



Since 1971

**DATAPREP HOLDINGS BHD.**

Registration No. 198901005754 (183059-H) (Incorporated in Malaysia)




**EMBRACING  
THE FUTURE**  
ANNUAL REPORT 2020





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## OUR VISION

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To be a leading regional ICT service company providing business and technology solutions and services.



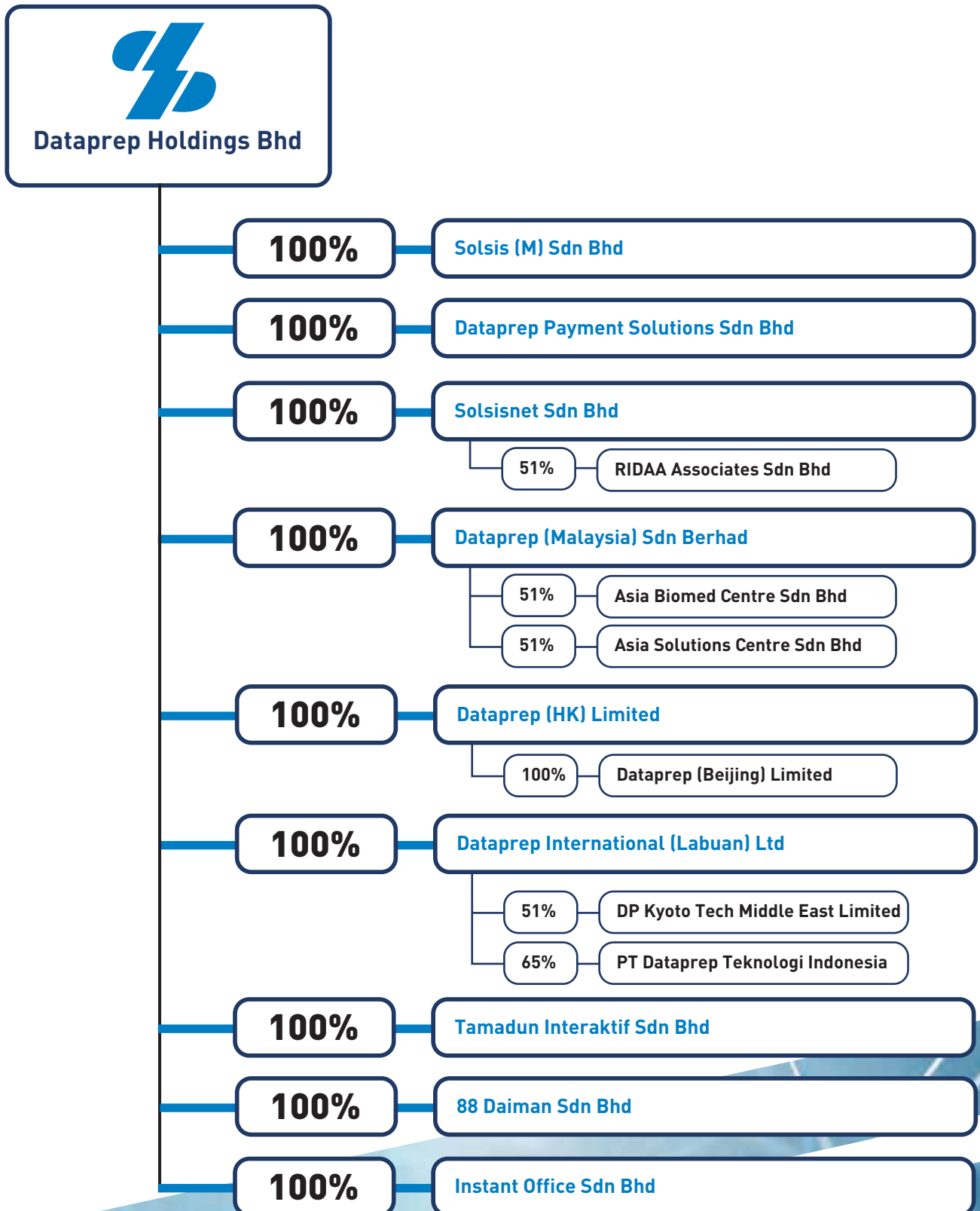
The demand for Dataprep's solutions and services has grown immensely over the years. This resulted in our diverse transformation internally, enhancing high performance cultures and brand building initiatives to ensure optimum efficiency and effectiveness in all our services.

## OUR MISSION

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To build relationship and develop innovative solutions and services which help clients to create and realize values.

# CORPORATE STRUCTURE





## **STRONG AND RELIABLE PARTNER**

We assist our clients to focus on business by providing solutions and managing their ICT infrastructure seamlessly.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT THE THIRTY SECOND ANNUAL GENERAL MEETING OF DATAPREP HOLDINGS BHD (“DATAPREP” OR “THE COMPANY”) WILL BE HELD AT BROADCAST VENUE, WIDAD SEMANTAN (WISE), NO. 3, JALAN SEMANTAN, 50490 DAMANSARA HEIGHTS, KUALA LUMPUR ON WEDNESDAY, 30 JUNE 2021 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES:**

## AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note A)**
2. To approve the aggregate directors’ fees and benefits payable to directors of the Company of an amount not exceeding RM400,000 from 1 January 2021 to the next Annual General Meeting of the Company. **(Please refer to Explanatory Note B)** **(Ordinary Resolution 1)**
3. To re-elect the following Directors who retires by rotation pursuant to Clause 131 of the Company’s Constitution and being eligible, have offered themselves for re-election:
  - a. Datuk Abdul Aziz bin Ishak **(Ordinary Resolution 2)**
  - b. Nor Adha bin Yahya **(Ordinary Resolution 3)**
4. To reappoint Messrs. Folks DFK & Co as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration. **(Ordinary Resolution 4)**

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following ordinary resolutions:

5. **Authority to Directors to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”)** **(Ordinary Resolution 5)**

“THAT subject always to the Act, the Articles of Association of the Company and approvals from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Directors of the Company, pursuant to Sections 75 and 76 of the Act, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

**(Please refer to Explanatory Note C)**

# NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

## 6. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** (Ordinary Resolution 6)

"THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and/or its subsidiaries ("Dataprep Group") to enter into Recurrent Related Party Transactions of a revenue or trading nature, which are necessary for the day-to-day operations of the Dataprep Group provided such transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public, particulars of which are set out in Section 2.4 of the Circular to Shareholders of the Company dated 31 May 2021 AND THAT such approval conferred by the Shareholders' Mandate shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority will lapse unless the authority is renewed by a resolution passed at the AGM;
- (ii) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340 of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340 of the Act); or
- (iii) the revocation or variation of resolution passed by the shareholders at a general meeting;

whichever being the earliest;

AND FURTHER THAT the Directors of the Company and/or any of them be and is/ are (as the case may be) hereby authorized to complete and do all such acts and things including executing such documents as may be required to give effect to the transactions contemplated and/or authorized by this Ordinary Resolution."

**(Please refer to Explanatory Note D)**

## 7. To transact any other business of which due notice shall have been given.

### BY ORDER OF THE BOARD

**GENG MUN MOOI (MIA 8365)**  
**NOR FAZIEANA DAUD (MAICSA 7067115)**  
**LEONG SHIAK WAN (MAICSA 7012855)**  
**ZURIATI BINTI YAACOB (LS0009971)**

Company Secretaries  
Kuala Lumpur  
31 May 2021

# NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

## NOTES

1. In view of the Coronavirus Disease (COVID-19) pandemic and as part of our safety measures, the Thirty Second Annual General Meeting ("32nd AGM") of DATAPREP HOLDINGS BHD ("DATAPREP" or "The Company") will be conducted on a fully virtual basis through remote participation and electronic voting from the Broadcast Venue ("Online AGM"). This is in line with the Guidance Notes on the Conduct of General Meetings for the Listed Issuers issued by the Securities Commission Malaysia revised on 5 March 2021.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders will not be allowed to physically present at the 32nd AGM in person at the Broadcast Venue on the day of the meeting.

2. A member entitled to present via RPV at this meeting is entitled to appoint more than (1) proxy to attend, speak and vote instead of the member at the meeting. A proxy may but need not be a member of the Company.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings(s) to be represented by each proxy.
4. A members can also appoint Chairman of the Meeting as a proxy. Please ensure that your details are accurate as any non-compliance may result in you not being able to receive your DBF.
5. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
7. The instrument appointing a proxy must be deposited at the office of the Poll Administrator, Mega Corporate Services Sdn. Bhd. situated at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan or submit via email at: AGM-support.DP@megacorp.com.my not less than forty-eight (48) hours before the time of holding the 32nd AGM, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Clause 88 of the Company's Constitution, a Record of Depositors as at 23 June 2021 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting.

## EXPLANATORY NOTES TO ORDINARY RESOLUTIONS AND SPECIAL BUSINESS

### Note A: To receive the Audited Financial Statements

The Audited Financial Statements in Agenda 1 had been approved by the Board pursuant to Section 251(1) of the Companies Act, 2016. This agenda does not require formal approval of shareholders of the Company and is meant for discussion pursuant to Section 248(2) of the Companies Act, 2016.

### Note B: To approve the aggregate directors' fees and benefits payable to directors of the for an amount not exceeding RM400,000 from 1 January 2021 to the next Annual General Meeting of the Company

#### **Ordinary Resolution 1**

The fees and meeting allowances are calculated based on the number of scheduled meetings attended.



# NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

## Note C: Authority to Directors to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Act

### **Ordinary Resolution 5**

The proposed Ordinary Resolution 5 is for the purpose of seeking a renewal of the general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, to allot and issue ordinary shares of not more than ten percent (10%) of the total number of issued shares of the Company for such purposes as the Directors of the Company consider would be in the interest of the Company. This authority will, unless revoked or varied at the conclusion of the next Annual General Meeting of the Company, whichever is earlier. This authority will provide flexibility and enable the Directors to make swift decision on allotment of shares for any possible fund raising activities, including but not limited to further placement of shares for purpose of funding future investment project(s), working capital and/or acquisition(s) and any other corporate exercise deem fit for the Group and Company to avoid delay and cost in convening general meeting to approve such issue of shares.

