrying amount	
At 31 December 2019	2,526,291

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. LEASES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities

Group	Leasehold shop offices RM	
Balance as at 1 January 2020		1,854,945
Additions		1,283,931
Lease payments		(1,545,432)
Interest expenses		156,279
Exchange differences		1,744
At 31 December 2020		1,751,467
Group	Leasehold shop offices RM	
Balance as at 1 January 2019		-
Effects of adoption of MFRS 16		1,543,820
Additions		1,469,088
Lease payments		(1,328,617)
Interest expenses		149,005
Exchange differences		21,649
At 31 December 2019		1,854,945
Represented by:	2020 RM	2019 RM
Current liabilities	1,247,847	1,053,414
Non-current liabilities	503,620	801,531
	1,751,467	1,854,945
Lease liabilities owing to non-financial institutions	1,751,467	1,854,945

- a. The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.
- After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.
- b. The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are one (1) to three (3) years.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. LEASES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities (Cont'd)

- c. The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.
- d. At the end of the reporting date, three (2019: two) units of long term leasehold shop offices of the Group with carrying amount of RM823,680 (2019: RM410,180) are charged as collateral to secure the banking facilities granted to a subsidiary.
- e. The incremental borrowing rate applied to the lease liabilities as at 1 January 2020 is 8.24%.

The Group has certain leases of properties with lease term of 12 months or less. The Group applies the "short-term lease" exemptions for these leases.

- f. The following are the amounts recognised in profit or loss:

Represented by:	2020 RM	2019 RM
Depreciation charge of right-of-use assets (included in depreciation)	1,534,791	1,231,226
Interest expense on lease liabilities (included in finance costs)	156,279	149,005
Expense relating to short-term leases (included in other operating expenses)	302,619	468,178
	1,993,689	1,848,409

- g. At the end of the financial year, the Group had total cash outflow for leases of RM1,545,432 (2019: RM1,328,617).

- h. The Group made the following cash payments to purchase right-of-use assets:

Group	2020 RM	2019 RM
Additions of right-of-use assets	1,721,374	1,469,088
Financed by lease liabilities	(1,283,931)	(1,469,088)
Cash payments on purchase of right-of-use assets	437,443	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. LEASES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities (Cont'd)

- i. The following table sets out the carrying amounts, the incremental borrowing rate and the remaining maturities of the lease liabilities of the Group that are exposed to interest rate risk:

Group	Incremental borrowing rate %	Within 1 year RM	1 - 2 years RM	Total RM
31 December 2020				
Lease liabilities				
Fixed rate	6.05 - 8.24	1,247,847	503,620	1,751,467
31 December 2019				
Lease liabilities				
Fixed rate	8.24	1,053,414	801,531	1,854,945

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

Group	Within 1 year RM	1 - 2 years RM	Total RM
31 December 2020			
Lease liabilities	1,316,691	533,422	1,850,113
31 December 2019			
Lease liabilities	1,139,035	840,012	1,979,047

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

7. INTANGIBLE ASSETS

	Group	
	2020 RM	2019 RM
Development expenditure		
Cost		
At 1 January	17,657,557	15,797,466
Additions	1,568,949	1,863,355
Exchange differences	(3,212)	(3,264)
At 31 December	19,223,294	17,657,557
Accumulated amortisation		
At 1 January	12,492,936	10,881,688
Charge for the year	1,722,269	1,614,534
Exchange differences	(3,212)	(3,286)
At 31 December	14,211,993	12,492,936
Carrying amount	5,011,301	5,164,621

- a. Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The expenditure capitalised includes direct labour and cost of materials that are directly attributable to preparing the asset for its intended use. Development expenditure is amortised from the commencement of the income recognition to which the asset relates on the straight line basis over the period of expected benefit of three (3) to five (5) years (2019: three (3) to five (5) years).

- b.

	Group	
	2020 RM	2019 RM
The additions to the cost of intangible assets are analysed as follows:		
Other staff costs (Note 22)	1,566,769	1,550,249
Other software costs	2,180	313,106
	1,568,949	1,863,355

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

7. INTANGIBLE ASSETS (CONT'D)

- c. The Group assessed whether there were any indicators of impairment during the financial year. In doing this, management considered the current environment and performance of the CGU. The carrying amount of development expenditure in a subsidiary with indications of impairment amounted to RM439,719 as at 31 December 2020. Management has made significant judgments and estimates about the future results and key assumptions applied to cash flow projections of the CGU in determining its recoverable amount using the value-in-use model. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate. Management has determined that the recoverable amount is in excess of the carrying amount of the development expenditure and no impairment has been recorded in the current financial year.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM	2019 RM
Unquoted shares, at cost	15,835,819	15,835,819
Less: Accumulated impairment losses	(500,000)	(500,000)
	15,335,819	15,335,819

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

All components of non-controlling interests shall be initially measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of the non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- b. In the previous financial year, the Company had subscribed for additional shares of 12,323,646 in its wholly owned subsidiary, Innity Sdn. Bhd. by way of capitalisation of equity loan amounting to RM12,323,646.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

c. The details of the subsidiaries are as follows:

	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2020	2019	
Subsidiaries of the Company				
Innity Sdn. Bhd.	Malaysia	100%	100%	Provision of technology based online advertising solutions and other related internet services.
Spiral Vibe Sdn. Bhd.^	Malaysia	100%	100%	Dormant (In member's voluntary striking-off)
PassionCo Sdn. Bhd.	Malaysia	100%	100%	Dormant
Subsidiaries of Innity Sdn. Bhd.				
Innity Limited*	Hong Kong	100%	100%	Investment holding company
PT Media Innity*	Indonesia	51%	51%	Provision of technology based online advertising solutions and other related internet services
DoMedia Asia Sdn. Bhd.	Malaysia	100%	100%	Provision of technology based online advertising solutions and other related internet services
Innity China Co., Limited	Hong Kong	80%	80%	Provision of technology based online advertising solutions and other related internet services
Innity Philippines Inc.*	Philippines	95%	95%	Provision of technology based online advertising solutions and other related internet services
Native Media Sdn. Bhd.^	Malaysia	100%	100%	Dormant (In member's voluntary striking-off)
Appsploration Sdn. Bhd.	Malaysia	75%	75%	Developing computer and mobile software applications
Innity Shanghai Ltd.*	China	100%	100%	Dormant
Dynamic Outdoor Media Sdn. Bhd.	Malaysia	100%	100%	Provision of Wi-Fi services for food and beverages outlets, shopping centers and townships
Offerstation Sdn. Bhd.	Malaysia	90%	90%	Operate promotional and sales events information website
Innity Korea Co., Ltd.* #	South Korea	80%	90%	Provision of technology based online advertising solutions and other related internet services
Innity Myanmar Co., Ltd.* #	Myanmar	65%	100%	Provision of technology based online advertising solutions and other related internet services
Innity (Cambodia) Co., Ltd.* #	Cambodia	100%	100%	Provision of technology based online advertising solutions and other related internet services

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

c. The details of the subsidiaries are as follows: (Cont'd)

	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2020	2019	
Subsidiaries of Innity Limited				
Innity Singapore Pte. Ltd.*	Singapore	100%	100%	Provision of technology based online advertising solutions and other related internet services
Innity Vietnam Co., Ltd.*	Vietnam	88%	88%	Software production house
Subsidiary of Innity Vietnam Co., Ltd.				
Innity Software and Advertising Co., Ltd. ("ISACL")*	Vietnam	79%	79%	Provision of technology based online advertising solutions and other related internet services
Subsidiary of Innity China Co., Limited				
Innity Taiwan Limited ("ITL")*	Belize	80%	80%	Provision of technology based online advertising solutions and other related internet services
Passionation (Hong Kong) Limited ("Passionation HK")*	Hong Kong	80%	80%	Development of content and influencer marketing

* Subsidiaries not audited by BDO PLT and BDO member firms.

^ Subsidiaries are consolidated based on management accounts for the financial year ended 31 December 2020. The financial statements of these subsidiaries are not required to be audited as they had been placed under members' voluntary striking off during the financial year. The member's voluntary striking off was completed on 16 March 2021.

No statutory audit requirement.

d. Changes in the Group's composition during the reporting period

- i. Innity Myanmar Co., Ltd. ("Innity Myanmar"), a wholly-owned subsidiary of Innity Sdn. Bhd. ("ISB"), has issued additional 40,000 new ordinary shares. The 31,500 and 8,500 new ordinary shares were subscribed by Myanmar Marketing Research and Development ("MMRD") and ISB respectively via total cash consideration of USD40,000 (or equivalent to RM162,360 at the exchange rate of USD1: RM4.059) on 17 January 2020 and 11 February 2020. Upon the completion of the subscription, the Group's effective equity interest in shares of Innity Myanmar is diluted from 100% to 65%.
- ii. On 6 August 2020, Innity Korea Co., Ltd. ("Innity Korea"), a 90% direct-owned subsidiary of Innity Sdn Bhd. ("ISB"), has issued additional 6,765 new ordinary shares at par value to Mr. Lee Kyoung Min and Mr. Lee Tae Jong to reward their contribution to Innity Korea. Accordingly, KRW33,825,000 (or equivalent to RM119,312 at the exchange rate of KRW1:RM0.003527) was recognised as share-based payment expenses on 6 August 2020 by the Group. Upon the completion of the issuance, the Group's effective equity interest in the shares of Innity Korea was diluted from 90% to 80%.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

e. Changes in the Group's composition during the financial year ended 31 December 2019

- i. Tresixty Media Sdn. Bhd. ("Tresixty"), an indirect wholly-owned subsidiary of Innity Corporation Berhad ("ICB"), had been struck off from the Register and published in the Gazette on 24 May 2019 pursuant to Section 551 of the Companies Act 2016.

The dissolution of Tresixty has no financial effect to the Group.

- ii. On 1 July 2019, a non-controlling interest of Native Media Sdn. Bhd. had transferred its holding of 25 shares to Innity Sdn. Bhd. for a total consideration of RM25. Upon completion of the transfer, the Group's effective equity interest in Native Media Sdn. Bhd. increase from 75% to 100%.

- iii. On 18 September 2019, Innity China Co., Limited ("ICCL"), an indirect 80%-owned subsidiary of ICB, incorporated a wholly-owned subsidiary in Hong Kong, namely Passionation (Hong Kong) Limited ("Passionation HK"). The issued and paid-up share capital of Passionation HK is Hong Kong Dollar ("HKD") 1,500,000, divided into 1,500,000 ordinary shares of HKD1.00 each.

