



ACE INNOVATE ASIA BERHAD
(Registration No.: 201901007350 (1316677-U))
(Incorporated in Malaysia under the Companies Act 2016)

**ADDITIONAL INFORMATION ACCOMPANYING THE AUDITED
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31
DECEMBER 2020**

**(APPENDIX 6A, PART B OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD)**

**CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD
("BURSA SECURITIES")**

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



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1. ANALYSIS OF FINANCIAL PERFORMANCE

The results for the financial year ended (“FYE”) 31 December 2020 and FYE 31 December 2019 of the Company and its subsidiaries (“Group”) are as follows:

(i) **Revenue**

	AUDITED FOR THE FYE 31.12.2020		AUDITED FOR THE FYE 31.12.2019	
	RM'000	%	RM'000	%
(a) By products and services				
<u>Physical gold bars</u>				
Scrap gold bar	233,705	17.59	225,691	23.31
Cast gold bar	1,093,777	82.32	742,290	76.65
Minted gold bar	960	0.07	230	0.02
Assaying services	196	0.02	182	0.02
Others	8	-	-	-
Total	1,328,646	100.00	968,393	100.00
(b) By geographical location				
Malaysia	1,244,030	93.63	725,039	74.87
Singapore	84,616	6.37	243,354	25.13
Total	1,328,646	100.00	968,393	100.00
(d) By sales channels				
GTP platform	1,327,192	99.89	968,008	99.96
E-commerce	960	0.07	203	0.02
Banking	290	0.02	-	-
Assay services	196	0.02	182	0.02
Others	8	-	-	-
Total	1,328,646	100.00	968,393	100.00



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(ii) **Gross profit (“GP”) and GP margin**

	AUDITED FOR THE FYE 31.12.2020		AUDITED FOR THE FYE 31.12.2019	
	RM'000	%	RM'000	%
(a) By product group				
GP				
<u>Physical gold bars</u>				
Scrap gold bar	4,717	33.00	2,834	27.03
Cast gold bar	9,339	65.34	7,602	72.51
Minted gold bar	183	1.28	28	0.27
Assaying services	46	0.32	20	0.19
Others	8	0.06	-	-
Total	14,293	100.00	10,484	100.00
GP margin				
<u>Physical gold bars</u>				
Scrap gold bar		2.02		1.26
Cast gold bar		0.85		1.02
Minted gold bar		19.06		12.17
Assaying services		23.47		10.99
Others		100.00		-
Overall		1.08		1.08
(b) By geographical location				
GP				
Malaysia	10,985	76.86	8,206	78.27
Singapore	3,308	23.14	2,278	21.73
Total	14,293	100.00	10,484	100.00
GP margin				
Malaysia		0.88		1.13
Singapore		3.91		0.94
Overall		1.08		1.08



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	AUDITED		AUDITED	
	FOR THE FYE 31.12.2020		FOR THE FYE 31.12.2019	
	RM'000	%	RM'000	%
(c) By sales channels				
GP				
GTP platform	14,053	98.32	10,437	99.55
E-commerce	184	1.29	27	0.26
Banking	2	0.01	-	-
Assay services	46	0.32	20	0.19
Others	8	0.06	-	-
Total	14,293	100.00	10,484	100.00

GP margin

GTP platform	1.06	1.08
E-commerce	19.17	13.30
Banking	0.69	-
Assay services	23.47	10.99
Others	100.00	-
Overall	1.08	1.08

(d) Profit after tax and net profit margin

	AUDITED	AUDITED	Changes
	FOR THE FYE	FOR THE FYE	%
	31.12.2020	31.12.2019	
Profit after tax (RM'000)	4,053	1,797	125.54
Net profit margin (%)	0.31	0.19	63.16

(iii) Financial position

	AUDITED	AUDITED	Changes
	FOR THE FYE	FOR THE FYE	%
	31.12.2020	31.12.2019	
Total Shareholders' Equity	27,245	23,192	17.48
Total Assets	33,659	32,140	4.73
Total Liabilities	6,414	8,948	(28.32)



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Revenue for the Group rose by 37.20% to RM1.33 billion in FYE 31 December 2020. This year-on-year increase of RM360.25 million followed the higher sales volumes related to the sale of the scrap gold bar and cast gold bar through the GTP platform which increased by RM8.01 million or 3.55% and RM351.49 million or 47.35% respectively. In addition to this, the COVID-19 crisis accelerated an expansion of e-commerce and our sale of minted gold bar increased by RM0.73 million or 317.39% to RM0.96 million in the FYE 31 December 2020.