## Note D: Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

### **Ordinary Resolution 6**

The proposed Ordinary Resolution 6, if passed, will enable Dataprep Group to enter into Recurrent Related Party Transactions of a revenue or trading nature with the Mandated Related Parties. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

## STATEMENT ACCOMPANYING THE NOTICE OF THIRTY SECOND ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2), Appendix 8A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The details and profiles of the Directors who are standing for re-election pursuant to Clause 131 of the Company's Constitution at the Thirty Second Annual General Meeting of the Company are disclosed on pages 17 - 18 of this Annual Report.

- a. Datuk Abdul Aziz bin Ishak
- b. Nor Adha bin Yahya

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### CHAIRMAN

**Dato' Mohd Rizal bin Mohd Jaafar**  
*(Non-Independent Non-Executive Director)*

### DIRECTORS

**Mohamad Sabir bin Mohamad Sabri**  
*(Non-Independent Executive Director / Managing Director)*

**Datuk Abdul Aziz bin Ishak**  
*(Independent Non-Executive Director)*

**Nor Adha bin Yahya**  
*(Independent Non-Executive Director)*

**Ong Kuan Wah**  
*(Independent Non-Executive Director)*

## COMPANY SECRETARIES

**Geng Mun Mooi** (MIA 8365)  
**Nor Fazieana Binti Daud** (MAICSA 7067115)  
**Leong Shiak Wan** (MAICSA 7012855)  
**Zuriati Binti Yaacob** (LS0009971)

## AUDIT COMMITTEE

### Chairman

**Ong Kuan Wah**  
*(Independent Non-Executive Director)*

### Members

**Datuk Abdul Aziz bin Ishak**  
*(Independent Non-Executive Director)*  
**Nor Adha bin Yahya**  
*(Independent Non-Executive Director)*  
**Dato' Mohd Rizal bin Mohd Jaafar**  
*(Non-Independent Non-Executive Director)*

## REMUNERATION, QUALITY AND NOMINATING COMMITTEE

### Chairman

**Nor Adha bin Yahya**  
*(Independent Non-Executive Director)*

### Members

**Datuk Abdul Aziz bin Ishak**  
*(Independent Non-Executive Director)*  
**Ong Kuan Wah**  
*(Independent Non-Executive Director)*  
**Dato' Mohd Rizal bin Mohd Jaafar**  
*(Non-Independent Non-Executive Director)*

## SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Semangat (Jalan Professor Khoo Kay Kim)  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan  
Telephone : (603) 7890 4700  
Facsimile : (603) 7890 4670

## REGISTERED OFFICE

Level 8, Widad Semantan (WiSe)  
No. 3, Jalan Semantan, Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur  
Telephone : (603) 7843 1600  
Facsimile : (603) 7956 2324

## WEBSITE

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

## PRINCIPAL BANKERS

Malayan Banking Berhad  
Maybank Islamic Berhad  
CIMB Bank Berhad  
CIMB Islamic Bank Berhad  
Bank Muamalat Malaysia Berhad  
Hong Leong Bank Berhad  
Bank Islam Malaysia Berhad  
Public Bank Berhad  
MBSB Bank Berhad  
RHB Bank Berhad

## AUDITOR

Messrs. Folks DFK & Co

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

## MAIN MARKET

Stock Name : DATAPRP  
Stock Code : 8338  
Sector : Technology  
Sub-sector : Digital Services

# OUR SOLUTIONS AND SERVICES



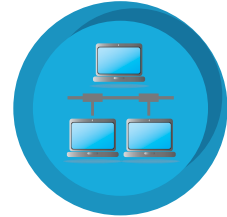
**ENTERPRISE SERVERS,  
STORAGE CONSOLIDATION  
& VIRTUALIZATION**



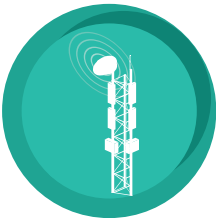
**CLOUD COMPUTING  
ENABLEMENT**



**DATA CENTRE**



**NETWORK INTEGRATION**



**TELCO TOWER**



**E-MONEY  
("dPAY E-WALLET")**



**ICT SECURITY SOLUTIONS**



**PRODUCT LIFECYCLE  
MANAGEMENT**



**CUSTOMER PREMISE  
EQUIPMENT**



**ICT OUTSOURCING  
SERVICES**



**MULTI-VENDOR SUPPORT**



**ICT SERVICE MANAGEMENT**



**ICT SERVICE DESK**



**PAYMENT SOLUTIONS &  
SERVICES**



**TRANSMITTER SYSTEM**

## OUR SOLUTIONS AND SERVICES (Cont'd)

### ENTERPRISE SERVERS, STORAGE CONSOLIDATION AND VIRTUALIZATION

Providing solutions to optimize the total number of physical or logical components of servers and storage in an ICT environment, thereby simplifying ICT infrastructure and improving manageability which ultimately reducing the Total Cost of Ownership.

### CLOUD COMPUTING ENABLEMENT

Providing consultation and deployment of Cloud Computing infrastructure and services. Cloud Computing can offer greater levels of automation, reduced operating costs, improved application performance and better utilisation of computing resources. Cloud Services include consumer and business products, services and solutions that are delivered and consumed in real-time over the Internet. It enhances business performance for sound return of investment.

### DATA CENTRE

Providing solutions for customers seeking to design and build secure, resilient and redundant facilities to house mission-critical equipment. The solution covers connectivity services, data and network security, precision air conditioning, uninterruptible power supply, structured cabling, and protection against water leakage, with electrical and mechanical systems engineered with multiple levels of redundancy, and 24-hour service, 7 days a week centralized environmental monitoring.

### NETWORK INTEGRATION

Providing solutions to design, upgrade and expand the data communication and Ethernet networks. The solution helps to consolidate and optimize ICT network resources, thus improving clients' business productivity by providing high availability, resilient and optimally performing network infrastructure.

### ICT SECURITY SOLUTIONS

Providing solutions for customers seeking simple, cost-effective, practical multi-layer or defence-in-depth approach to security. The solutions provide end-to-end security capability that meet clients' businesses and regulatory requirements while securing ICT and data assets, thus minimizing security risks.

### PRODUCT LIFECYCLE MANAGEMENT (PLCM)

Providing solutions for customers seeking turnkey solutions to provide, deploy, manage and maintain common ICT equipment and infrastructure during its lifecycle or its agreed contract tenure. Maintenance coverage includes corrective, preventive and predictive maintenance.

### CUSTOMER PREMISE EQUIPMENT (CPE)

Providing solutions for customers seeking cost-effective, reliable and high performance routers for internet and Wide Area Network (WAN) links.

### ICT OUTSOURCING SERVICES

With our in-depth experience in managing ICT infrastructure, we help our clients to focus on business by working behind the scenes to manage their ICT infrastructure seamlessly. By applying Information Technology Infrastructure Library (ITIL) best practices and quality management system in our processes, service performance and quality are consistently maintained.

### MULTI-VENDOR SUPPORT

Organizations typically select and procure a combination of hardware and software platforms and applications. Our multi-vendor support addresses the needs of such organizations requiring a single service provider to support such a complex environment by providing an end-to-end service which is measured by service levels and is available all over Malaysia.

### ICT SERVICE MANAGEMENT

Providing solutions to address a complete ICT service lifecycle which will enable companies to deliver higher level of services to customers. It provides a single view of all service transactions and provides companies with a wealth of decision support tools to continuously monitor the quality of service process.

### ICT SERVICE DESK

Providing a complete web-based, ITIL-compliant ICT Service Desk solution which offers an integrated package with request management (trouble ticketing), asset tracking, purchasing, contract management, self-service portal and knowledge base. The solution enables clients to have a full-ICT help desk and a set of productive help desk staff.

### PAYMENT SOLUTIONS AND SERVICES (PSS)

PSS focus is on payment devices which include the supply and maintenance of Point of Sale (POS) and Electronic Draft Capture (EDC) terminals that support credit/debit cards, as well as other multi-purpose cards. PSS also provides other related offerings such as hardware and software solutions and merchant acquisition services.

### E-MONEY ("dPay E-Wallet")

A secure dual payment instrument which is accessible via mobile phones and pre-funded card based payment. dPay is designed and developed with the aims to address student's daily spending needs as well as an alternative payment option to cash.

### TELCO TOWER

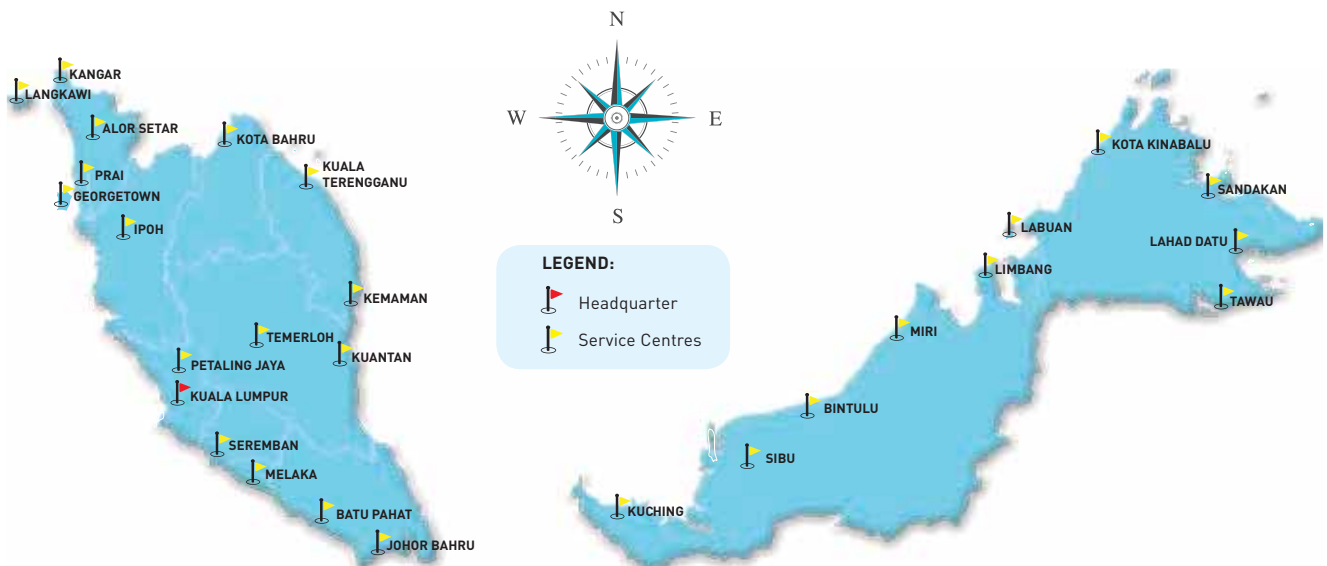
We managed tower sites, built-to-suit tower, co-location and rental of telecommunication tower through our existing right of ways nationwide. The services and solutions which we provide enable telecommunications providers to meet their growing infrastructure requirements more efficiently and effectively, allowing them to focus on their own customer service demands. Our complementary offerings are innovative designed to meet the changing needs of our customers and promote increased sharing of infrastructure assets through In-Building Solutions (IBS) - Supply, Design & Implementation, Passive Operations & Maintenance; Fibre Leasing and Camouflage/Customize structure.