- iv. On 31 December 2019, the subsidiary of the Company, Innity Sdn. Bhd. subscribed to the allotment of shares by Innity Singapore Pte. Ltd. amounting to Singapore Dollar ("SGD") 245,000, divided into 245,000 ordinary shares of SGD1.00 each. There was no change to the effective interest owned by the Group.

f. Interest in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries with NCI that is material to the Group.

	2020 RM	2019 RM
Carrying amount of non-controlling interests:		
Innity China Co., Limited Group ("ICCL Group")*	1,354,800	1,355,208
PT Media Innity ("PTM")	581,884	1,553,768
Other subsidiaries with immaterial non-controlling interests	(206,595)	78,353
	1,730,089	2,987,329
(Loss)/Profit attributable to non-controlling interests:		
ICCL Group*	71,988	494,052
PTM	(927,452)	(234,558)
Other subsidiaries with immaterial non-controlling interests	(139,784)	(116,082)
	(995,248)	143,412

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- f. Interest in subsidiaries with material non-controlling interests ("NCI") (Cont'd)

The Group has the following subsidiaries with NCI that is material to the Group. (Cont'd)

	2020 RM	2019 RM
Total comprehensive (loss)/profit attributable to non-controlling interests:		
ICCL Group*	(408)	472,561
PTM	(971,884)	(182,875)
Other subsidiaries with immaterial non-controlling interests	(131,349)	(109,259)
	(1,103,641)	180,427

*Includes companies that are held by ICCL as disclosed in Note 8(c) to the financial statements.

Summarised financial information about subsidiaries with material NCI

- i. Summarised statements of financial position

	ICCL Group		PTM	
	2020 RM	2019 RM	2020 RM	2019 RM
Current				
Assets	14,223,344	22,315,067	4,058,714	6,367,630
Liabilities	(10,231,793)	(15,956,879)	(2,929,445)	(3,389,884)
Net current assets	3,991,551	6,358,188	1,129,269	2,977,746
Non-current assets	4,860,028	580,169	511,612	642,011
Non-current liabilities	(2,077,579)	(162,319)	(453,362)	(448,800)
Net assets	6,774,000	6,776,038	1,187,519	3,170,957

NOTES TO THE FINANCIAL STATEMENTS

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8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- f. Interest in subsidiaries with material non-controlling interests ("NCI") (Cont'd)

Summarised financial information about subsidiaries with material NCI (Cont'd)

- ii. Summarised statements of profit or loss and other comprehensive income

	ICCL Group		PTM	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	22,624,481	34,943,082	3,708,082	14,134,329
Profit/(Loss) before tax	485,063	2,890,284	(1,868,920)	(427,202)
Profit/(Loss) for the year	359,941	2,470,261	(1,892,759)	(478,690)
Total comprehensive (loss)/income	(2,038)	2,362,804	(1,983,437)	(373,216)

- iii. Other summarised information

	ICCL Group		PTM	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash flow from/(used in) operating activities	430,778	2,455,762	(2,164,979)	(43,402)
Cash flows used in investing activities	(78,968)	(3,764,557)	(33,921)	(354,919)
Cash flow (used in)/from financing activities	(502,445)	(182,536)	(152,553)	154,818
Effect of changes in foreign exchange	(9,616)	(3,037)	-	-
Net decrease in cash and cash equivalents	(160,251)	(1,494,368)	(2,351,453)	(243,503)

NOTES TO THE FINANCIAL STATEMENTS

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9. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unquoted shares, at cost	108,106	1,361,701	-	495,488
Share of other net assets changes	-	248,505	-	-
Share of post-acquisition profit/(losses) of associates	312,683	(703,274)	-	-
Exchange difference	86,966	90,478	-	-
	507,755	997,410	-	495,488
Less: Accumulated impairment losses	-	-	-	(495,488)
	507,755	997,410	-	-

- a. Investments in associate is measured at cost less impairment losses, if any, in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements.
- b. The details of the associate is as follows:

	Country of incorporation/ Principal place of business	Group's effective and voting interests		Principal activities
		2020	2019	
Associate of the Company				
I-DAC Pte. Ltd. ("I-DAC")*	Singapore	-	20%	Provision of various advertising services using advanced technologies, sub-license the right to use the technologies and technical support
Held through I-DAC				
I-DAC Malaysia Sdn. Bhd.	Malaysia	-	20%	Dormant
Held through Innity Limited				
Innity Digital Media (Thailand) Co., Ltd. ("Innity Thailand")*	Thailand	49%	49%	Provision of technology based online advertising solutions and other related internet services
Held through Innity Singapore Pte. Ltd.				
Fivestones Digital (SEA) Pte. Ltd. ("Fivestones Digital")*	Singapore	-	49%	Provision of advertising products and services to advertisers and publishers

* Associates not audited by BDO PLT and BDO member firms.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

9. INVESTMENTS IN ASSOCIATES (CONT'D)

- b. The details of the associate is as follows: (Cont'd)

Innity Thailand is a result of the business alliance of the Group to access new customers in Thailand market.

The summarised financial information of the material associates is as follows:

	Fivestones Digital RM	Innity Thailand RM
2020		
Assets and liabilities		
Non-current assets	-	304,651
Current assets	-	4,925,905
Total assets	-	5,230,556
Current liabilities/Total liabilities	-	4,194,322
Net assets	-	1,036,234
Results		
Revenue	-	6,393,121
Loss for the year	-	(284,580)
Total comprehensive loss for the year	-	(284,109)
2019		
Assets and liabilities		
Non-current assets	-	115,602
Current assets	1,531,639	4,719,273
Total assets	1,531,639	4,834,875
Current liabilities/Total liabilities	816,451	3,514,532
Net assets	715,188	1,320,343
Results		
Revenue	3,413,550	5,689,677
Loss for the year	(839,607)	(738,696)
Total comprehensive loss for the year	(831,969)	(614,989)

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

9. INVESTMENTS IN ASSOCIATES (CONT'D)

- b. The details of the associate is as follows: (Cont'd)

Reconciliation of the summarised financial information presented to the carrying amount of the investments in associates is as follows:

	Fivestones Digital RM	Innity Thailand RM
2020		
Group's share of net assets	-	507,755
2019		
Group's share of net assets	350,442	646,968

- c. When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognised of further losses is discontinued except to the extent that Group has an obligation to fund the investee's operations or has made payment on behalf of these investee.
- d. On 7 May 2020, Innity Singapore Pte. Ltd. ("ISPL"), an indirect wholly-owned subsidiary of Innity Corporation Berhad ("ICB") entered into an agreement with FiveStones Limited ("FiveStones Ltd") to fully dispose 245,000 ordinary shares in Fivestones Digital (SEA) Pte. Ltd. ("Fivestones Digital") with sales proceeds of SGD120,000 (equivalent to RM363,990 at the exchange rate of SGD1:RM3.033) to FiveStones Ltd. The conditions stated in the agreement had been satisfied and the disposal was completed on 31 May 2020.
- e. The Company has entered into a stock purchase agreement with DAC Asia Pte. Ltd. on 31 December 2020, to fully dispose 196,000 ordinary shares, representing 20% shareholdings in I- DAC Pte. Ltd. ("I-DAC") with sales consideration of SGD1.00 (equivalent to RM3.048 at the exchange rate of SGD1:RM3.048). Subsequent to the disposal, I-DAC and I-DAC Malaysia Sdn. Bhd., a wholly owned subsidiary of I-DAC will no longer accounted for equity method in the Company consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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10. GOODWILL

	Group	
	2020 RM	2019 RM
Cost		
At 1 January/31 December	442,872	442,872
Accumulated impairment losses		
At 1 January/ 31 December	442,872	442,872
Carrying amount		
At 1 January/ 31 December	-	-

- i. Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.
- ii. Goodwill arising from business combinations has been allocated to two (2) individual cash-generating units ('CGU') for impairment testing as follows:

	Wi-Fi Advertising Platform RM	Digital Advertising Platform RM	Total RM
Goodwill, gross	148,049	294,823	442,872
Less: Impairment loss	(148,049)	(294,823)	(442,872)
Carrying amount	-	-	-

- iii. In the previous financial years, the Group had recognised an impairment loss of RM148,909 and RM294,823 in respect of CGU of Wi-Fi and Digital Advertising Platform respectively as the carrying amounts exceeded the recoverable amounts and this impairment loss had been recorded in profit or loss. The recoverable amounts were below the carrying amounts due to declining business operation in these CGU.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. DEFERRED TAX

Recognised deferred tax assets and liabilities

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group	
	2020 RM	2019 RM
Deferred tax assets	917,815	723,645
Deferred tax liabilities	(812,363)	(620,640)
	105,452	103,005

- a. The amount of the deferred tax income or expense recognised in the statements of profit or loss and statements of comprehensive income during the financial year are as follows:

	Note	Group	
		2020 RM	2019 RM
At 1 January		103,005	(66,591)
Recognised in profit or loss	26		
- current year			
- Malaysia		(37,689)	(111,738)
- Outside Malaysia		97,807	187,181
-(under)/over provision in prior years			
- Malaysia		(72,419)	73,981
		(12,301)	149,424
Recognised in other comprehensive income	26(d)	12,151	4,639
Exchange differences		2,597	15,533
At 31 December		105,452	103,005

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. DEFERRED TAX (CONT'D)

Recognised deferred tax assets and liabilities (Cont'd)

- b. The components of deferred tax assets and liabilities at the end of each reporting period comprise the tax effects of:

	Group	
	2020 RM	2019 RM
Deferred tax assets (before offsetting)		
- Retirement benefit obligations	170,305	158,925
- Unutilised tax losses and unabsorbed capital allowances	-	88,352
- Lease liabilities	175,376	13,965
- Impairment losses on trade receivables	635,402	270,165
- Other deductible temporary differences	464,056	699,192
	1,445,139	1,230,599
Offsetting	(527,324)	(506,954)
Deferred tax assets (after offsetting)	917,815	723,645
Deferred tax liabilities (before offsetting)		
- Carrying amount of development expenditure	(1,088,589)	(1,122,512)
- Excess of tax capital allowances over related depreciation of plant and equipment	(24,590)	(5,082)
- Other deductible temporary differences	(226,508)	-
	(1,339,687)	(1,127,594)
Offsetting	527,324	506,954
Deferred tax liabilities (after offsetting)	(812,363)	(620,640)
	105,452	103,005

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. DEFERRED TAX (CONT'D)