The financial impact of COVID-19 and the resulting effect on the global economy has led to an investor interest in gold as a safe haven. The volume of gold traded increased by 78,911 grams as compared to the prior year and the average revenue per gram traded increased by 34.81% to RM244 per gram from RM181 per gram in the prior year.

Gross profit was RM14.29 million, increased by RM3.81 million or 36.33% from the FYE 31 December 2019. Net profit was RM4.05 million or RM1.35 sen per share, compared to net profit of RM1.80 million or RM1.05 sen per share in the prior year.

The Group's balance sheet remains healthy, with a net working capital of RM25.29 million and cash and short-term deposits of RM2.91 million as at 31 December 2020.

2. PROSPECTS

On 1 December 2020, the Company's wholly-owned subsidiary, Ace Capital Growth Sdn. Bhd., executed a service agreement to supply, sell, buy and provide digital gold trading platform (i.e., via the Group's GTP platform) to Maybank Islamic Berhad for digital gold trading ("Service Agreement with MIB"). The Group intends to collaborate with more local Islamic banks, financial institutions and e-wallet providers to tap into the digital gold market via the Group's GTP platform. Currently the Group is in the midst of negotiating with a few financial institutions to collaborate on the digital gold trading.

In addition, the Group had on 10 February 2021 incorporated a joint venture company namely One Gold Sdn Bhd ("JV Company") (40% owned by the Group) with TFP Solutions Bhd ("TFP"), whereby TFP will provide a "Fin-Tech" platform for its consumers to conduct digital gold trading in collaboration with the Group's GTP platform.

Currently the group's minted gold bars are being sold via e-commerce platforms to retails customers. Moving forward, the Group intends to include wholesale of minted gold bars to goldsmiths or jewellery traders.

Premised on the above and barring any unforeseen circumstances, the Board of Directors of the Company is optimistic with the prospects of the Group for the financial year ending 31 December 2021 with the possibility of global economy recovery from COVID-19 pandemic and new business income from the Service Agreement with MIB. Nevertheless, the Group will continue to seek opportunities to deliver sustainable growth in the long term.

3. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 10 February 2021, Ace Capital Growth Sdn. Bhd. incorporated a Joint Venture Company with TFP namely, One Gold Sdn. Bhd. [Registration no. 202101005202 (1405501-T)] ("ONE GOLD") with a total issued share capital of RM10 comprising 10 ordinary shares. Upon the opening of the ONE GOLD's first bank account, the share capital of the ONE GOLD shall be increased to RM50,000 divided into 50,000 ordinary shares to be subscribed by TFP and the Company based on their shareholding proportion.



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4. CORPORATE PROPOSALS

There was no corporate proposal announced as at the date of this report.

5. STATUS OF UTILISATION OF PROCEEDS

The utilisation of RM10.14 million proceeds from the placement of shares as at 31 December 2020 is as follows:

Purposes	Proposed Utilisation	Revised Utilisation	Actual Utilisation	Unutilised Proceeds	Estimated Timeframe for Utilisation Upon Listing
		RM'000	RM'000	RM'000	
Working capital	8,956	9,218	9,218	-	Within 12 months
Enhancement of office	200	-	-	-	Within 12 months
Marketing and advertising expenses	64	2	2	-	Within 12 months
Listing expenses	920	920	920	-	Immediately
	10,140	10,140	10,140	-	

Note:

On 15 December 2020, the Board of Directors of the Company had resolved to revise the utilisation of proceeds.