### TRANSMITTER SYSTEM

Providing Solutions for customers seeking turnkey solutions to provide, deploy, manage and maintain digital transmitter equipment and infrastructure during its lifecycle and its agreed contract tenure. Maintenance coverage includes corrective, preventive and predictive maintenance.

# OUR SOLUTIONS AND SERVICES (Cont'd)

## OUR CAPABILITIES AND TRACK RECORD 26 SERVICE LOCATIONS NATIONWIDE



## SUPPORT INFRASTRUCTURE

Apart from its 49 years of proven group-wide accumulated ICT experience and professional staff with proven capabilities in implementing large-scale ICT projects, Dataprep Group is fully equipped to provide the necessary support and backup tools for its clients. With 26 locations nationwide to provide a support network, Dataprep Group's call centre offers 24-hour service, 7 days a week. The 26 locations nationwide also offer operational and maintenance services.

### HEADQUARTER

- Kuala Lumpur

### NORTHERN REGION

- Kangar
- Langkawi
- Alor Setar
- Georgetown
- Prai
- Ipoh

### CENTRAL REGION

- Petaling Jaya

### SOUTHERN REGION

- Seremban
- Melaka
- Batu Pahat
- Johor Bahru

### EASTERN REGION

- Kota Bharu
- Kuala Terengganu
- Kemaman
- Kuantan
- Temerloh

### SABAH

- Kota Kinabalu
- Sandakan
- Tawau
- Lahad Datu

### SARAWAK

- Limbang
- Miri
- Bintulu
- Sibu
- Kuching

### WILAYAH PERSEKUTUAN

- Labuan



## COMPREHENSIVE SERVICE COVERAGE

Provide complete maintenance coverage includes corrective, preventive and predictive maintenance.

# PROFILE OF DIRECTORS



1. **DATO' MOHD RIZAL BIN MOHD JAAFAR**  
*Non-Independent Non-Executive Chairman*
2. **MOHAMAD SABIR BIN MOHAMAD SABRI**  
*Non-Independent Executive Director/  
Managing Director*

3. **DATUK ABDUL AZIZ BIN ISHAK**  
*Independent Non-Executive Director*
4. **NOR ADHA BIN YAHYA**  
*Independent Non-Executive Director*
5. **ONG KUAN WAH**  
*Independent Non-Executive Director*

# PROFILE OF DIRECTORS

## **DATO' MOHD RIZAL BIN MOHD JAAFAR**

**Non-Independent Non-Executive Chairman**

**Malaysian, Age 46, Male**



Date of Last Appointment	:	12 September 2019
Length of Service <i>(as at 31 December 2020)</i>	:	3 years 1 Month
Board Meeting Attended	:	5/5
Board Committees Membership(s)	:	<ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Remuneration, Quality and Nominating Committee</li> </ul>

### **Academic/Professional Qualification(s):**

- Bachelor of Accountancy (Honours) from Universiti Malaya
- Master of Business Administration in Islamic Banking and Finance from International Islamic University Malaysia
- Member of Malaysian Institute of Accountants

### **Experience/ Occupation (s):**

- Member of Bank Simpanan Nasional ("BSN") Board of Directors, (2019 - Present)
- Managing Director, Widad Group Berhad (2018-Present)
- Group Chief Executive Officer, Widad Business Group Sdn Bhd (2015 - Present)
- Group Chief Operating Officer, Finance & Corporate Services, Small Medium Enterprise Development Bank Malaysia Berhad ("SME Bank") (2013)
- Director, Strategy & Transformation Management Office, SME Bank (2010)
- Bank Negara Malaysia serving the Banking Supervision Department supervising the Islamic, commercial and investment banking institutions (1998)

### **Directorship in other public listed companies and listed issuers:**

Widad Group Berhad

### **Any interest in the securities of the Company and its subsidiaries:**

Please refer to page 145

### **Any family relationship with Director and/or major shareholder of the Company or any conflict of interests with the Company:**

None

### **List of convictions for offences within the past 5 years other than traffic offences, if any:**

None



## PROFILE OF DIRECTORS (Cont'd)



### MOHAMAD SABIR BIN MOHAMAD SABRI

**Managing Director**  
**Malaysian, Age 49, Male**

Date of Last Appointment	: 24 June 2020
Length of Service <i>(as at 31 December 2020)</i>	: 3 years 1 month
Board Meeting Attended	: 5/5
Board Committees Membership(s)	: NIL

#### Academic/Professional Qualification(s):

- Bachelor of Business Administration (Honours) Finance, MARA University of Technology

#### Experience/ Occupation (s):

- Director of Group Strategy and Corporate Services, Widad Business Group Sdn Bhd (2015 - 2017)
- Director of Group Financial Management, Small Medium Enterprise Development Bank Malaysia Berhad ("SME Bank") (2014)
- Director of Group Strategy and Services, SME Bank (2013)
- Director of Strategic and Risk Management, SME Bank (2012)
- Vice President, Corporate Planning and Strategy, SME Bank (2011)
- Head of Banking Supervision, Labuan Financial Services Authority ("LFSA") (2007)
- Bank Negara Malaysia serving the Banking and Financial Conglomerates Supervision Department (1994)

#### Directorship in other public listed companies and listed issuers:

None

#### Any interest in the securities of the Company and its subsidiaries:

Please refer to page 145

#### Any family relationship with Director and/or major shareholder of the Company or any conflict of interests with the Company:

None

#### List of convictions for offences within the past 5 years other than traffic offences, if any:

None

## PROFILE OF DIRECTORS (Cont'd)



**DATUK ABDUL AZIZ BIN ISHAK**  
**Independent Non-Executive Director**  
**Malaysian, Age 56, Male**

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Date of Last Appointment	: 13 September 2018
Length of Service <i>(as at 31 December 2020)</i>	: 3 years 1 month
Board Meeting Attended	: 4/5
Board Committees Membership(s)	: • Audit Committee • Remuneration, Quality and Nominating Committee

**Academic/Professional Qualification(s):**

- Degree in Strategic and Security Studies, National University of Malaysia
- Journalism Fellowship Programme in Securities Studies, the University of New York and the East-West Centre in Hawaii.

**Experience/ Occupation (s):**

- Director, Raffcom Sdn Bhd (2019- Present)
- Advisor, Bellcom Sdn Bhd (2019- Present)
- Member, Consultation & Corruption Prevention Panel , Malaysian Anti-Corruption Commission (2016 – 2018)
- Member, Board of Governors of BERNAMA (2009 –2018)
- Director, Utusan Melayu (Malaysia) Berhad (2008 – 2018)
- Group Editor-in-Chief, Utusan Melayu (Malaysia) Berhad (2008 – 2018)
- Member, Advisory Panel, The Federation of Malay Economic Bodies (GABEM) (2010-2015)
- Member, Advisory Board, National Science Center/ Pusat Sains Negara (2009-2011)

**Directorship in other public listed companies and listed issuers:**

None

**Any interest in the securities of the Company and its subsidiaries:**

Please refer to page 145

**Any family relationship with Director and/or major shareholder of the Company or any conflict of interests with the Company:**

None

**List of convictions for offences within the past 5 years other than traffic offences, if any:**

None

## PROFILE OF DIRECTORS (Cont'd)



### NOR ADHA BIN YAHYA

**Independent Non-Executive Director**  
**Malaysian, Age 50, Male**

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Date of Last Appointment	: 13 September 2018
Length of Service <i>(as at 31 December 2020)</i>	: 3 years 1 month
Board Meeting Attended	: 5/5
Board Committees Membership(s)	: • Audit Committee • Remuneration, Quality and Nominating Committee (Chairman)

#### Academic/Professional Qualification(s):

- Bachelor of Accounting (Honors), Universiti Putra Malaysia
- Member of Malaysian Institute of Accountants

#### Experience/ Occupation (s):

- Independent and Non-Executive Director, Tuju Setia Berhad (August 2020-Present)
- Independent and Non-Executive Director, Widad Group Berhad (2018-Present)
- Executive Director cum Chief Executive Officer, CKM Landas MRO Sdn Bhd (2014 – Present)
- Executive Director, Landas Efektif Sdn Bhd (2013 – Present)
- Director, Equara Resources Sdn Bhd (2011 – 2020)
- Director, Kota Terbilang Sdn Bhd (2014 – 2020)
- Director, Impianco Development Sdn Bhd (2009 – 2020)
- Director, KPNA Resources Sdn Bhd (1999 – Present)
- Finance Director, Mizou Holdings Sdn Bhd (2002 – 2012)

#### Directorship in other public listed companies and listed issuers:

- Widad Group Berhad
- Tuju Setia Berhad

#### Any interest in the securities of the Company and its subsidiaries:

Please refer to page 145

#### Any family relationship with Director and/or major shareholder of the Company or any conflict of interests with the Company:

None

#### ist of convictions for offences within the past 5 years other than traffic offences, if any:

None

## PROFILE OF DIRECTORS (Cont'd)



### ONG KUAN WAH

**Independent Non-Executive Director**

**Malaysian, Age 51, Male**

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Date of Last Appointment	:	24 June 2020
Length of Service <i>(as at 31 December 2020)</i>	:	3 years 1 month
Board Meeting Attended	:	5/5
Board Committees Membership(s)	:	<ul style="list-style-type: none"> <li>• Audit Committee (Chairman)</li> <li>• Remuneration, Quality and Nominating Committee</li> </ul>

#### Academic/Professional Qualification(s):

- Bachelor of Business (Accounting), Royal Melbourne Institute of Technology, Australia
- Diploma in Computing, Monash University, Australia
- Member of Malaysian Institute of Accountants
- Member of Chartered Tax Institute of Malaysia