Unrecognised deferred tax assets

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

	Group	
	2020 RM	2019 RM
Other deductible temporary differences	15,071	17,737
Unabsorbed capital allowances	404,068	387,391
Unutilised tax losses allowed to be utilised up to financial year ending 31 December		
- No expiry date	1,651,075	1,531,440
-2020	-	59,955
-2021	59,955	49,896
-2022	184,527	465,571
-2023	65,565	85,121
- 2024 to 2028	11,395,128	8,749,487
	13,775,389	11,346,598

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

Unrecognised deferred tax assets arising from unutilised tax losses amounting to RM65,420 from the financial year 2015 has expired during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

12. TRADE RECEIVABLES

	Group	
	2020 RM	2019 RM
Third parties	40,282,661	35,068,750
Amount due from an associate	108,187	41,472
	40,390,848	35,110,222
Less: Impairment losses	(3,242,758)	(2,657,320)
	37,148,090	32,452,902

- a. Trade receivables are classified as financial assets and measured at amortised cost.
- b. Trade receivables are non-interest bearing and the normal credit terms granted by the Group ranged from 30 days to 150 days (2019: 30 days to 150 days). Trade receivables are recognised at the original invoices values, which represent the fair values on initial recognition.
- c. Foreign currency exposure of trade receivables of the Group other than the functional currency of the Group entities is as follows:

	Group	
	2020 RM	2019 RM
Thai Baht	-	41,472
United States Dollar	1,103,615	2,499,494

- d. Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group uses a provision matrix to measure the expected credit loss ("ECL") of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on the geographical regions.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (digital advertising expenditure (ADEX)) affecting the measurement of expected credit losses due to the impact of the COVID-19 pandemic and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss. On confirmation that the trade receivable would not be collectable, the gross carrying amount of the asset would be written off against the associated impairment.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

12. TRADE RECEIVABLES (CONT'D)

- d. It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information and estimated loss given default in worst-case scenarios incorporating the impact of COVID-19 pandemic.

The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature.

Group	2020		
	Gross carrying amount	Loss allowance	Net balance
	RM	RM	RM
Current (not past due)	7,253,106	(11,608)	7,241,498
1 - 30 days past due	14,215,846	(81,201)	14,134,645
31 - 60 days past due	6,878,698	(95,363)	6,783,335
61 - 90 days past due	5,329,111	(85,023)	5,244,089
91 - 120 days past due	3,104,363	(71,616)	3,032,747
More than 120 days past due	3,609,724	(2,897,947)	711,777
	40,390,848	(3,242,758)	37,148,090

Group	2019		
	Gross carrying amount	Loss allowance	Net balance
	RM	RM	RM
Current (not past due)	9,285,326	(85,835)	9,199,491
1 - 30 days past due	8,841,050	(112,864)	8,728,186
31 - 60 days past due	4,727,175	(73,523)	4,653,652
61 - 90 days past due	2,826,628	(53,895)	2,772,733
91 - 120 days past due	1,637,126	(43,440)	1,593,686
More than 120 days past due	7,792,917	(2,287,763)	5,505,154
	35,110,222	(2,657,320)	32,452,902

Trade receivables that are individually determined to be impaired at the end of each reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

As at the end of each reporting period, no collateral has been obtained by the Group. Thus, the maximum credit risk exposure is equivalent to the gross carrying amount of trade receivables of the Group.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

12. TRADE RECEIVABLES (CONT'D)

e. Reconciliation of movements in impairment losses on trade receivables are as follows:

	2020 RM	2019 RM
At 1 January	2,657,320	2,607,289
Charge for the year	567,129	175,545
Reversal of impairment losses	-	(177,387)
Exchange differences	18,309	51,873
At 31 December	3,242,758	2,657,320

f. Included in trade receivables is amounts due from subsidiaries of a corporate shareholder which amounted to RM854,820 (2019: RM950,258).

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables	1,422,096	1,535,403	3	-
Amounts due from subsidiaries	-	-	-	99,429
Amounts due from associates	756,095	914,414	-	-
	2,178,191	2,449,817	3	99,429
Less: Impairment losses	(544,267)	(529,688)	-	(2,500)
	1,633,924	1,920,129	3	96,929
Deposits	682,850	553,789	1,500	1,500
Total other receivables and deposits	2,316,774	2,473,918	1,503	98,429
Contract assets	3,140,549	211,828	-	-
Prepayments	1,154,087	892,405	5,104	5,104
	6,611,410	3,578,151	6,607	103,533

a. Other receivables and deposits are classified as financial assets and measured at amortised cost.

Amounts due from subsidiaries and associates represent payments made on behalf and advances given, which are unsecured and receivable within next twelve months in cash and cash equivalents in which outstanding balances will be charged for 2.075% (2019: 3.15%).

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

- b. Foreign currency exposure of other receivables (including amounts due from associates) and deposits of the Group other than the functional currency of the Group entities is as follows:

	Group	
	2020 RM	2019 RM
United States Dollar	89,595	319,567

- c. Reconciliation of movements in impairment losses on other receivables are as follows:

	Group	
	2020 RM	2019 RM
At 1 January	529,688	126,212
Charge for the year	11,416	408,158
Reversal of impairment losses	-	(4,870)
Exchange differences	3,163	188
At 31 December	544,267	529,688

Other receivables that are individually determined to be impaired at the end of each reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

- d. Impairment for amount due from subsidiaries and associates

Generally, the Group and the Company consider loans and advances to subsidiaries and associates have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when the financial position of a subsidiary or an associate deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the subsidiaries' and associates' loans and advances when they are payable, the Group and the Company consider the loans and advances to be in default when the subsidiaries and the associates are not able to pay when demanded. The loan or advance of the subsidiary or associate to be considered as credit impaired when:

- the subsidiary or associate is unlikely to repay its loan or advance to the Group or the Company in full;
- the subsidiary or associate is continuously loss making and is having a deficit shareholders' fund; and
- past due 60 days.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

- d. Impairment for amount due from subsidiaries and associates (Cont'd)

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

The following tables provides information about the exposure to credit risk and ECLs for subsidiaries' and associates' loans and advances as at 31 December 2020 and 31 December 2019:

31 December 2020			
	Gross carrying amount	Impairment losses	Net balance
Group	RM	RM	RM
Low credit risk	756,095	-	756,095
Company			
Low credit risk	-	-	-
Credit impaired	-	-	-
	-	-	-
31 December 2019			
	Gross carrying amount	Impairment losses	Net balance
Group	RM	RM	RM
Low credit risk	914,414	-	914,414
Company			
Low credit risk	96,929	-	96,929
Credit impaired	2,500	(2,500)	-
	99,429	(2,500)	96,929

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

- d. Impairment for amount due from subsidiaries and associates (Cont'd)

Reconciliation of movements in impairment losses on amounts due from subsidiaries are as follows:

	Company	
	2020	2019
At 1 January	2,500	2,500
Reversal of impairment losses	(2,500)	-
At 31 December	-	2,500

- e. Contract assets represent the timing differences in revenue recognition and the billings. The billings are issued upon the completion of contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer.

No expected credit losses were recognised arising from contract assets as it is negligible.

14. CASH AND BANK BALANCES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	19,073,671	20,433,315	188,651	16,380
Fixed deposits with licensed banks	2,253,509	5,545,438	-	-
	21,327,180	25,978,753	188,651	16,380
Less: Fixed deposits pledged to licensed banks	(1,993,643)	(2,023,339)	-	-
Less: Bank overdraft (Note 20)	(1,292,189)	(994,025)	-	-
Cash and cash equivalents included in the statements of cash flows	18,041,348	22,961,389	188,651	16,380

- a. Cash and bank balances are financial assets that are measured at amortised cost which have an insignificant risk of changes in fair value, and are used by the Group and the Company in the management of their short term commitments.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

14. CASH AND BANK BALANCES (CONT'D)

- b. Fixed deposits with licensed banks of the Group have a maturity period of 1 month to 12 months (2019: 1 month to 12 months). These fixed deposits to be matured in next 3 months from the reporting date.

Fixed deposit of a subsidiary amounting to RM143,454 (2019: RM136,390) has been pledged to third party for supply of services to the subsidiary. Another fixed deposits of a subsidiary amounting to RM1,850,189 (2019: RM1,886,949) has been pledged for credit facilities granted to a subsidiary as disclosed in Note 20 to the financial statements.

The weighted average effective interest rate of fixed deposits with licensed banks of the Group as at the end of reporting period is between 0.25% - 3.35% (2019: 0.25% - 3.35%).

- c. Foreign currency exposure of cash and bank balances other than the functional currency of the Group entities is as follows:

	Group	
	2020 RM	2019 RM
Chinese Renminbi	48	20,738
Hong Kong Dollar	148,898	178,718
Myanmar Kyat	-	16
United States Dollar	5,424,511	5,688,245

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

15. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares	Amount RM	Number of shares	Amount RM
Issued and fully paid ordinary shares				
At 1 January	139,103,415	19,342,031	138,803,415	19,193,531
Issuance of ordinary shares pursuant to:				
- ESS exercised	-	-	300,000	148,500
At 31 December	139,103,415	19,342,031	139,103,415	19,342,031

NOTES TO THE FINANCIAL STATEMENTS

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15. SHARE CAPITAL (CONT'D)

- a. In the previous financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 138,803,415 ordinary shares to 139,103,415 by way of issuance of 300,000 new ordinary shares pursuant to Employees' Share Scheme ("ESS") at exercise price of RM0.495 per ordinary share.

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

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

16. RESERVES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Reverse acquisition reserve (legal capital adjustment)	(2,512,173)	(2,512,173)	-	-
Foreign currency translation reserve	(155,897)	20,239	-	-
Other reserve	-	248,505	-	-
	(2,668,070)	(2,243,429)	-	-
Retained profits/(Accumulated losses)	18,571,500	18,533,504	(4,328,284)	(4,001,600)
	15,903,430	16,290,075	(4,328,284)	(4,001,600)

a. **Reverse acquisition reserve**

Reverse acquisition reserve arose from the reverse acquisition of the Company by Innity Sdn. Bhd..

b. **Foreign currency translation reserve**

Foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operations of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

c. **Other reserve**

Other reserve in the previous financial year, arose from the dilution of investment in an associate of the Group. This associate was fully disposed off during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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17. RETIREMENT BENEFIT OBLIGATIONS

	Group	
	2020 RM	2019 RM
Present value of retirement benefit obligations/Net liability arising from retirement benefit obligations	688,580	604,552

- a. Retirement benefit obligations are post employment benefit plans other than defined contribution plans and under which the pension benefits payable to employees are usually determined by reference to employee's earning and/or length of service.