6. MATERIAL LITIGATION

Commencement of a Civil Suit

During the financial year, the Company (“Plaintiff”) commenced a civil suit at the Kuala Lumpur High Court against Kua Kee Koon (“1st Defendant”), TTT Bullion Sdn Bhd (“2nd Defendant”), Cheang Kok Keet (“3rd Defendant”), Ho Kat Ann (“4th Defendant”), Leow Chee Wai (“5th Defendant”) and Leow Chee Lip (“6th Defendant”). The matter has been fixed for case management before the Kuala Lumpur High Court on 5 January 2021.

The reliefs sought by the Company in said civil suit is seeking the following reliefs against the 1st to 6th Defendants: -

- a declaration that the 1st Defendant had acted in breach of his fiduciary and other duties to the Plaintiff;
- declaration that the 1st Defendant had acted in breach of Section 221 of the Companies Act 2016 or otherwise in failing to disclose to the Plaintiff of his personal interest in the 2nd Defendant;
- a declaration that the 1st Defendant had acted in breach of Section 213 of the Companies Act 2016 or otherwise in failing to exercise his powers for a proper purpose and in good faith in the best interest of the Plaintiff;
- a declaration that the 3rd, 4th, 5th and 6th Defendants had acted as individual co-conspirators and/or joint tortfeasors together with the 1st Defendant;



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6. MATERIAL LITIGATION (continued)

Commencement of a Civil Suit (continued)

- an account be ordered to the profit made by each of the Defendants in respect of the business of the 2nd or otherwise resulting from their breach of duties or conspired acts and an order that such profits, as assessed by the Court, be paid by the said Defendants to the Plaintiff;
- damages suffered by the Plaintiff as the result of the breach of duties by the 1st Defendant assisted by the 3rd, 4th, 5th and 6th Defendants;
- an injunction to restrain all the Defendants or acting by their directors, officers, servants, agents or any of them from doing the following acts: -
 - (i) using, divulging, disclosing and/or dealing in any manner whatsoever to which the 1st Defendant had unfettered access to the confidential information of the Plaintiff including information of a confidential, trade secret and/or proprietary character and developed by the Plaintiff, either alone or with others and pertaining to the Plaintiff's trade and Plaintiff's Business including information relating to the Plaintiff's products, customers, suppliers, pricing methods, historical, current and projected financial information, marketing information, technical data and know-how, confidential evaluations of technical and business information in the public domain ("Confidential Information").
 - (ii) soliciting, canvassing, taking and/or soliciting orders for gold bullion and/or other precious metals from any customers of the Plaintiff or person with whom the Plaintiff had a dealing or otherwise dealing with any such customer or person for the sale of products and/or services which are the same as the Plaintiff's products and/or services;
 - an order that the Defendants do forthwith cause to deliver up all the copies of the customers list and any confidential information and/or trade secrets of the Plaintiff, which are in the possession, power or custody of the Defendants, the use or disclosure of which would offend against the foregoing injunction or any of them;
 - aggravated damages;
 - exemplary damages;
 - interest on all sums adjudged to be payable to the Plaintiff at such rate and for such period as this Honourable Court deems fit and proper to grant;
 - cost; and
 - any further and other relief, which this Honourable Court deems fit and proper to be granted.

On 26 March 2021, the Company announced that the hearing of Ace Capital Growth Sdn Bhd's interlocutory injunction application against the Defendants on 25 March 2021 has been fixed for continued hearing on 2 April 2021. The case management of the main suit has also been fixed on 2 April 2021.

On 23 April 2021, the Company announced that injunction application against the Defendants is now fixed for hearing on 20 May 2021. The main suit and the Defendants' application to strike out the action against the 3rd to 6th Defendants have been fixed for case management on 2 June 2021.

7. DIVIDEND

No dividend was recommended for the FYE 31 December 2020.



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8. EARNINGS PER SHARE (“EPS”)

Basic EPS

	AUDITED FOR THE FPE	AUDITED FOR THE FYE
	31.12.2020 RM'000	31.12.2019 RM'000
Profit attributable to the owners of the Company	4,053	1,797
Weighted average number of ordinary shares at end of period	300,033	170,698
Basic EPS (sen)	1.35	1.05

Diluted EPS

The diluted EPS is equivalent to the basic EPS as the Group does not have any potential ordinary shares outstanding at the end of the reporting period.