#### Experience/ Occupation (s):

- Independent and Non-Executive Director, Widad Group Berhad (2018-Present)
- Kassim Chan & Co and other medium size accounting firms

#### Directorship in other public listed companies and listed issuers:

Widad Group Berhad

#### Any interest in the securities of the Company and its subsidiaries:

None

#### Any family relationship with Director and/or major shareholder of the Company or any conflict of interests with the Company:

None

#### List of convictions for offences within the past 5 years other than traffic offences, if any:

None

# PROFILE OF KEY SENIOR MANAGEMENT



1. **MOHAMAD SABIR BIN MOHAMAD SABRI**  
*Non-Independent Executive Director/  
Managing Director*

2. **DATUK CHAM NONG A/L ALIAP**  
*Chief Marketing Officer*

3. **HASRUL BIN HASAN**  
*Chief Corporate Officer*

4. **GENG MUN MOOI**  
*Chief Financial Officer*

## PROFILE OF KEY SENIOR MANAGEMENT (Cont'd)



**MOHAMAD SABIR BIN MOHAMAD SABRI**  
**Managing Director**  
**Malaysian, Age 49, Male**

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Date of Appointment : 28 November 2017

**Academic/Professional Qualification(s):**

As expressed on page 16 of the Profile of Directors

**Experience/ Occupation (s):**

As expressed on page 16 of the Profile of Directors



**DATUK CHAM NONG ALIAP**  
**Chief Marketing Officer**  
**Malaysian, Age 44, Male**

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Date of Appointment : 1 March 2018

**Academic/Professional Qualification(s):**

- Bachelor of Arts in Mass Communication from Universiti Kebangsaan Malaysia

**Experience/ Occupation (s):**

- He has over twenty years of experience in various industries namely Publication and Media, Education, Aquaculture, Construction, Hospitality Management, Integrated Facility Management, Engineering Consultancy and Property Development.
- Group Special Project Director, Widad Business Group (2015 – 2017)

## PROFILE OF KEY SENIOR MANAGEMENT (Cont'd)



**HASRUL BIN HASAN**  
**Chief Corporate Officer**  
**Malaysian, Age 44, Male**

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Date of Appointment : 1 March 2018

**Academic/Professional Qualification(s):**

- Bachelor of Accounting (Honours) from International Islamic University, Malaysia
- Member of Malaysian Institute of Accountants
- Associate Member of the Institute of Internal Auditors Malaysia

**Experience/ Occupation (s):**

- Group Accountant, Widad Business Group Sdn Bhd (2015 - 2018)
- Vice President/Head of Group Compliance, Small Medium Enterprise Development Bank Malaysia Berhad ("SME Bank") (2015)
- Vice President/Head of Risk Management, SME Bank (2014)
- Assistant Vice President/Head, Risk Management & Compliance - SME Bank (2012)
- Assistant Vice President/Head, Compliance, SME Bank (2010)
- Bank Negara Malaysia serving the Banking and Financial Conglomerates Supervision Department supervising the Islamic, commercial and investment banking institutions (2001)



**GENG MUN MOOI**  
**Chief Financial Officer**  
**Malaysian, Age 57, Female**

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Date of Appointment : 2 June 2014

**Academic/Professional Qualification(s):**

- Member of Malaysian Institute of Accountants
- Member of Malaysian Institute of Certified Public Accountants
- CPA Australia
- Fellow Member of the Chartered Tax Institute of Malaysia

**Experience/ Occupation (s):**

- She has accumulated professional experience of more than 30 years and has held senior financial positions with a multinational trading company, oil and gas company and one of the big four international accountancy firms in Malaysia and United Kingdom.



## CHAIRMAN'S STATEMENT

### DEAR VALUED SHAREHOLDERS

On behalf of the Board of Directors of Dataprep Holdings Bhd, it is my great pleasure to present the Group's 32nd Annual Report for the Financial Year Ended 31 December 2020 ("FYE 2020").

#### ECONOMY OUTLOOK AND INDUSTRY TREND

Amid a highly challenging global and domestic operating environment, the Malaysian economy contracted by 5.6% in 2020, the lowest since 1998 (-7.4%) as reported by Bank Negara Malaysia ("BNM"). This was due to broad-based weaknesses in exports, production and domestic demand, arising from adverse external spill overs and the introduction of stringent domestic containment measures to combat Coronavirus Disease 2019 ("COVID-19"). The weaker domestic economic activities led to deterioration in labour market conditions and income losses, thereby impacting consumer spending. Public expenditure was also affected mainly by the initial implementation of the Movement Control Order ("MCO"). The impact was the largest in the second quarter of 2020, with GDP contracting by 17.1%. Headline inflation was negative at -1.2% (2019: 0.7%), primarily due to the decline of global oil prices. Underlying inflation remained subdued at 1.1% (2019: 1.5%) amid spare capacity in the economy and weaker labour market conditions. Domestic financial market developments were broadly in tandem with global financial market movements.

The Malaysian economy is projected to rebound to between 6.0% and 7.5% in 2021, as reported in BNM's Economic and Monetary Review 2020. Growth will be underpinned by the recovery in global demand and the gradual improvement in domestic economic activity. The growth trajectory will be mainly influenced by the COVID-19 developments, particularly the extent and duration of containment measures and the rollout of vaccines.

The ICT sector is one of the fastest-growing sectors in the Malaysian market, currently contributing 18.5% of the country's GDP (2018) and is expected to reach 20% of GDP by 2020. Based on a report from Department of Statistics Malaysia, ICT spending in Malaysia will reach US\$25.2billion by 2023. This spending will be supported by a growing rate of digital adoption and cloud computing in Malaysia. The leading growth areas in ICT include cloud computing, data analytics, storage, cybersecurity, business process outsourcing, and mobility with the highest CAGR of 21% during the forecast period. Government policies, such as the National Policy on Industry 4.0, play an essential role in promoting digitalization throughout all economic sectors and industries. Industry 4.0 aims to transform the manufacturing sector and related services in the next five years.



## CHAIRMAN'S STATEMENT (Cont'd)

The Government of Malaysia budget for 2021 and the Economic Stimulus Package 2021 provides strong incentives in digital transformation, connectivity, security, satellite broadband, digital infrastructure for buildings, 5G ecosystems, and smart automation. The RM21 billion national digital infrastructure plan, Jalanan Digital Negara ("JENDELA") was designed to steer Malaysia towards greater digital connectivity by boosting the efficiency of the national infrastructure and optimising spectrum usage. The JENDELA action plan, which is part of the 12th Malaysia Plan (2021-2025), would lay the foundation for comprehensive and high-quality broadband coverage as well as prepare the country for the transition towards 5G technology.

The Dataprep Group began to draw up a digital transformation strategy and roadmap to fully harness the potential and value of technology in supporting the effective delivery of the Group's mandates. At the same time, DHB is looking forward to the new venture into telco tower projects as it is aligned with the implementation of the National Fiberisation and Connectivity Plan ("NFCP") by the government as the foundation of the country's digital infrastructure transition towards 5G technology.

### KEY HIGHLIGHT FOR FYE 2020

The pandemic has had a significant impact on people and economies worldwide. The extensive and recurring lockdowns imposed across the globe have curtailed business activities and dampened revenues. COVID-19 is not only a global pandemic and public health crisis; it has also severely affected the global economy and financial markets. Significant reductions in income, a rise in unemployment, and disruptions in the transportation, service, and manufacturing industries are among the consequences of the disease mitigation measures that have been implemented in many countries.

Nevertheless, the Company's financial performance was relatively strengthening despite the external challenges faced and is expected to elevate in the next financial year. Since the takeover by Widad Business Group, this emerged as Dataprep's single largest shareholder in November 2017, aims to turn the latter into a global ICT player within the next five years. Dataprep Group plans to explore many untapped opportunities in the fast-evolving ICT segment.

The Group recorded revenue of RM36.22million for the FYE2020. The first quarter revenue was RM7.72million, second quarter was RM7.36million, third quarter was RM8.55 million and the final fourth quarter was RM12.60 million due to new projects secured. The Group's revenue was RM28.50 million for the comparison period of 9 months from 1 April 2020 to 31 December 2020 that formed part of the FYE2020 as compared to the Group's revenue of RM28.93 million for the corresponding preceding 9 months from 1 April 2019 to 31 December 2019 for the FPE2019.

The Group recorded loss before taxation of RM9.77million for the FYE2020. The loss before taxation was RM7.20 million for the comparison period of 9 months from 1 April 2020 to 31 December 2020 that formed part of the FYE2020 as against a loss before taxation of RM5.86 million for the FPE 2019. Higher loss before taxation was due to fair value of ESOS options granted of RM1.64million charged as employee benefit expenses and also non-recurring professional fees for corporate exercises.

### MOVING FORWARD

In the last 49 years, Dataprep Group has evolved inline with the tremendous change in the technology landscape. New trends have emerged resulting in a sea of change in the way companies do business. Across the board, companies these days are constantly on the lookout for solutions that will give them an edge over their competitors. As such, we are constantly striving for ways to provide our customers with an experience that will allow them to achieve their business objectives.

Dataprep has acquired a 51% stake in RIDAA Associates Sdn Bhd subsequent to the FYE2020 to expand its core business by adding the multimedia and communication segment into revenue stream, which is complementary in nature and would bring about synergistic benefits to the group. The acquisition will allow the group to pursue opportunities to build, install, operate, maintain and manage telecommunication tower assets in Malaysia. Its key focus is to construct at least 1,000 towers throughout the country based on the secured right of ways and subsequently lease them to telecommunication companies (Telco). Its venture into the telecommunication towers project is aligned with the National Fiberisation and Connectivity Plan ("NFCP") for the foundation of the country's digital infrastructure transition to 5G technology.

## CHAIRMAN'S STATEMENT (Cont'd)

Despite the current adverse business environment caused by the COVID-19 pandemic, the company is optimistic about certain aspects of the ICT industry which benefits from new norms and social distancing requirements which create opportunities that can be tapped moving forward. Some of ICT opportunity areas for the Group are telemedicine, food delivery and logistics, digital and contactless payments, remote working, collaborating and virtual meeting.

The Group aims to explore more business opportunities from the public sector under the wide spectrum of ICT services. Our long decades of experiences in the ICT industry provide us the expertise that is needed by the Government in modernizing its services. At the same time, the Group is actively participating in Government's projects tender, pursuing new business opportunities and collaborating with strategic domestic and overseas partners to secure more profitable ICT projects, solutions and new business ventures for the Group. The Group will remain focus to pursue a sustainable and healthier financial position over the long run for the Group by undertaking new opportunities and profitable ventures.