The defined benefit liability recognised is net total of the present value of the defined benefit obligation at the reporting date together with adjustments for unrecognised past service cost.

The present value of the defined benefit obligation is determined by independent qualified actuaries using the Projected Unit Credit Method, by discounting estimated future cash outflows using interest rates of high quality corporate bonds or market rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the defined benefit obligations.

Remeasurements comprising actuarial gains or losses arising from experience adjustments or changes in actuarial assumptions are charged or credited to equity through other comprehensive income in the reporting period in which they arise and it would not be reclassified to profit or loss in subsequent periods.

- b. Amount recognised in profit and loss in respect of the retirement benefit obligations is as follows:

	Group	
	2020 RM	2019 RM
Current service cost	97,943	150,264

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

c. The movements in the present value of the retirement benefit obligations are as follows:

	Group	
	2020 RM	2019 RM
At 1 January	604,552	428,145
Expenses recognised in profit or loss and included in staff costs	97,943	150,264
Remeasurement of retirement benefit obligations recognised in other comprehensive income	49,298	15,554
Retirement benefit paid	(60,590)	(2,869)
Exchange differences	(2,623)	13,458
At 31 December	688,580	604,552

d. The Group provides retirement benefit obligations for qualifying employees of its overseas subsidiaries, PT Media Innity and Innity Philippines Inc., in accordance with the legislations established in Indonesia and Philippines respectively.

The principal actuarial assumptions used are as follows:

For the reporting period	Discount rate %	Annual salary increase %
2020		
- Indonesia	7.50	8.00
- Philippines	4.20	6.00
2019		
- Indonesia	8.25	8.00
- Philippines	5.54	6.00

The management believes that no reasonably possible changes in any of the above key assumptions would lead to significant changes to the present value of the retirement benefit obligations.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

e. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the retirement benefit obligation by the amounts shown below.

	Group	
	2020 RM	2019 RM
Discount rate:		
- if 1% increase	(114,097)	(102,201)
- if 1% decrease	140,638	126,555
Annual salary:		
- if 1% increase	137,368	124,886
- if 1% decrease	(113,803)	(102,752)

18. TRADE PAYABLES

	Group	
	2020 RM	2019 RM
Third parties	24,561,995	18,772,955
Amounts due to associates	128,113	198,551
	24,690,108	18,971,506

- Trade payables are classified as financial liabilities and measured at amortised cost.
- Trade payables are non-interest bearing and the normal trade credits granted to the Group range from 30 to 90 days (2019: 30 to 90 days).
- Included in trade payables is provision of direct costs to publishers for on-going advertising activities as of end of the reporting period which amounted to RM16,239,666 (2019: RM11,987,145).

The provision of direct costs to the publishers require the management to exercise significant judgement in providing the profit margins from individual advertising campaigns as of end of the reporting period. The group determines the sufficiency of these provision for direct costs to publishers based on rate card profit margin and the number of unit served for each of the on- going advertising campaign as of end of reporting period. Actual payments may differ from these direct cost provided when the final settlements are reached between the parties. However, the Group does not expect material differences arising from the final settlements with the publishers upon completion of the campaigns.

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18. TRADE PAYABLES (CONT'D)

- d. Foreign currency exposure of trade payables of the Group other than the functional currency of the Group entities is as follows:

	Group	
	2020 RM	2019 RM
Hong Kong Dollar	3,234	2,944
Indonesian Rupiah	1,295	3,457
New Taiwan Dollar	50,671	45,416
Philippines Peso	18,986	122,106
Singapore Dollar	20,569	86,507
Thai Baht	179,174	172,345
United States Dollar	536,194	572,554
Vietnamese Dong	231,333	903

19. OTHER PAYABLES, CONTRACT LIABILITIES AND ACCRUALS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-current liabilities				
Amount due to a subsidiary	-	-	387,600	-
Current liabilities				
Other payables	1,279,463	2,703,165	1,730	33,951
Amount due to a subsidiary	-	-	-	25,850
Amount due to an associate	8,899	4,368	-	-
Accruals	2,426,323	2,273,424	128,000	55,500
Other payables and accruals	3,714,685	4,980,957	129,730	115,301
Contract liabilities	2,885,250	5,323,652	-	-
Indirect tax payable	2,355,096	346,902	-	-
Statutory liabilities	730,640	556,411	-	-
	9,685,671	11,207,922	129,730	115,301
Total other payables, contract liabilities and accruals	9,685,671	11,207,922	517,330	115,301

NOTES TO THE FINANCIAL STATEMENTS

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19. OTHER PAYABLES, CONTRACT LIABILITIES AND ACCRUALS (CONT'D)

- a. Other payables and accruals are classified as financial liabilities and measured at amortised cost.
- b. The contract liabilities are stated at cost and represent the obligation primarily related to the advance consideration received or due from customers, which revenue is recognised over a period of time for services to be rendered. The contract liabilities are expected to be derecognised when the performance obligations of the contract are met.

The amount of RM5,323,652 recognised in contract liabilities at the beginning of the financial year has been recognised as revenue for the financial year ended 31 December 2020. The amount of RM2,885,250 recognised in contract liabilities at the end of the reporting period is expected to be recognised as revenue in the next financial year.

- c. Amount due to subsidiary represents advances and payments made on behalf, which are unsecured, interest free and payable in four years starting 2022 in cash and cash equivalents.
- d. Amount due to an associate represents advances and payments made on behalf, which are unsecured, interest free and payable within twelve (12) months in cash and cash equivalents.
- e. Foreign currency exposure of other payables and accruals of the Group other than the functional currency of the Group entities is as follows:

	Group	
	2020 RM	2019 RM
Thai Baht	5,269	921
United States Dollar	23,933	99,058

NOTES TO THE FINANCIAL STATEMENTS

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20. BORROWINGS

	Group	
	2020 RM	2019 RM
Current		
Secured:		
Term loans	19,979	-
Bank overdrafts (Note 14)	1,292,189	994,025
	1,312,168	994,025
Non-current		
Secured:		
Term loans	337,021	-
Total borrowings		
Secured:		
Term loans	357,000	-
Bank overdrafts (Note 14)	1,292,189	994,025
	1,649,189	994,025
Maturities of borrowings:		
Not later than 1 year	1,312,168	994,025
Later than 1 year and not later than 5 years	130,676	-
More than 5 years	206,345	-
Total	1,649,189	994,025

- a. Borrowings are classified as financial liabilities and measured at amortised cost.
- b. Term loan and bank overdrafts of the Group are secured by a charge over a subsidiary's office building and fixed deposits with licensed banks as disclosed in Note 6 and Note 14 to the financial statements respectively. In addition, the term loan is guaranteed by the Company.
- c. Term loan

On 3 January 2020, Innity Sdn. Bhd. obtained a term loan from HSBC Bank Malaysia Berhad. The salient terms of the facility are as follows:

- i. Facility amount: RM357,000.
- ii. Bank interest rate: 1.77% p.a. + Kuala Lumpur Interbank Offered Rate.
- iii. Purpose: To finance the purchase of 1 unit of office lot known as Unit No. C605, Block C, Level 6, Kelana Square, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.
- iv. Tenure: Ten (10) years or one hundred and twenty (120) months.
- v. Payment: Principal shall be repayable in monthly instalments such instalment amounts shall be inclusive of interest commencing from May 2021.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

20. BORROWINGS (CONT'D)

- d. The weighted average effective interest rates are as follows:

	Group	
	2020 %	2019 %
Term loan	3.62	-
Bank overdraft	8.24	8.24

- e. The term loan and bank overdraft of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- f. The term loan and bank overdraft are denominated in Ringgit Malaysia.
- g. The table below summarises the maturity profile of the Group's loans and borrowings at the reporting date based on contractual undiscounted repayment obligations:

	On demand or within one year	One to five years	Over five years	Total
	RM	RM	RM	RM
Group				
2020				
Term loan	28,403	213,020	184,594	426,017
Bank overdraft	1,292,189	-	-	1,292,189
Total undiscounted financial liabilities	1,320,592	213,020	184,594	1,718,206
2019				
Bank overdraft	994,025	-	-	994,025

- h. Carrying amount of the loans and borrowings are reasonable approximation of fair values due to the current rates offered to the Group approximate the market rates of similar borrowing of the same remaining maturities.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

21. REVENUE

	Group	
	2020 RM	2019 RM
Revenue from contracts with customers		
Technology based online advertising solutions	103,031,725	117,085,697
Other related internet services	-	104,270
Transferred over time	103,031,725	117,189,967

- a. The revenue from sale of technology based online advertising solutions and other related internet services is recognised over time when the services have been rendered to the customer and coincides with the delivery of services and acceptance by customers.

There is no significant financing component in the revenue arising from services rendered as the services were made on the normal credit terms not exceeding twelve months.

- b. Revenue from contracts with customers is disaggregated in Note 4 by geographical market.

22. STAFF COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries, wages and bonus	30,745,844	31,790,578	131,500	117,833
Defined contribution plan	2,274,840	2,162,606	-	-
Defined benefit plan	97,943	150,264	-	-
Employee share scheme	-	148,500	-	-
Share-based payment	119,312	-	-	-
Other employee related expenses	3,046,996	1,637,360	13,860	10,775
	36,284,935	35,889,308	145,360	128,608
Staff costs recognised as intangible assets (Note 7)	(1,566,769)	(1,550,249)	-	-
	34,718,166	34,339,059	145,360	128,608

NOTES TO THE FINANCIAL STATEMENTS

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22. STAFF COSTS (CONT'D)

- a. The number of Directors of the Group where total remuneration during the reporting period falls within the following bands is analysed as follows:

	2020	2019
Executive Directors:		
RM250,001 to RM300,000	1	-
RM300,001 to RM350,000	1	2
RM600,001 to RM650,000	1	-
RM650,001 to RM700,000	-	1
RM750,001 to RM800,000	1	1
Non-Executive Directors:		
RM Nil	4	4
Below RM50,000	3	4

- b. The remuneration received and receivable by the Directors of the Company during the reporting period are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Executive Directors:				
Basic salaries and other remuneration recognised in profit or loss	1,773,930	1,969,977	-	-
Fees included in profit or loss	224,900	148,543	-	-
	1,998,830	2,118,520	-	-
Non-Executive Directors:				
Remuneration other than fees included in profit or loss	5,500	10,000	5,500	10,000
Fees included in profit or loss	126,000	107,833	126,000	107,833
	131,500	117,833	131,500	117,833
Total	2,130,330	2,236,353	131,500	117,833

NOTES TO THE FINANCIAL STATEMENTS

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23. EMPLOYEES' SHARE SCHEME ("ESS")

The ESS is granted by the By-Laws which were approved by the shareholders on 1 July 2015. On 4 June 2018, the Company implemented ESS, which is in force for a period of five (5) years until 3 June 2023 ("the scheme period").

The salient features of the ESS as contained in the By-Laws are as follows:

- a. The ESS is made available to Senior Management and full-time Executive Directors who are confirmed employees of the Company and its subsidiaries as defined in the Companies Act 2016 in Malaysia, as amended from time to time, and any re-enactment thereof;
- b. The total number of shares offered under the ESS shall not, in aggregate, exceed 5% of the issued and paid-up share capital of the Company at any time during the existence of the ESS;
- c. The Participant will not be required to pay for the new ESS Shares that may be issued and allotted to them and/or the existing Company Shares to be transferred to them pursuant to the Proposed ESS;
- d. The actual number of shares, which may be offered to any eligible employee shall be at the discretion of the ESS Committee provided that the number of shares offered are not less than 100 shares and in multiples of 100 shares and are subject to the following:
 - i. not more than 80% of the shares available under the ESS shall be allocated in aggregate to the Senior Management of the Company and its subsidiaries; and
 - ii. not more than 10% of the total number of ESS Shares shall be allocated to a Participant, who, either singly or collectively through persons connected with the Participant, holds twenty percent (20%) or more of our issued and paid-up share capital.
- e. A share award is granted under the ESS may be exercised by the grantee upon achieving the vesting conditions set by the ESS Committee; and
- f. The shares shall on issue and allotment rank *pari passu* in all respects with the then existing issued shares of the Company.

Since the implementation of the ESS until end of the financial year, a total of 700,000 shares award had been granted to a Senior Management of the Group. The entire 700,000 shares award had been exercised since the implementation of the ESS until end of the financial year.

There were no share award granted to the Executive Directors of the Company and its subsidiaries during the financial year. Since the implementation of the ESS until end of the financial year, none of the Executive Directors of the Company and its subsidiaries had been granted any share award under the ESS.

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24. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit/(Loss) from operations is arrived at after charging:				
Auditors' remuneration				
- auditors of the Company				
- statutory				
- current year	147,000	154,500	78,000	78,000
- non-statutory				
- current year	6,000	6,000	6,000	6,000
- over provision in prior year	-	(4,000)	-	(4,000)
- auditors of subsidiaries				
- current year	204,847	200,425	-	-
- under provision in prior year	16,614	14,245	-	-
Bad debts written off	13,300	4	-	-
Expenses relating to short-term leases	302,619	468,178		-
Impairment losses on financial assets				
- trade receivables	567,129	175,545	-	-
- other receivables	11,416	408,158	-	-
Loss on foreign exchange				
- realised	126,300	172,595	804	-
- unrealised	106,680	132,874	-	-
and crediting:				
Gain on disposal of plant and equipment, net	-	(520)	-	-
Gain on disposal of associate	(528,449)	-	(3)	-
Gain on foreign exchange				
- realised	(68,893)	(70,593)	-	-
- unrealised	(302,282)	(74,293)	-	-
Fair value gain on other financial assets	-	-	(87,289)	-
Interest income				
- fixed and short term bank deposits	(180,358)	(297,016)	(40,245)	(97,842)
- an associate	(18,868)	(12,891)	-	-
Reversal of impairment losses on financial assets:				
- trade receivables	-	(177,387)	-	-
- other receivables	-	(4,870)	(2,500)	-

NOTES TO THE FINANCIAL STATEMENTS

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25. FINANCE COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expense on:				
- term loan	1,185	-	-	-
- bank overdraft	68,369	381	-	-
- lease liabilities	156,279	149,005	-	-
	225,833	149,386	-	-

26. INCOME TAX EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Estimated income tax payable				
- current year				
- Malaysia	612,787	190,372	-	-
- Outside Malaysia	406,805	826,117	-	-
- under/(over) provision in prior years				
- Malaysia	57,479	(101)	-	-
- Outside Malaysia	5,094	(10,573)	-	-
	1,082,165	1,005,815	-	-
Deferred tax (Note 11)				
- current year				
- Malaysia	37,689	111,738	-	-
- Outside Malaysia	(97,807)	(187,181)	-	-
- under/(over) provision in prior years				
- Malaysia	72,419	(73,981)	-	-
	12,301	(149,424)	-	-
	1,094,466	856,391	-	-

- Malaysian income tax is calculated at the statutory rate of 24% (2019: 24%) of the estimated taxable profit for the fiscal year.
- Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

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26. INCOME TAX EXPENSE (CONT'D)

- c. Numerical reconciliation between the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit before tax	(229,854)	2,248,945	(326,684)	(293,213)
Add: Share of loss in equity- accounted associates, net of tax	387,466	773,369	-	-
Adjusted profit/(loss) before tax	157,612	3,022,314	(326,684)	(293,213)
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	37,827	725,355	(78,404)	(70,371)
Tax effects of:				
- expenses not deductible for tax purposes	1,355,362	1,080,022	109,613	93,853
- different tax rates in other countries	(14,429)	(173,088)	-	-
- income not subject to tax	(683,348)	(445,850)	(31,209)	(23,482)
Deferred tax assets not recognised during the year	582,911	237,083	-	-
Utilisation of previously unrecognised deferred tax assets	(192,983)	(328,071)	-	-
Tax incentives on multiple deductibility of expenses	(125,866)	(154,405)	-	-
Under/(Over) provision in prior years				
- income tax payable	62,573	(10,674)	-	-
- deferred tax	72,419	(73,981)	-	-
	1,094,466	856,391	-	-

NOTES TO THE FINANCIAL STATEMENTS

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26. INCOME TAX EXPENSE (CONT'D)

d. Tax on each component of other comprehensive (loss)/income is as follows:

	Group		
	Before tax RM	Tax effect RM	After tax RM
2020			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of retirement benefit obligations	(49,298)	12,151	(37,147)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	(280,349)	-	(280,349)
Reclassification adjustment relating to an associate disposed off during the year	(248,505)	-	(248,505)
2019			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of retirement benefit obligations	(15,554)	4,639	(10,915)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	213,324	-	213,324

27. (LOSS)/EARNINGS PER ORDINARY SHARE

a. Basic (loss)/earnings per ordinary share

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

	Group	
	2020	2019
(Loss)/Profit for the financial year attributable to Owners of the Company (RM)	(329,072)	1,249,142
Weighted average number of ordinary shares in issue	139,103,415	138,999,223
Basic (loss)/earnings per ordinary share (sen)	(0.24)	0.90

NOTES TO THE FINANCIAL STATEMENTS

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27. (LOSS)/EARNINGS PER ORDINARY SHARE (CONT'D)

- b. Diluted (loss)/earnings per ordinary share

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted (loss)/earnings per ordinary shares equals basic (loss)/earnings per ordinary share.

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

- a. Identities of related parties

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

Related parties of the Group include:

- i. Direct and indirect subsidiaries as disclosed in Note 8(c);
- ii. Associates as disclosed in Note 9; and
- iii. Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprises mainly Executive Directors of the Company whose remuneration is disclosed in Note 22(b).

- b. Related party transactions

The Group and the Company had the following transactions with the related parties during the financial year:

	Type of transactions	Group	
		2020 RM	2019 RM
With associates:			
- Innity Digital Media (Thailand) Co., Ltd.	Sales	105,641	130,513
	Purchases	263,449	417,783
	Interest income	18,868	12,891
	Management fee income	283,440	183,165
	Royalty fee income	146,250	148,412
- I-DAC Pte. Ltd.	Sales	-	36,132
- Fivestones Digital (SEA) Pte. Ltd.	Purchases	427,994	418,934
	Management fee income	191,883	182,680

NOTES TO THE FINANCIAL STATEMENTS

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28. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

b. Related party transactions (Cont'd)

The Group and the Company had the following transactions with the related parties during the financial year: (Cont'd)

	Group		
	Type of transactions	2020 RM	2019 RM
With a subsidiary of an associate			
- I-DAC (Malaysia) Sdn. Bhd.	Accounting fee income	7,000	12,000
With subsidiaries of corporate shareholders of the Company			
- Autoworld.com.my Sdn. Bhd.	Purchases	28	315
- People 'n Rich - H Sdn. Bhd.	Sales	484,123	60,464
- D.A. Consortium Inc.	Sales	48,528	14,939
	Purchases	-	142,614
- DAC Asia Pte. Ltd.	Accounting fee income	5,000	-
- Beginnings Communications, Inc.	Sales	-	857,547
- PT Daniswara Amanah Cipta	Sales	549,106	-
- Hakuhodo Hong Kong Ltd.	Sales	135,493	487,950
- Hakuhodo Malaysia Sdn. Bhd.	Sales	21,250	-
- 104 Corporation Ltd.	Staff recruitment expense	-	3,083

	Company		
	Type of transactions	2020 RM	2019 RM
With a subsidiary:			
- Innity Sdn. Bhd.	Accounting fee	8,400	8,400

NOTES TO THE FINANCIAL STATEMENTS

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29. CONTINGENT LIABILITIES

	Group	
	2020 RM	2019 RM
Unsecured guarantees given to third parties for supply of services	258,028	257,531

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

The Directors are of the view that the chances of the third parties to call upon the guarantees are remote.

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

a. Financial risk management objectives and policies

The Group's overall financial risk management programme seeks to minimise potential adverse effects on financial performance of the Group.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change in the Group's exposure to these financial risks or the manner in which it manages and measures risk.

i. Foreign exchange risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign exchange risk. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable sales and purchases give rise to foreign exchange exposures. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. The currencies giving rise to this risk are Chinese Renminbi ("RMB"), Hong Kong Dollar ("HKD"), Indonesian Rupiah ("IDR"), Myanmar Kyat ("MMK"), New Taiwan Dollar ("TWD"), Philippines Peso ("PHP"), Singapore Dollar ("SGD"), Thai Baht ("THB"), United States Dollar ("USD") and Vietnamese Dong ("VND").