To achieve this, as one of its strategies, Dataprep Group is going to launch its very-own e-wallet business. The Group's subsidiary, Dataprep Payment Solutions Sdn Bhd was granted approval by Bank Negara Malaysia

on 13 November 2019 for issuing Designated Payment Instrument (electronic money or e-money) under Section 11 of the Financial Services Act 2013. The Group is targeting the e-money for the education sector to boost the revenue of payment solutions and services segment. The Group will roll out dPay as e-wallet function that will focus on the Malaysian education sector as a mode of payment at primary and secondary schools nationwide, an idea that is well received by Ministry of Education.

### ACKNOWLEDGEMENTS

On behalf of the Board, I would like to extend my sincere appreciation to all our clients, business partners, shareholders and other stakeholders for the unwavering faith and confidence in Dataprep Group, especially during trying times. In addition, my heartfelt gratitude to the Board members, management team and all our employees for their support and commitment in spearheading the Group. I believe we will remain steadfast in our aim to steer the Group into a brighter and promising future. As we venture to embrace new opportunities and face challenges, we call upon all our stakeholders to continue lending us their unwavering support and trust.

**Dato' Mohd Rizal Bin Mohd Jaafar**  
**Chairman**  
31 May 2021

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

Dataprep Holdings Bhd (“Dataprep Group” or “the Group”) is a public company listed on the Main Market of Bursa Malaysia Securities Berhad in the technology sector. Dataprep Group is Information, Communications and Technology (“ICT”) service provider since 1971 which focuses on Systems Integration, Managed Services and Payment Solutions and Services.

## ICT PRODUCTS AND SERVICES

The ICT products and services segment contributed 97.80% of the Group’s revenue of RM36.22 million for the 12 months financial year ended 31 December 2020 (“FYE 2020”). The ICT products and services segment contributed 98.06% of the Group’s revenue of RM28.50 million for the comparison period of 9 months from 1 April 2020 to 31 December 2020 that formed part of the FYE2020 as compared to 96.94% of the Group’s revenue of RM28.93 million for the corresponding preceding 9 months from 1 April 2019 to 31 December 2019 for the financial period ended 31 December 2019 (“FPE 2019”).

Our principal activities are Systems Integration (“SI”) and Managed Services. The Group’s engagement with customers and partners is primarily through its subsidiary company, Solsis (M) Sdn Bhd (“Solsis”).

Solsis is a registered Bumiputera Company with Ministry of Finance and Construction Industry Development Board. The Company is recognised as established ICT service providers with extensive experiences and with proven good track record in many significant scale government and commercial ICT projects and solutions. Solsis serves a broad array of customers across all industries in both public and private sectors including Financial Services Industry (“FSI”) and Oil & Gas (“O&G”).

The Group has strong staff strength of more than 200 engineers and technicians directly under its employment, serving customers 24-hours daily and 7 days a week throughout Malaysia. Our nationwide resources and infrastructure of 26 service locations allow us to commit to our customers stringent service level by way of Service Level Agreement (“SLA”) anywhere in Malaysia. The management of the SLA is transparent and reflect our ability to deliver the highest service quality to our customers. This gives us the competitive advantage to serve customers nationwide.

Solsis has the industry’s best practices such as International Organisation for Standardisation (“ISO”) ISO 9001:2015 and Information Technology Infrastructure Library (“ITIL”) certifications, amongst others. Dataprep Group is one of the established ICT players in the industry for 50 years, our strategic partners and principals have recognised the value of our support resources, infrastructure and our roles as the SI and Managed Services provider. We will continue to partner with reputable ICT principals and also to collaborate with the strategic partners or companies on potential ICT projects and solutions.

## PAYMENT SOLUTIONS AND SERVICES (“PSS”)

For the FYE 2020, the PSS segment contributed 2.20% of the Group’s revenue of RM36.22 million. The PSS segment contributed 1.94% of the Group’s revenue of RM28.50 million for the comparison period of 9 months from 1 April 2020 to 31 December 2020 that formed part of the 12 months financial year ended 31 December 2020 (“FYE2020”) as compared to 3.06% of the Group’s revenue of RM28.93 million for the corresponding preceding FPE 2019. This business focuses on the deployment of payment devices which include the supply and maintenance of Point of Sale and Electronic Draft Capture terminals that support credit and debit cards, as well as other multi-purpose cards to merchants throughout Malaysia.

Dataprep’s subsidiary company, Dataprep Payment Solutions Sdn Bhd (“DPS”) is an independent payment Business Process Outsourcing company that transacts the PSS business. DPS is currently the master merchant and third party merchant acquirer for a few financial institutions.

The Group will focus and capitalize on the trend of digitization for growth, productivity and innovation opportunities including e-wallet and e-commerce and any other new business opportunities available in the current digital economy to enlarge this PSS segment.

# MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The Group's subsidiary, Dataprep Payment Solutions Sdn Bhd was granted approval by Bank Negara Malaysia on 13 November 2019 for issuing Designated Payment Instrument (electronic money or e-money) under Section 11 of the Financial Services Act 2013. The Group is targeting the e-money for the education sector to boost the revenue of payment solutions and services segment. Subject to regulatory approval, the Group plan to expand the usage of e-wallet to the public via its general wallet and to be used by other wallet partner under the white label arrangement.

## STRATEGY

The Group is actively participating in projects tender, pursuing new business opportunities and collaborating with strategic domestic and overseas partners or companies to secure more profitable ICT projects, solutions and new business ventures for Dataprep Group.

Our strategy involves the following initiatives:

1. To solicit new business opportunities in both public and private sectors;
2. To focus on revenue from services with recurring income by increasing more managed services contracts;
3. To develop in-house products and solutions to complement our revenue from SI and managed services contracts;
4. To continue developing partnerships with principals by representing them in service delivery and nationwide support for their products and services;
5. To expand our customers' base via a dedicated in-house sales team in identifying opportunities for new customer;
6. To expand our sales coverage via dedicated nationwide sales resources;
7. To expand PSS business by providing additional service offerings and venture into e-wallet business;
8. To explore other new business ventures and opportunities by collaboration with strategic partners or companies so as to enhance the Group's revenue and earnings stream; and
9. To provide support services which complement the diversify Widad Business Group's businesses.
10. To explore opportunities in the telecommunication sector especially on the fifth generation (5G) infrastructure and fiber-optic network, in line with the Government's effort and MyDIGITAL initiatives to improve connectivity nationwide. The Group newly acquired 51% subsidiary as announced on 15 February 2021, RIDAA Associates Sdn Bhd ("RIDAA") has Network Facility Provider License ("NFP"), Network Service Provider License ("NSP") and Applications Service Provider Class License("ASPCL") issued by the Malaysian Communications and Multimedia Commission("MCMC").

## REVIEW OF GROUP FINANCIAL PERFORMANCE

### FOR THE FYE2020 AND FPE2019:

	FYE 2020 12 months 1.1.2020 to 31.12.2020 RM'000	Comparison Period 1.4.2020 to 31.12.2020 RM'000	FPE 2019 9 months 1.4.2019 to 31.12.2019 RM'000
Revenue	36,217	28,504	28,925
Gross Profit	9,640	8,285	6,048
Other Income	166	119	184
Operating Expenses	(16,708)	(13,431)	(9,882)
EBITDA	(6,902)	(5,027)	(3,650)
Depreciation and Amortisation	(1,173)	(910)	(775)
Depreciation of Right of Use Assets	(1,330)	(980)	(1,049)
Finance Cost	(362)	(287)	(390)
Loss Before Taxation	(9,767)	(7,204)	(5,864)
Loss After Taxation	(9,776)	(7,213)	(5,873)

### Note:

The Group has changed the financial year end from 31 March to 31 December as announced on 23 September 2019. Therefore, the audited financial statements for the preceding FPE2019 was for nine months from 1 April 2019 to 31 December 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The Group recorded revenue of RM36.22million for the FYE2020. The first quarter revenue was RM7.72million, second quarter was RM7.36million, third quarter was RM8.55 million and the final fourth quarter was RM12.60 million due to new projects secured. The Group's revenue was RM28.50 million for the comparison period of 9 months from 1 April 2020 to 31 December 2020 that formed part of the FYE2020 as compared to the Group's revenue of RM28.93 million for the corresponding preceding 9 months from 1 April 2019 to 31 December 2019 for the FPE2019.

The Group recorded higher gross profit margin of 26.6% for the FYE2020 due to more profitable projects secured. The gross profit margin was 29.1% for the comparison period of 9 months from 1 April 2020 to 31 December 2020 that formed part of the FYE2020 as against gross profit margin of 20.9% for the FPE 2019.

The Group recorded loss before taxation of RM9.77 million for the FYE2020. The loss before taxation was RM7.20 million for the comparison period of 9 months from 1 April 2020 to 31 December 2020 that formed part of the FYE2020 as against a loss before taxation of RM5.86 million for the FPE 2019. Higher loss before taxation was due to fair value of ESOS options granted of RM1.64million charged as employee benefit expenses and also non-recurring professional fees for corporate exercises.

FYE 2020 EBITDA recorded a loss of RM6.90 million. The higher EBITDA loss of RM5.03 million for the comparison period of 9 months from 1 April 2020 to 31 December 2020 that formed part of the FYE2020 as against EBITDA loss of RM3.65 million for the FPE 2019. The higher EBITDA loss was mainly due to the fair value of ESOS options granted of RM1.64million charged as employee benefit expenses and also non-recurring professional fees for corporate exercises.

Operating expenses was RM16.71 million for FYE2020. The higher operating expenses of RM13.43 million for the comparison period of 9 months from 1 April 2020 to 31 December 2020 that formed part of the FYE2020 as against RM9.88 million for FPE 2019 was mainly due to the fair value of ESOS options granted of RM1.64million charged as employee benefit expenses and also non-recurring professional fees for corporate exercises.

### REVIEW OF OPERATING ACTIVITIES

During the financial period under review, the Group's revenue for its ICT Products and Services was RM36.22 million. The Group has successfully secured a few new projects in FYE2020. The Group will make continuous effort to review and streamline its services delivery structure with cost consciousness in hiring and spending while maintaining quality of services. We will emphasize on our core strength of good deliveries and participate in more tender opportunities especially of the large scale ICT projects which the Group has the manpower of experience engineers and technicians at nationwide service locations with good deliveries track record to customers.

### BUSINESS PROSPECTS

The Group continues to undertake measures to improve the financial performance by securing more projects, identifying new business opportunities by collaborating with strategic ICT partners, actively participating in the tendering of government's projects under the wide spectrum of ICT services and also projects in private sectors, maintaining good relationship with existing customers by providing quality deliveries and also to enlarge its customers' base by emphasizing on its good deliveries record and nationwide services. The Group has implemented business strategy to improve its revenue and profitability by securing more new projects, pursuing new opportunities in the financial, oil and gas, transportation, telecommunication sectors, and other untapped industries to increase its revenue stream.

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The Group is optimistic about certain aspects of the ICT industry despite the current adverse business environment caused by the Covid-19 pandemic as it will benefit from the Government's efforts to revive the economy through various Digital Initiatives and the Malaysia Digital Economy Blueprint ("MyDIGITAL"). The Group will benefit from the Government's digital economy transformation and anticipates the business to grow at a stronger pace in the coming financial years by tapping into ICT opportunities for both the public and private sectors. The Group will leverage on its 50 years of proven group-wide accumulated ICT experiences and professional staffs, its good customers' track record of implementing large-scale ICT projects to participate in the said government's initiatives, and also actively participate in more major ICT projects in both the public and private sectors. Notwithstanding the uncertain economic outlook, the management expects the Group's business to grow as a result of government-led initiatives in "Digital Lifestyle Malaysia", which encourages business players to embrace ICT services and adopt the infrastructure in internet-based business transactions and also initiatives in MyDIGITAL. The Group aims to be the digital solution provider in line with MyDIGITAL initiatives. The vast experiences in digital technology and handling of significant scale projects provide the Group with the expertise needed by the government's digital transformation programs to modernize its services solutions, end-to-end online government services, cashless e-payments, and usage of cloud storage across the government.

The Group via its wholly-owned subsidiary, Dataprep Payment Solutions Sdn Bhd had on 13 November 2019 secured approval from Bank Negara Malaysia for issuing electronic money or e-money. The Group is targeting the e-money segment for the education sector to boost the revenue for its payment solutions and services segment. Subject to regulatory approval, the Group plans to expand the usage of e-wallet to the public via its general wallet and to be used by other wallet partners under the white label arrangement.

New areas and opportunities under the Group are expected to come from the telecommunication segment. The Group through its newly acquired subsidiary, RIDAA Associates Sdn Bhd ("RIDAA") will explore opportunities in the telecommunication sector especially on the fifth generation (5G) infrastructure and fiber-optic network, in line with the Government's effort and MyDIGITAL initiatives to improve connectivity nationwide. RIDAA has Network Facility Provider License ("NFP"), Network Service Provider License ("NSP") and Applications Service Provider Class License ("ASPCL") issued by the Malaysian Communications and Multimedia Commission ("MCMC").

The acquisition of RIDAA will allow the group to pursue opportunities to build, install, operate, maintain and manage telecommunication tower assets in Malaysia. Its key focus is to construct at least 1,000 towers throughout the country based on the secured right of ways and subsequently lease them to telecommunication companies. Its venture into the telecommunication towers project is aligned with the National Fiberisation and Connectivity Plan for the foundation of the country's digital infrastructure transition to 5G technology. The Group has also acquired Asia Biomed Sdn Bhd and Asia Coding Centre Sdn Bhd to further enhance its ICT solutions business.

The Group is working towards for the improvement of the profitability and revenue of all segments, by leveraging on the upcoming new business opportunities especially the new area of opportunities from the telecommunication sectors and the government's MyDIGITAL initiatives.

Barring unforeseen circumstances, the Group remains confident for a better performance of the Group and will actively participate in more tenders and benefit from many job opportunities in line with MyDIGITAL initiatives in the coming years.

# MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

## HISTORICAL FINANCIAL RESULTS

FINANCIAL PERIOD / YEAR ENDED	12 MONTHS		9 MONTHS		12 MONTHS		
	Audited FYE 31 December	Comparison Period	Audited FPE 31 December	Comparison Period	Audited FYE 31 March	Audited FYE 31 March	Audited FYE 31 March
	1.1.2020 to 31.12.2020	1.4.2020 to 31.12.2020	1.4.2019 to 31.12.2019	1.4.2018 to 31.12.2018	1.4.2018 to 31.3.2019	1.4.2017 to 31.3.2018	1.4.2016 to 31.3.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	36,217	28,504	28,925	26,286	35,539	47,162	45,030
Gross Profit	9,640	8,285	6,048	2,888	4,074	6,975	8,392
Other Income	166	119	184	1,830	1,852	746	747
Operating Expenses	(16,708)	(13,431)	(9,882)	(9,908)	(16,778)	(11,842)	(11,544)
EBITDA	(6,902)	(5,027)	(3,650)	(5,190)	(10,852)	(4,121)	(2,405)
Depreciation and Amortisation	(1,173)	(910)	(775)	(496)	(709)	(485)	(477)
Depreciation of Right of Use Assets	(1,330)	(980)	(1,049)	-	-	-	-
Finance Cost	(362)	(287)	(390)	(159)	(263)	(173)	(182)
Loss Before Taxation	(9,767)	(7,204)	(5,864)	(5,845)	(11,824)	(4,779)	(3,064)
Loss After Taxation	(9,776)	(7,213)	(5,873)	(5,845)	(11,837)	(4,779)	(3,093)

### Note:

The Group has changed the financial year end from 31 March to 31 December as announced on 23 September 2019. Therefore, the audited financial statements for the preceding FPE2019 was for nine months from 1 April 2019 to 31 December 2019.

# SUSTAINABILITY REPORT

At Dataprep Group (“the Group”), we remain committed in ensuring that our operations and corporate decisions are in line with the aspirations of a sustainable and responsible business ecosystem. The Board of Directors strongly believes that the Group’s pursuit of profitability should not be realised at the expense of societal exploitations and environmental degradation. In achieving this core principle, the Board of Directors constantly reviews all business decisions undertaken by the management of the Group, in order to evaluate and eliminate any possible negative outcomes from its activities.

Aside from our internal initiatives to promote sustainability and good governance, we have continued to engage with our stakeholder in FYE2020 to obtain a holistic view on how the Group may improve its operations. A good engagement with our stakeholders is imperative in building a long-lasting trust.

## Strengthening Operational Efficiency

The Group prioritises the need to ensure operational efficiency throughout its corporate structure, which includes its subsidiaries. The Group’s resources are well-managed and are constantly monitored to avoid unnecessary wastages and mismanagement. Several key measures have been taken internally in order to achieve energy efficiency within our premises.

We have established strategic partnership and alliance with our distinguished business partners to ensure impeccable ICT related services are being rendered. In view of business sustainability, we maintain fair relationships with business partners and continue to provide quality products and services to customers.

## Promoting Occupational Safety and Empowering Workforce

As the employees are the most important pillar of our business ecosystem, the Group strives to create a secure and safe workplace. It is important for the Group to assess the conditions of the working environment and to proactively manage health and safety risks. The Group acts immediately on any arising risks related to safety and health.

Apart from that, in the pursuit to further empower our employees, the Group has organised various trainings to ensure that the skills of our employees are being continuously relevant in the ever demanding progressive work environment.

## Preserving the Environment

In achieving a sustainable business operation over the long run, the Group strongly believes in the need to ensure that the environment is well-protected and preserved. A well-managed environment is crucial in enabling a firm to operate without the fear of possible interruptions in the form of natural disasters and climate change, among others. The Group is cognizant of the importance of preserving the environment and has undertaken several measures to reduce or eliminate negative impacts from the Group’s operations on the environment.

Among others, the Group has a strict internal policy of separating and recycling used materials and disposed items. As the main business nature of our group is based on ICT, it has electronic waste or e-waste comprising of ICT peripherals and their components that are obsolete, damaged and unwanted. The unwanted e-waste has been discarded through authorised contractors through proper channel of safe disposals, to ensure the preservation of the environment.



# SUSTAINABILITY REPORT [Cont'd]



## SUSTAINABLE DEVELOPMENT GOALS



End poverty in all its forms everywhere



End hunger, achieve food security and improved nutrition and promote sustainable agriculture



Ensure healthy lives and promote well-being for all at all ages



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Achieve gender equality and empower all women and girls



Ensure availability and sustainable management of water and sanitation for all



Ensure access to affordable, reliable, sustainable and modern energy for all



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



Reduce inequality within and among countries



Make cities and human settlements inclusive, safe, resilient and sustainable



Ensure sustainable consumption and production patterns

## SUSTAINABILITY REPORT [Cont'd]



Take urgent action to combat climate change and its impacts



Conserve and sustainably use the oceans, seas and marine resources for sustainable development



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



Strengthen the means of implementation and revitalize the global partnership for sustainable development

Source :

*Sustainable Development Goals (SDG), United Nations Department of Economic and Social Affairs (UNDESA)*

### Delivering Value to the Community

As part of the Group's Corporate and Social Responsibility initiative in the year 2020, the Group had carried out the Zakat Asnaf Tour programme on 30 December 2020. The programme objective was to assist the Asnaf group affected by the COVID-19 pandemic. The management and volunteer have visited and provided assistance to 7 households in Flat Sri Sabah 3A, Jalan Cheras, Kuala Lumpur.

As the Country faces the unprecedented effects of the COVID-19 pandemic and recognising the sacrifices made by our front liners, the Group had contributed medical protective equipments to Shah Alam Hospital on 23 December 2020 in ensuring the health and safety of our front line workers.

In December 2020, The Group had provided contribution for the affected flood victims in Mentakab, Pahang. This programme was in collaboration with Jabatan Siasatan Dan Penguatkuasaan Trafik Polis DiRaja Malaysia ("PDRM") Bukit Aman. The contribution helps to ease the burden of the flood victims, whose livelihood was greatly affected due to the damaging effects of the disaster.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code on Corporate Governance (“MCCG”) stipulates that the Board of Directors (“the Board”) of a public listed company should establish an effective risk management and Internal control framework to enable the board to discharge its responsibilities in meeting the goals and objectives of the company. A sound framework for risk management and internal control is important to safeguard shareholders’ investments and the company’s assets. The Board is pleased to provide the following Statement On Risk Management and Internal Control (“SORMIC”) made in compliance with paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“BMSB”) and the SORMIC : Guidelines for Directors of Listed Issuers.