NOTES TO THE FINANCIAL STATEMENTS

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30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

- a. Financial risk management objectives and policies (Cont'd)
- i. Foreign exchange risk management (Cont'd)

The carrying amounts of the Group's exposure to foreign currency risk are as follows:

Group	RMB RM	HKD RM	IDR RM	MMK RM	TWD RM	PHP RM	SGD RM	THB RM	USD RM	VND RM
2020										
Trade receivables	-	-	-	-	-	-	-	-	1,103,615	-
Other receivables and deposits	-	-	-	-	-	-	-	-	89,595	-
Cash and bank balances	48	148,898	-	-	-	-	-	-	5,424,511	-
Trade payables	-	(3,234)	(1,295)	-	(50,671)	(18,986)	(20,569)	(179,174)	(536,194)	(231,333)
Other payables, contract liabilities and accruals	-	-	-	-	-	-	-	(5,269)	(23,933)	-
Net exposure	48	145,664	(1,295)	-	(50,671)	(18,986)	(20,569)	(184,443)	6,057,594	(231,333)
2019										
Trade receivables	-	-	-	-	-	-	-	41,472	2,499,494	-
Other receivables and deposits	-	-	-	-	-	-	-	-	319,567	-
Cash and bank balances	20,738	178,718	-	16	-	-	-	-	5,688,245	-
Trade payables	-	(2,944)	(3,457)	-	(45,416)	(122,106)	(86,507)	(172,345)	(572,554)	(903)
Other payables, contract liabilities and accruals	-	-	-	-	-	-	-	(921)	(99,058)	-
Net exposure	20,738	175,774	(3,457)	16	(45,416)	(122,106)	(86,507)	(131,794)	7,835,694	(903)

NOTES TO THE FINANCIAL STATEMENTS

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30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

- a. Financial risk management objectives and policies (Cont'd)
- ii. Foreign currency sensitivity analysis

The following table illustrates the sensitivity of profit or loss with regards to the Group's financial assets and financial liabilities and the RM/USD exchange rate, RM/HKD exchange rate, RM/THB exchange rate, RM/PHP exchange rate, RM/SGD exchange rate, RM/TWD exchange rate, RM/RMB exchange rate, RM/IDR exchange rate, RM/VND exchange rate and RM/MMK exchange rate assuming all other things being equal.

A +/-10% (2019: 10%) change in the RM/USD, RM/HKD, RM/THB, RM/PHP, RM/SGD, RM/TWD, RM/RMB, RM/IDR, RM/VND and RM/MMK exchange rates at the reporting period is deemed possible. Both of these percentages have been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

If the RM had strengthened against the USD, HKD, THB, PHP, SGD, TWD, RMB, IDR, VND and MMK, then the impact would be as follows:

	Group	
	Profit before tax	
	2020 RM	2019 RM
USD	(605,759)	(783,569)
HKD	(14,566)	(17,577)
THB	18,444	13,179
PHP	1,899	12,211
SGD	2,057	8,651
TWD	5,067	4,542
RMB	(5)	(2,074)
IDR	130	346
VND	23,133	90
MMK	-	(2)
	(569,600)	(764,203)

If the RM had weakened against the USD, HKD, THB, PHP, SGD, TWD, RMB, IDR, VND and MMK, then the impact on profit for the financial year would be the opposite.

Exposure to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

NOTES TO THE FINANCIAL STATEMENTS

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30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

a. Financial risk management objectives and policies (Cont'd)

iii. Interest rate risk management

The Group's primary interest rate risk relates to interest bearing debts. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The information on maturity dates and effective interest rates of financial liabilities are disclosed in their respective notes.

The sensitivity analysis of interest rates for floating rate instruments is not presented as changes in interest rate would not materially affect profit or loss.

iv. Credit risk management

The Group's credit risk is primarily attributable to its trade and other receivables. Credit risks are managed by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures. For other financial assets including cash and bank balances, the Group's minimise credit risk by dealing exclusively with high credit rating counterparties. The Group performs ongoing credit evaluation of its customers and generally does not require collateral on account receivables.

At the reporting date, there were no significant concentrations of credit risk other than the amount due to the Company by a subsidiary amounting to RM Nil (2019: RM51,524). The management believes that the financial standing of the subsidiary substantially mitigates the Company's exposure to credit risk.

v. Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities. The Group finances its operations by a combination of equity and bank borrowings. In addition, the Group has available banking facilities to meet its liquidity and working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

a. Financial risk management objectives and policies (Cont'd)

v. Liquidity risk management (Cont'd)

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Group	Contractual cash flows (including interest payments)			
	Carrying amount	Total	On demand or within 1 year	Within 1 to 2 years
	RM	RM	RM	RM
2020				
Non interest bearing debts	28,404,793	28,404,793	28,404,793	-
Interest bearing debts	3,400,656	3,499,302	2,628,859	870,443
	31,805,449	31,904,095	31,033,652	870,443
2019				
Non interest bearing debts	23,952,463	23,952,463	23,952,463	-
Interest bearing debts	2,848,970	2,973,072	2,133,060	840,012
	26,801,433	26,925,535	26,085,523	840,012

The undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay equal to the carrying amounts of the financial liabilities as disclosed in the respective notes.

b. Capital structure and equity

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while providing an adequate return to stakeholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Capital represents equity attributable to the Owners of the Company.

The Group monitors capital on the basis of debt-to-equity ratio, where the ratio is arrived at net debts (total borrowings and lease liabilities less cash and bank balances) divided by total equity. During the reporting period ended 31 December 2020, the Group's strategy was unchanged which is to maintain a net cash position.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

b. Capital structure and equity (Cont'd)

The net debt-to-equity ratios as at 31 December 2020 and 31 December 2019 are as follows:

	Group	
	2020 RM	2019 RM
Borrowings	1,649,189	994,025
Lease liabilities	1,751,467	1,854,945
Less: Cash and bank balances	(21,327,180)	(25,978,753)
Net Cash	(17,926,524)	(23,129,783)
Total capital	35,245,461	35,632,106
Net debt-to-equity ratio	-	-

Pursuant to the requirements of Guidance Note No. 3/2006 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a shareholders' equity more than twenty-five percent (25%) of the issued and paid-up capital. The Group has complied with this requirement for the financial year ended 31 December 2020.

31. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ('MCO') on 18 March 2020 and has subsequently entered into various phases of the MCO until 8 April 2021.

The 2019 Novel Coronavirus infection ("COVID-19") pandemic escalates rapidly across the globe, the highly contagious virus has hits the global economy severely, including Malaysia. In an effort to contain the spread of virus, the Government of Malaysia had imposed the Movement Control Order ("MCO") effective from 18 March 2020. During the MCO period, all government and private premises were ordered to close except those involved in essential services. This was followed by the Conditional MCO ("CMCO"), which took effect from 4 May 2020 that allowed selected business sectors to resume operations and Recovery MCO ("RMCO") from 10 June 2020 to 31 August 2020, which was subsequently extended to 31 December 2020. On 12 October 2020, the Government of Malaysia had further announced to enforce the CMCO in the Klang Valley which, amongst others, restricts movements across districts and the closure of schools, public parks, recreational centres and entertainment centres in Selangor, Kuala Lumpur and Putrajaya.

Upon the implementation of the MCO, The Group business was operated as usual with the requirement of remote working. Majority of the business units received a lowered demand on advertising spending from the advertisers. Amidst the Covid-19 pandemic, advertisers adopting more cautious behaviour in advertising spending, which had caused a considerable drop in the Group revenue and impacted the Group performance in the first six months of the financial year ended 31 December 2020. Nevertheless, management had undertook immediate actions to optimise the Group performance and minimise the Group losses. The Group revenue was rebounded strongly in the second half of the financial year ended 31 December 2020 and consequently Group losses was reduced.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

31. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR (CONT'D)

The financial impact to the Group's performance due to the Covid-19 includes declined in Group revenue during the MCO period and debts impairment on trade receivables. The trade debts impaired was arose from businesses that cease to continue as a going concern.

The Group judgements and assumptions on the assessment used in the preparation of the financial statements for the financial year ended 31 December 2020, its impact was not significantly affected by the COVID-19 pandemic. The Group will continue to assess the impact of the COVID-19 pandemic on the financial statements of the Group for the financial year ended 31 December 2021.

As at the date of authorisation of the financial statements, the COVID-19 pandemic situation still evolving and uncertain. The Group has therefore considered the impact of the COVID-19 pandemic across its business operations and took the necessary precautions and provisions where necessary. The Group will continue to undertake the necessary measures and precautions to improve the group cashflow and mitigate the adverse impact on the Group performance.

32. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

32.1 New MFRSs adopted during the financial year

The Group and Company adopted the following Standards and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year.

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendments to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020 (early adopted)
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020

Adoption of the above Standard, Interpretation and Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

32. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

32.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been early adopted by the Group and the Company:

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)</i>	1 January 2021
<i>Annual improvement to MFRS Standards 2018 -2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are still in the process of assessing the impact of the above standard and amendments since the effects would be observable in the future financial years.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

33. FINANCIAL REPORTING UPDATES

IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ('IFRIC') issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 31 December 2020. There is no material impact on the financial statements of the Group as at the end of reporting period.

LIST OF PROPERTIES

Location	Tenure/ date of expiry of lease/ tenancy	Approximate Age of Building (years)	Built-up Area (sq ft)	Description/ Existing Use	Date of Acquisition	Carrying Amount as at 31 December 2020 (RM)
Selangor C501, Block C, Kelana Square, 17, Jalan SS7/26 Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan Master Title: PN 9936, Lot 24545 Seksyen 40 Bandar Petaling Jaya, District of Petaling, State of Selangor	Leasehold/ 13-Apr-2089	22	1,301	Office Lot/ Office	27.07.2005	196,669
C502, Block C, Kelana Square, 17, Jalan SS7/26 Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan Master Title: PN 9936, Lot 24545 Seksyen 40 Bandar Petaling Jaya, District of Petaling, State of Selangor	Leasehold/ 13-Apr-2089	22	1,371	Office Lot/ Office	27.07.2005	207,522
C517, Block C, Kelana Square, 17, Jalan SS7/26 Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan Master Title: PN 9936, Lot 24545 Seksyen 40 Bandar Petaling Jaya, District of Petaling, State of Selangor	Leasehold/ 13-Apr-2089	22	1,192	Office Lot/ Office	14.04.2009	186,582
C605, Block C, Kelana Square, 17, Jalan SS7/26 Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan Master Title: PN 9936, Lot 24545 Seksyen 40 Bandar Petaling Jaya, District of Petaling, State of Selangor	Leasehold/ 13-Apr-2089	22	1,262	Office Lot/ Office	18.05.2020	419,488

ANALYSIS OF SHAREHOLDINGS

AS AT 22 MARCH 2021

SHARE CAPITAL

Total Issued Share : 139,403,415 Ordinary shares

Voting Rights : One (1) vote per Ordinary Share on a poll

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
1 - 99	40	4.854	1,768	0.001
100 - 1,000	537	65.170	211,579	0.152
1,001 - 10,000	144	17.476	693,940	0.498
10,001 - 100,000	74	8.981	2,320,680	1.665
100,001 - 6,970,169 (*)	25	3.034	49,598,503	35.579
6,970,169 and Above (**)	4	0.485	86,576,945	62.105
Total	824	100	139,403,415	100

* Less than 5% of issued shares

** 5% and above of issued shares

Note:

Information presented at the above table is based on the Record of Depositors dated on 22 March 2021.

INFORMATION ON SUBSTANTIAL SHAREHOLDERS

As at 22 March 2021

The shareholders holding more than 5% interest in the ordinary shares of Innity Corporation Berhad (“the Company”) based on the Register of Substantial Shareholders of the Company as at 22 March 2021 are as follows:

Name of Substantial Shareholders	No. of Shares Held	% of Issued Shares
D.A. Consortium Inc.	34,735,500	24.917
JcbNext Berhad	29,250,040	20.982
Phang Chee Leong	13,298,372	9.538
Looa Hong Tuan	12,374,685	8.876
Total	89,658,597	64.313

ANALYSIS OF SHAREHOLDINGS

AS AT 22 MARCH 2021 (CONT'D)

DIRECTORS' INTERESTS IN SHARES

As at 22 March 2021

Based on the Register of Directors' Shareholdings and the Record of Depositors, the interests of the Directors in the shares of the Company, direct and indirect, as at 22 March 2021 are as follows:

Name	Number of Ordinary Shares in INNITY		% of Issued Shares	
	Direct	Indirect	Direct	Indirect
Cheong Chee Yun	-	-	-	-
Fung Kam Foo	-	-	-	-
Gregory Charles Poarch	-	-	-	-
Liong Wei Li <i>(Alternate Director To Gregory Charles Poarch)</i>	-	-	-	-
Looa Hong Tuan	12,374,685	-	8.876	-
Michihiko Suganuma	-	-	-	-
Phang Chee Leong	13,298,372	-	9.538	-
Rieko Yoshikawa <i>(Alternate Director To Michihiko Suganuma)</i>	-	-	-	-
Seah Kum Loong	6,817,292	-	4.889	-
Shamsul Ariffin Bin Mohd Nor	-	-	-	-
Wong Kok Woh	7,299,086	-	5.235	-

ANALYSIS OF SHAREHOLDINGS

AS AT 22 MARCH 2021 (CONT'D)

30 LARGEST SHAREHOLDERS

As at 22 March 2021

No.	Name	No. of Shares Held	%
1.	D.A.Consortium Inc.	34,735,500	24.917
2.	JcbNext Berhad	29,250,040	20.982
3.	Phang Chee Leong	11,692,496	8.387
4.	Looa Hong Tuan	10,898,909	7.818
5.	Wong Kok Woh	6,618,008	4.747
6.	Chang Chew Tuck	6,278,950	4.504
7.	Lee Chel Chan	6,278,257	4.503
8.	Seah Kum Loong	5,356,527	3.842
9.	Wan Lin Seng	3,774,000	2.707
10.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lee Koon Shing</i>	3,400,000	2.438
11.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lee Koon Chuan</i>	2,700,000	1.936
12.	Tan Yu Yeh	2,633,400	1.889
13.	Siew Yoke Lee	2,034,366	1.459
14.	RHB Nominees (Tempatan) Sdn Bhd <i>OSK Capital Sdn Bhd For Phang Chee Leong</i>	1,605,876	1.151
15.	RHB Nominees (Tempatan) Sdn Bhd <i>OSK Capital Sdn Bhd For Looa Hong Tuan</i>	1,475,776	1.058
16.	RHB Nominees (Tempatan) Sdn Bhd <i>OSK Capital Sdn Bhd For Seah Kum Loong</i>	1,460,765	1.047
17.	Ng Eng Tat	1,012,400	0.726
18.	HLIB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Leow Kuan Shu</i>	800,000	0.573
19.	RHB Nominees (Tempatan) Sdn Bhd <i>OSK Capital Sdn Bhd For Wong Kok Woh</i>	681,078	0.488
20.	Huan Mee Kiew	656,000	0.470
21.	Leam Am Kem	622,900	0.446
22.	Sim Sih Pheng	400,000	0.286
23.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Tan Yang Liang</i>	372,300	0.267
24.	Lee Yoke Kee	280,000	0.200
25.	Mcontech Sdn.Bhd.	250,000	0.179
26.	Tan Bee Bee	250,000	0.179
27.	Arshad Bin Abdul Rahman	247,500	0.177
28.	Muhamad Suhaili Bin Yahaya	210,000	0.150
29.	Too Chin Chen	200,400	0.143
30.	Tan Siong An	100,000	0.071
	Total	136,275,448	97.740

Note:

Information, which without aggregating securities from different securities accounts belong to the same registered holder, presented at the above table is based on the Record of Depositors dated on 22 March 2021.

INNITY CORPORATION BERHAD
(200701006554) (764555-D)
(Incorporated in Malaysia)

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of the Company will be held at Greens III Sports Wing, Jalan Club Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on **Friday, 4 June 2021 at 9.30 a.m.** to transact the following businesses:-

AGENDA

Ordinary Business

- | | | |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. | [Please refer to the Explanatory Notes to the Agenda] |
| 2. | To re-elect the following Directors who are retiring in accordance with Clause 76 of the Company's Constitution:-

(i) Mr Wong Kok Woh
(ii) Mr Gregory Charles Poarch
(iii) Mr Michihiko Suganuma |

(Ordinary Resolution 1)
(Ordinary Resolution 2)
(Ordinary Resolution 3) |
| 3. | To approve the payment of Directors' fees of RM150,000 for the financial year ending 31 December 2021. | (Ordinary Resolution 4) |
| 4. | To approve the payment of Directors' benefits up to an aggregate amount of RM30,000 for the period from 5 June 2021 until Fifteenth Annual General Meeting of the Company. | (Ordinary Resolution 5) |
| 5. | To re-appoint BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | (Ordinary Resolution 6) |

Special Business

To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolutions:-

6. PROPOSED CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT authority be and is hereby given to En. Shamsul Ariffin Bin Mohd Nor, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company in accordance with the Malaysian Code on Corporate Governance." (Ordinary Resolution 7)

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING (CONT'D)

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPTs")**

"THAT subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.5.1 of the Circular to Shareholders dated 28 April 2021 ("the Related Parties") provided that such transactions and/or arrangements are:- (Ordinary Resolution 8)

- (a) necessary for the day-to-day operations;
- (b) undertaken in the ordinary course of business and at arm's length basis on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (c) not detrimental to the interest of the minority shareholders of the Company.

THAT the authority conferred by such mandate, shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders of the Company in general meeting.

Whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate for RRPTs."

8. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 20% General Mandate" (Ordinary Resolution 9)

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING (CONT'D)

8. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (CONT'D)**

THAT such approval on the Proposed 20% General Mandate shall continue (Ordinary Resolution 9) to be in force until 31 December 2021.

THAT with effect from 1 January 2022, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Rule 6.03 of the Listing Requirements provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate").

THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- (b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting.

Whichever is the earlier.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as "Proposed General Mandate".)

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the ACE Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

- 9. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

By Order of the Board

FONG SEAH LIH (MAICSA 7062297) / (SSM PC No. 202008000973)
THAM YIN TONG (MAICSA 7049718) / (SSM PC No. 202008001314)
WONG WAI FOONG (MAICSA 7001358) / (SSM PC No. 202008001472)
Company Secretaries

Kuala Lumpur
28 April 2021

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING (CONT'D)

NOTES:-

- (1) For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 31 May 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
- (2) A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
- (3) A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
- (4) Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (5) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (6) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (7) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
The proxy form must be deposited at the share registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By electronic means via Tricor TIIH Online website at <https://tjih.online>
Please refer to the Administrative Guide for further information on electronic lodgement of proxy form.
- (8) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the share registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (9) Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
- (10) Last date and time for lodging the proxy form is Wednesday, 2 June 2021 at 9.30 a.m.
- (11) Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
 - a. Identity card (NRIC) (Malaysian), or
 - b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
 - c. Passport (Foreigner).
- (12) For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's share registrar earlier.
- (13) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of general meeting will be put to vote by way of poll.

Explanatory Notes to the Agenda

- (i) Item 1 of the Agenda
Audited Financial Statements for the financial year ended 31 December 2020
The Audited Financial Statements is meant for discussion only as the approval from shareholders is not required pursuant to Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda item will not be put forward for voting by shareholders of the Company.
- (ii) Ordinary Resolutions 1, 2 and 3
Re-election of Directors
Mr Wong Kok Woh, Mr Gregory Charles Poarch and Mr Michihiko Sukanuma are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Fourteenth Annual General Meeting. The Board of Directors has through the Nominating Committee carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Rule 2.20A of the ACE Market Listing Requirements on character, experience, integrity, competence and time to effectively discharge their roles as Directors.
- (iii) Ordinary Resolution 4
Directors' fees for the financial year ending 31 December 2021
The Directors' fees proposed for the financial year ending 31 December 2021 are calculated based on the number of scheduled Board and Board Committee meetings and assuming that all Non-Executive Directors will hold office until the next AGM. This resolution is to facilitate payment of Directors' fees on current financial year basis.
In the event the Directors' fees proposed are insufficient (e.g. due to more meetings or enlarged board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING (CONT'D)

(iv) *Ordinary Resolution 5*

Directors' benefits for the period from 5 June 2021 until Fifteenth Annual General Meeting

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries, shall be approved at a general meeting.

Directors' benefits include allowances payable to Directors and in determining the estimated amount, the Board has considered various factors including the current board size, number of scheduled meetings for the Board and Board Committee for the period from 5 June 2021 until Fifteenth Annual General Meeting. In the event the proposed amount is insufficient, approval will be sought at the next AGM for the shortfall.

(v) *Ordinary Resolution 6*

Re-appointment of Auditors

The Board has through the Audit and Risk Management Committee, considered the re-appointment of BDO PLT as the Auditors of the Company. The factors considered by the Audit and Risk Management Committee in making the recommendation to the Board to table their re-appointment at the Fourteenth Annual General Meeting are disclosed in the Audit and Risk Management Committee Report of the 2020 Annual Report.

(vi) *Ordinary Resolution 7*

Proposed continuation in office of En. Shamsul Ariffin Bin Mohd Nor ("En. Shamsul") as Independent Non-Executive Director

The Board had via the Nominating Committee conducted an annual performance evaluation and assessment of En. Shamsul and recommended him to continue to serve as Independent Non-Executive Director of the Company based on the following justifications:-

- (a) He was appointed on 30 April 2008 and has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years. As such, he understands the Company's business operations and is able to participate and contribute actively during deliberations or discussions at meetings of the Audit and Risk Management Committee, Nominating Committee, Remuneration Committee and the Board;
- (b) His vast experiences in various capacity in the public service would enable him to contribute effectively to the Board;
- (c) He fulfills the criteria under the definition of independent director as set out in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore, is able to bring independent and objective judgment to the Board; and
- (d) He has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his duties professionally in the interest of the Company and shareholders.

His profile is on page 10 of the Annual Report 2020.

(vii) *Ordinary Resolution 8*

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Ordinary Resolution 8, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions pursuant to Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Further details relating to this proposal are set out in the Circular to Shareholders dated 28 April 2021.

(viii) *Ordinary Resolution 9*

Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2021. With effect from 1 January 2022, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Rule 6.03 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed Resolution is a renewal of previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

The Board of Directors of the Company is of the view that the Proposed 20% General Mandate is in the best interest of the Company and its shareholders as follows:-

- (a) Amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak, this 20% General Mandate provide the Company flexibility to raise funds quickly and efficiently during this challenging time to meet its funding requirements for working capital, operational expenditure or a new business opportunity.
- (b) The Extended Utilisation Period provide additional relief to the Company cashflow to support the business operations in view of the tougher economic environment arose from the COVID-19 outbreak.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the Thirteenth AGM held on 27 August 2020 and will lapse at the conclusion of the Fourteenth AGM to be held on 4 June 2021. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

INNITY CORPORATION BERHAD
[Registration No. 200701006554 (764555-D)]
(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE FOR THE FOURTEENTH ANNUAL GENERAL MEETING (“14TH AGM”)

Date : 4 June 2021
Time : 9.30 a.m.
Venue : Greens III Sports Wing, Jalan Club Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

1. SAFETY MEASURES IN LIGHT OF THE COVID-19 OUTBREAK

The Company takes the well-being of employees, shareholders, customers, suppliers and service providers seriously. As a precautionary measure, we will be conducting temperature checks on all persons upon arrival at the AGM venue.

If you have travelled overseas in the past 14 days prior to the date of the 14th AGM or have been in contact with a Covid-19 affected person or if you are unwell with sore throat, flu, fever, cough, aches and pains, nasal congestion, runny nose, diarrhoea or shortness of breath, please quarantine yourself at home. You are strongly advised to appoint a proxy or the Chairman of the meeting to attend and vote at the AGM on your behalf.

The Company reserves the right to deny entry to anyone with a temperature of 37.5 degrees Celsius or higher and/or showing symptoms of respiratory illness such as coughing and sneezing.

2. ELIGIBILITY TO ATTEND BASED ON THE RECORD OF DEPOSITORS

Only a shareholder whose name appears on the Record of Depositor as at 31 May 2021 shall be entitled to attend or appoint proxy(ies) to attend and/or vote on his/her behalf.

3. NO REFRESHMENT, DOOR GIFTS OR FOOD VOUCHERS

There will be no refreshment, door gifts or food vouchers provided to shareholders, proxies and invited guests who attend the 14th AGM.

4. PRE-REGISTRATION TO ATTEND THE ANNUAL GENERAL MEETING

Shareholders are required to register ahead of the 14th AGM to allow the Company to make the necessary arrangements in relation to the meeting i.e. infrastructure, logistics and meeting venue(s) to accommodate the meeting participants.

Please do read and follow the following procedures to pre-register your physical attendance at the 14th AGM via the TIIH Online website at <https://tiih.online>:-

- Login in to TIIH Online website with your user name (i.e. e-mail address) and password under the “e-Services”. If you have not registered as a user of TIIH Online, please refer to the tutorial guide posted on the homepage for assistance to sign up.
- Select the corporate event: “(REGISTRATION) INNITY 14TH AGM”.
- Read and agree to the Terms & Conditions and confirm the Declaration.
- Select “Register for Physical Attendance at Meeting Venue”.
- Review your registration and proceed to register.
- System will send an e-mail to notify that your registration for Physical Attendance at Meeting Venue is received and will be verified.
- After verification of your registration against the General Meeting Record of Depositors as at 31 May 2021, the system will send you an e-mail after 2 June 2021 to approve or reject your registration to attend physically at the Meeting Venue.

Please note that only a depositor whose name appears on the Record of Depositor as at 31 May 2021 shall be entitled to attend or appoint proxies to attend and/or vote on his/her behalf at the 14h AGM.

ADMINISTRATIVE GUIDE FOR THE FOURTEENTH ANNUAL GENERAL MEETING (“14TH AGM”) (CONT’D)

5. POLL VOTING

The voting at the AGM will be conducted by poll in accordance with Rule 8.31A of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the poll and Asia Securities Sdn Berhad as Scrutineers to verify the poll results.

6. APPOINTMENT OF PROXY

The appointment of proxy may be made in hard copy form or by electronic form. In case of an appointment made in hard copy form, the proxy form must be deposited with the Company’s Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

You may also submit the proxy form electronically via TIIH Online website at <https://tiih.online>, not less than forty-eight (48) hours before the time appointed for holding the 14th AGM or any adjournment thereof, otherwise the proxy form shall not be treated as valid. Please do read and follow the procedures below to submit proxy form electronically.

ELECTRONIC LODGMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor’s TIIH Online website are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none">Using your computer, please access the website at https://tiih.online. Register as a user under the “e-Services”. Please refer to the tutorial guide posted on the homepage for assistance.If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of form of proxy	<ul style="list-style-type: none">After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password.Select the corporate event: INNITY 14TH AGM - “Submission of Proxy Form”.Read and agree to the Terms and Conditions and confirm the Declaration.Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy.Indicate your voting instructions - FOR or AGAINST, otherwise your proxy will decide on your votes.Review and confirm your proxy(s) appointment.Print the form of proxy for your record.

**ADMINISTRATIVE GUIDE FOR THE FOURTEENTH ANNUAL GENERAL MEETING (“14TH AGM”)
(CONT'D)**

ii. Steps for Corporation or Institutional Shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> • Access TIIH Online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects “Create Account by Representative of Corporate Holder”. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. <p>Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</p>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> • Login to TIIH Online at https://tiih.online. • Select the corporate exercise name: “INNITY 14TH AGM: Submission of Proxy Form” • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate exercise name: “INNITY 14TH AGM - Submission of Proxy Form”. • Proceed to upload the duly completed proxy appointment file. • Select “Submit” to complete your submission. • Print the confirmation report of your submission for your record.

The last date and time for lodging the proxy form is Wednesday, 2 June 2021 at 9.30 a.m.

Please bring an ORIGINAL of the following identification papers (where applicable) and present it to the registration staff for verification:

- a. Identity card (NRIC) (Malaysian), or
- b. Police report (for loss of NRIC)/Temporary NRIC (Malaysian), or
- c. Passport (Foreigner).

7. Shareholders are also reminded to monitor the Company’s website and announcements for any changes to 14th AGM arrangements.

8. Should you require any assistance on the above, kindly contact the following person-in-charge during office hours on Mondays to Fridays from 8.30 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General/Fax No : +603 - 2783 9299/+603 - 2783 9222

Email : is.enquiry@my.tricorglobal.com

Ms Christine Cheng : +603 - 2783 9265/Christine.Cheng@my.tricorglobal.com

En. Zulkifli Bin Mohd Yusof : +603 - 2783 9249/Zulkifli@my.tricorglobal.com

INNITY CORPORATION BERHAD
(200701006554) (764555-D)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.

No. of shares held

Telephone no. (During office hours) _____

I/We _____ NRIC (New)/ Company No. _____
(PLEASE USE BLOCK CAPITAL)

of _____
(FULL ADDRESS)

being member(s) of **INNITY CORPORATION BERHAD**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of Shares	%

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of Shares	%

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at **Greens III Sports Wing, Jalan Club Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 4 June 2021 at 9.30 a.m.** or any adjournment thereof, and to vote as indicated below:

Ordinary Business	Resolution	For	Against
Re-election of Mr Wong Kok Woh as Director pursuant to Clause 76 of the Company's Constitution	Ordinary Resolution 1		
Re-election of Mr Gregory Charles Poarch as Director pursuant to Clause 76 of the Company's Constitution	Ordinary Resolution 2		
Re-election of Mr Michihiko Suganuma as Director pursuant to Clause 76 of the Company's Constitution	Ordinary Resolution 3		
Approval of Directors' fees of RM150,000 for the financial year ending 31 December 2021	Ordinary Resolution 4		
Approval of Directors' benefits up to an aggregate amount of RM30,000 for the period from 5 June 2021 until Fifteenth Annual General Meeting of the Company	Ordinary Resolution 5		
Re-appointment of BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration	Ordinary Resolution 6		
Special Business			
Proposed Continuation In Office of En. Shamsul Ariffin Bin Mohd Nor as Independent Non-Executive Director	Ordinary Resolution 7		
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 8		
Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 9		

(Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.)

Dated this _____ day of _____ 2021

Signature of Member(s) or/ Common Seal

* Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.



Fold this flap for sealing

Notes:

- (1) For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 31 May 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
- (2) A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
- (3) A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
- (4) Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (5) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (6) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (7) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
This proxy form must be deposited at the share registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By electronic means via Tricor TIIH Online website at <https://tjih.online>
Please refer to the Administrative Guide for further information on electronic lodgement of proxy form.
- (8) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the share registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (9) Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- (10) Last date and time for lodging this proxy form is Wednesday, 2 June 2021 at 9.30 a.m.
- (11) Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
 - a. Identity card (NRIC) (Malaysian), or
 - b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
 - c. Passport (Foreigner).
- (12) For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's share registrar earlier.
- (13) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of general meeting will be put to vote by way of poll.

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AFFIX
STAMP

Share Registrar of Innity Corporation Berhad
Tricor Investor & Issuing House Services Sdn Bhd
Company No: 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

1st fold here

Innity Corporation Berhad (200701006554)

C501 & C502, Block C,
Kelana Square,
17, Jalan SS7/26, Kelana Jaya,
47301 Petaling Jaya,
Selangor Darul Ehsan, MALAYSIA

W www.innity.com