## ROLES AND RESPONSIBILITIES

The Board places importance on its roles and responsibilities, and is committed to maintaining a sound Risk Management Framework (“RMF”) and internal control system in the Company and its subsidiaries (“the Group”) to ensure good corporate governance. The Board affirms its responsibility for reviewing the adequacies and effectiveness of the Group’s corporate governance, risk management and internal control system. The Group’s internal control system covers, inter alia, financial, business, operational and compliance controls and helps to ensure compliance with applicable laws, regulations, rules, policies and guidelines.

The management assists the Board in the implementation of the Board’s policies and procedures on corporate governance, risk management and internal control by identifying and addressing the risks faced, and implementing appropriate risk management processes and internal controls to mitigate and control these risks.

Due to limitations that are inherent in the internal control system, the system adopted by the Group is designed to manage rather than to eliminate the risk of failure to achieve business objectives. The internal control system can only provide reasonable but not absolute assurance against any material misstatement of financial reporting or loss.

The Board has received assurance from the Managing Director (“MD”) and Chief Financial Officer (“CFO”) that, in the course of their management of day-to-day operations in respect of whole business activities of the Group, nothing has come to their attention which indicates that the risk management and internal control system is not operating effectively in all material aspects.

## RISK MANAGEMENT

In dealing with its stewardship responsibilities, the Board recognises that RMF is part of good business management practice. The Group has a RMF to govern its risk management initiatives.

The Board entrusts the management with the overall responsibility of overseeing the adequacy and effectiveness of risk management processes of the Group.

Corporate Assurance Unit (“CAU”) adopts risk based audit approach and selects the auditable areas for internal audit based on the identified risk areas of the operational activities by using the Risk Matrix tool.

In this regard, two nominated risk facilitators consisting of Head of CAU and the Head of Quality and Professional Standards Unit facilitate the Group to manage risks arising from its daily operations. The risk facilitators deal with risk owners for purposes of gathering significant risks confronting the Group’s activities. Such information is submitted to the Senior Management and to the Board periodically by highlighting key risks faced by the Group together with related responses in conformity with MCCG’s requirements.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

## Risk Management Framework ("RMF")

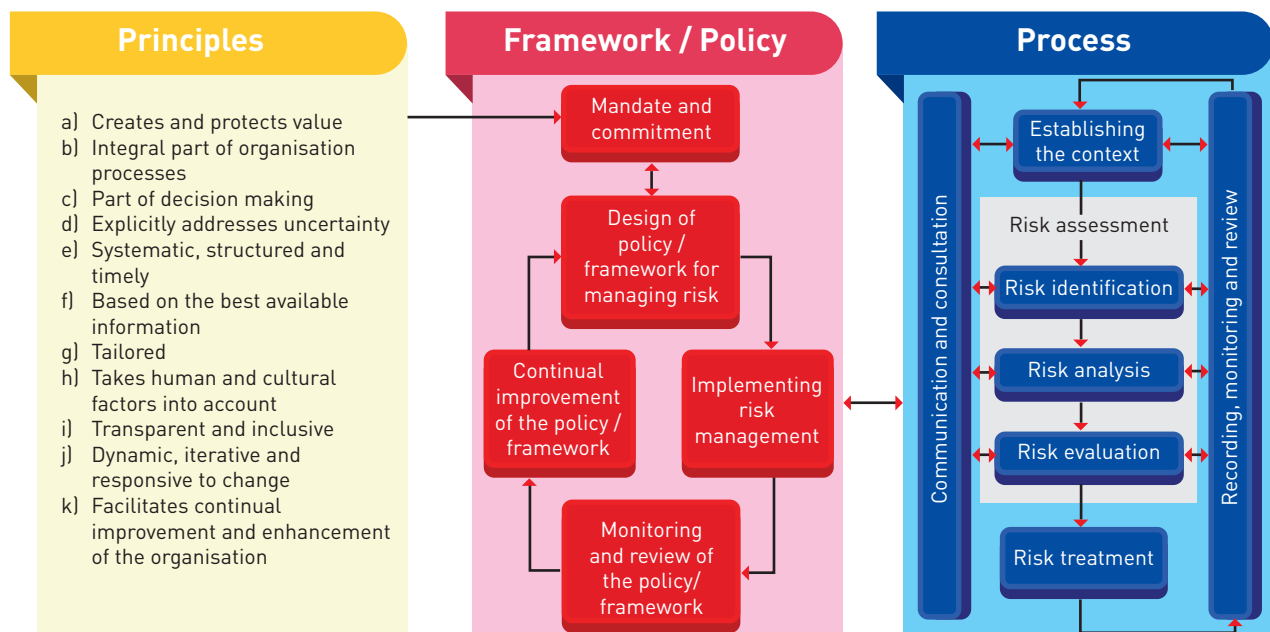
The primary goals and features of the Group's RMF are to support the overall business objectives of the Group by:

- Providing strategies, policies and organisational structure for management of risks that the Group assumes in its activities;
- Defining risk management roles and responsibilities within the organisation and outlining procedures to mitigate risks;
- Ensuring consistent and acceptable management of risks throughout the business;
- Defining a reporting framework to ensure the communication of necessary risk management information to Senior Management and personnel engaged in risk management activities;
- Remaining agile and dynamic to accommodate the changing risk management needs of the organisation while maintaining control of the overall risk position;
- Detailing the approved methods for risk assessment; and
- Providing a system to accommodate the central accumulation of risk information, which can form part of each department's operational procedures.

Under the RMF, the Group has relevant policies and guidelines on risk assessment, reporting and disclosure which encompassed the following scope:

- Strategic risk assessment, which involves the identification and evaluation of risks that threaten the achievement of the Group's strategic objectives. This is carried out at the Senior Management level and provides a risk framework for the strategic planning process. Strategic risks are managed at corporate level; and
- Operational risk assessment, which involves a critical examination of each business unit's processes to identify and evaluate operational risks. This is carried out by the heads of business units with assistance from key personnel.

In compliance with the RMF, the undertaking of risk management activities are concentrated on all key business areas and operations. It is mainly based on International Organisation for Standardisation ("ISO") 31000:2018 Risk Management – Principles, Framework and Process that places emphasis on both the involvement of Senior Management and integration of risk management into the organisation as follows:



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

## Overview of Enterprise Risk Management

With ISO31000:2018, it helps the organisation to increase the likelihood of achieving objectives, improve the identification of opportunities and threats and effectively allocate and use resources for risk treatment by:

- Review of the principles of risk management, which are the key criteria for its success;
- Focus on leadership by top management who should ensure that risk management is integrated into all organizational activities, starting with the governance of the organization;
- Greater emphasis on the iterative nature of risk management, drawing on new experiences, knowledge and analysis for the revision of process elements, actions and controls at each stage of the process; and
- Streamlining of the content with greater focus on sustaining an open systems model that regularly exchanges feedback with its external environment to fit multiple needs and contexts.

## WHISTLEBLOWING POLICY

The Group has established a Whistleblowing Policy. Its objective is to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner to enable employees and stakeholders to raise genuine concerns about possible improprieties, improper conduct or other malpractices within the Group in an appropriate manner.

The Audit Committee is responsible for the interpretation and supervision of the enforcement of this policy. It is committed to investigate and address all causes of reported misconduct.

## INTERNAL CONTROL PROCESSES

The Board is committed to maintaining strong features of control structure and environment for the proper conduct of the Group's business operations. The Board has the following internal control processes in place:

- Company's vision and mission and standard operating procedures for all major operations monitoring. The Group has in place a well-established and documented business processes;
- A formal organisational structure with delineated lines of authority, responsibility and accountability within the Group. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. This organisational structure is aligned with its business and operational requirements;
- Group's vision, mission and strategic directions are communicated to employees at all levels through various means of communication and knowledge sharing;
- In most of the Group's business operations, periodic meetings are held to ensure that progress of business plans, exceptions and variations are fully discussed and appropriate actions taken. This ensures that business objectives are met. Adequate reports and minutes of meeting are generated for reviews on various business and operating units of the Group;
- The Board oversees the conduct of the Group's operations through various management reporting channels. Proper records are maintained, and the Board is informed of all major issues pertaining to financial and operational matters, internal control, regulatory compliance and risk management processes to ensure that it maintains full and effective supervision;
- The Group performs a comprehensive annual budgeting and forecasting exercise at the beginning of the financial year. Actual performance and significant variances against budget are monitored on an on-going basis;
- Key result areas and key performance indicators are established and aligned with strategic business objectives and are monitored on an on-going basis;
- Comprehensive management reports and accounts are prepared on a monthly basis for review by the Senior Management for effective monitoring and decision-making. Such management reports and accounts are also submitted on a quarterly basis to the Audit Committee and the Board for review; and
- The Group operates a comprehensive Management Information System ("MIS") that provides for transactions to be captured, compiled and reported. Management also uses the data and analysis provided by MIS to monitor their sales, service deliveries and call centre.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

## MONITORING AND REVIEW

The Board delegates the day-to-day management functions to the MD, who is assisted by a team of Senior Management in carrying out the duties. The role of the Senior Management is to drive each of the business operations in a manner that ensures the integrity of the internal control system and effective risk management processes are in place throughout the year.

From a process viewpoint, the MD presides over regular management meetings in each of the business operations. These meetings review financial performance, business issues and other related matters including internal control matters and risk management.

The Group's CAU whose primary responsibility is to conduct internal audit and provide assurance to the Board through the Audit Committee that the internal control system is functioning as intended. The Audit Committee receives feedback from the Head of CAU on the adequacy and effectiveness of internal control based on the conducted internal audit assignments. The Head of CAU has the relevant qualification to carry out the functions of the CAU according to the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors ("IIA"), USA. This is in line with the International Professional Practices Framework 2017 ("IPPF 2017") authoritative guidance on the internal audit profession that has been promulgated by IIA.

The Corporate Assurance team conducts reviews and appraisals of the adequacy and effectiveness of the internal control processes within the Group. Reports of deficiencies together with recommendations as appropriate are tabled at Audit Committee meetings.

The involvement of the external auditors in conducting the audit on the statutory financial statements would provide further assurance on the adequacy and effectiveness of the internal control system.

Issues highlighted by the auditors, if any, are addressed or rectified by management. There were no control deficiencies noted during the period under review which had material impact on the Group's financial performance, operations and integrity of financial information.

## CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system to safeguard shareholders' investment and the Group's assets. It has received reasonable assurance from MD and CFO that the Group's risk management and internal control system are operating adequately and effectively.

The risks taken are at an acceptable level within the business environment throughout the Group. The risk management and internal control system that existed provides a level of confidence and assurance to the Board.

*This statement is made in accordance with the SORMIC — Guidelines for Directors of Listed Issuers ("Guidelines") issued on 31 December 2012, which is in line with the requirements of Paragraph 15.26(b) of the MMLR of BMSB and Part II of Principle B, Intended Outcome 9.0, Practices 9.1 and 9.2 read together with corresponding Guidance 9.1 and 9.2 of the MCCG issued by Securities Commission Malaysia.*

*The Board and external auditors have duly reviewed this report.*

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) recognises the importance of practising acceptable standards of Corporate Governance (“CG”) throughout the Company and its subsidiaries (“the Group”) as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and the financial performance and financial position of the Group and Company.

The Group’s overall approach to corporate governance is to:

- promote heightened accountability at the leadership level (Board and Senior Management);
- adopt the substance behind corporate governance enumerations and not merely in form;
- conduct a thorough debate and rigorous enquiry process before establishing corporate governance systems, policies and procedures;
- identify opportunities to drive the synergistic implementation of corporate governance system, policies and procedures for improved strategic and operational decision making; and
- balance and meet the expectations of various stakeholders.

Measures and efforts have been and shall be taken to ensure the adoption and implementation of the Principles set out in the MCCG with Guidelines of Securities Commission Malaysia (SCM) and the MMLR of BMSB.

The CG overview statement is available on the Group’s website, [www.dp.com.my](http://www.dp.com.my). It should be read together with other statements in the Annual Report, namely SORMIC, Audit Committee Report (“ACR”) and Sustainability Report.

## PRINCIPLE A — BOARD LEADERSHIP AND EFFECTIVENESS

### Clear Functions Reserved for the Board and Those Delegated to Management

The respective roles and responsibilities of the Board and Management are clearly set out and understood by both parties to ensure accountability.

The Board is responsible for the overall oversight and management of the Group. It ensures that all significant matters are addressed as it is accountable under the applicable laws and regulations for the Group’s activities, strategies, financial position and performance.

The Board delegates certain functions to the Board Committees, MD and the Senior Management.

Key matters reserved for the Board’s approval are specified in the Board Charter and the approved Terms of Reference [“TOR”] of the respective Board Committees. These include the Group’s goals and strategies, financial plans and forecast, quarterly financial statements, public announcements and matters concerning the appointment or re-appointment of external auditors.

### Clear Roles and Responsibilities

The Board’s primary responsibilities include giving strategic direction to the Group, identifying key risk areas and setting key performance indicators of the Group’s business, monitoring investment decisions, considering significant financial matters and review the performance of management.

The Board also guided by the Board Charter which sets out the roles and responsibilities as listed below :

- a. Reviews and adopts strategic plan for the Group including monitoring the implementation of the strategic plan by management;
- b. Oversees the conduct of the Group’s business and the performance of management to ensure the business is managed in accordance with the strategies and policies;

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A — BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Clear Roles and Responsibilities (Cont'd)

- c. Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures which effectively monitor and manage these risks;
- d. Establish succession planning and ensuring that all candidates appointed to the Senior Management positions are of sufficient calibre;
- e. Oversees the development and implementation of communications policy with its shareholders and other stakeholders to enable effective communication; and
- f. Reviews the adequacy and the integrity of the management information and internal control system of the Group.

The Board delegates the day-to-day management of the Group to the MD who further cascades the delegation to the management team. Both the MD and management are accountable to the Board for the authority delegated to them and update the Board on the operational progress and financial results on a quarterly basis.

The following procedures are stated clearly in the Board Charter to ensure the conduct of business is properly executed:

- a. The conduct of Board members will be consistent with their duties and responsibilities to the Group and to the shareholders;
- b. The Directors would always act within limitations imposed by the Board on its activities;
- c. Directors' responsibilities and limitations are primarily set out in the Company's Constitution, MMLR of BMSB, the Board and/or shareholders' resolutions and other relevant legislations, where applicable;
- d. The Board shall be disciplined in carrying out its role;
- e. The Board is engaged in an open discussion. The Chairman will seek for a consensus from the Board but may, call for a vote when necessary;
- f. The Board members are entitled to have access to all relevant Group's information and to Senior Management in discharging their duties and responsibilities to enable them to make informed decisions;
- g. The Board members are expected to strictly observe the confidentiality of confidential material given or presented to the Board; and
- h. The Board members may take an independent professional advice, if required, at expense of the Group, subject to prior approval of the Chairman.

Significant matters reserved for the consideration of the Board include the followings:

- Approval of the audited financial statements and quarterly financial results of the Group;
- Approval of annual budget;
- Approval for the appointment and remuneration of Directors and Senior Management;
- Proposed corporate exercise; and
- Borrowings from financial institutions.

As for the succession planning, the Board is responsible in reviewing candidates for the appointment of Director and ensuring that orderly succession of Executive Director and Senior Management positions are being filled. Remuneration, Quality and Nominating Committee ("RQN") was delegated by the Board to review succession plans and remuneration packages for the Directors and Senior Management.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A — BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Code of Conduct and Ethics

The Group is committed to promote and maintain high standards of transparency, accountability and ethics in the conduct of its business and operations.

The Group's Employee Handbook governs the terms and conditions of employment and the standards of ethics and good conduct expected of the employees.

The Board has established the Code of Conduct and Ethics for Directors which describes the standards of business conduct and ethical behaviour for Directors in carrying out of their duties and responsibilities.

In addition, the Whistleblowing Policy and Procedures established by the Board applies to the Directors and employees of the Group and are designed to provide them with proper internal reporting channels and guidance to disclose any wrongdoing or improper conduct within the Group without fear of reprisal, victimisation, harassment or subsequent discrimination.

The Code of Conduct and Ethics for Directors and the Whistleblowing Policy and Procedures are made available for reference on the Company's website at [www.dp.com.my](http://www.dp.com.my).

### Sustainability of Business

The Group recognises the importance of sustainability and its increasing impact to the business and is committed to understand and implement sustainable practices. The Group will set long term and short term targets for its sustainability efforts in order to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders. The Group acknowledges its corporate social responsibility in the community and will continue to support worthy causes.

### Access to Information and Advice

To ensure effective conduct of Board meetings, a structured formal agenda and Board meeting papers relating to the agenda including progress reports on operations, periodic financial management reports, quarterly results of the Group and the Company, financial and corporate proposals, business strategy matters, minutes of the Board Committees and Directors' Circular Resolutions are circulated to all Directors prior to Board meeting. The Directors are thus given sufficient time to peruse the matters that will be tabled at the Board meetings to enable them to request for additional materials and conduct independent evaluation/analysis, where necessary and to participate in the deliberations of the issues to be raised and to make informed decisions.

At the Board meetings, the MD explains in detail the significant issues arising from the queries of the Board members whilst the Chief Financial Officer ("CFO") presents the financials of the Group. Senior Management are invited to attend Board meetings to furnish additional insights and professional views on specific items to be tabled for the Board's consideration.

Minutes of the Board and Board Committee meetings are circulated to Directors for their perusal prior to confirmation of the minutes at the following Board and Board Committee meetings respectively. The Directors may request for further clarification or raise comments or corrections on the minutes prior to confirmation of the minutes at the respective Board and Board Committee meetings. All matters arising from Board and Board Committee meetings are attended by the Management and the Board is updated on the progress and/or outcome of the matters at the next meeting or via email circulation if deemed urgent.

In exercising the Directors' duties, the Board has access to all information within the Group, the advice and services of the company secretaries and independent professional advice where necessary, at the Group's expense.

In addition to the quarterly reports, the Board makes public releases through Bursa announcement and press release.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A — BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Qualified and Competent Company Secretaries

The company secretaries play an advisory role in supporting the Board in carrying out its role and responsibilities. The primary responsibilities of the company secretaries include:

- a. Assist the Board to discharge their responsibilities in the best interests of the Group;
- b. Provide full assistance to the Board and its committees on issues of compliance with rules and procedures and statutory regulations;
- c. Circulate relevant news articles, guidelines and updates on statutory requirements for the Board members' reference and brief the Board on these updates at the Board meetings; and
- d. Ensure that all meetings of the Board and its committees are properly convened and that deliberations, proceedings and decisions thereof are properly minuted.

### Board Charter

The Board Charter provides guidance and clarity for the Board and the Management regarding the role of the Board and the Board Committees, the requirements of Directors in carrying out their roles and in discharging their duties towards the Group.

The Board Charter periodically reviewed and updated in accordance with the needs of the Group and any new regulation that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is available for reference at the Company's website [www.dp.com.my](http://www.dp.com.my).

### Strengthen Composition Remuneration, Quality & Nominating ("RQN") Committee

The RQN Committee was established in 2003 and consists exclusively of Non-Executive Directors, a majority of whom are independent.

The presence of the Independent Non-Executive Directors ensures that independent views and objectivity are brought for the Board's deliberations and decision making processes.

The Independent Non-Executive Directors are not involved in the day-to-day management of the Company and not full-time salaried employees. They contribute independent views to matters under consideration, provide wide perspective on issues.

The present Committee consists of three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director as follows:

Directors	Position
Nor Adha bin Yahya (Chairman)	Independent Non-Executive Director
Datuk Abdul Aziz bin Ishak	Independent Non-Executive Director
Dato' Mohd Rizal bin Mohd Jaafar	Non-Independent Non-Executive Director
Ong Kuan Wah	Independent Non-Executive Director

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A — BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Strengthen Composition Remuneration, Quality & Nominating (“RQN”) Committee (Cont'd)

The objective of the RQN is to assist the Board to implement procedures for the selection of Directors and assessing the effectiveness of the Board, Board Committees and contributions and performance of individual directors. Further, RQN is to establish a framework on remuneration of the Board members and Senior Management in line with the business strategy, responsibilities, expertise and long-term objectives of the Group.

The terms of reference of the RQN is made available for reference at the Company’s website [www.dp.com.my](http://www.dp.com.my).

The principal roles of the RQN are inter-alia as follows:

- a. To review and recommend to the Board for approval, the remuneration structure and policy for Executive Director and Senior Management;
- b. To review the remuneration packages of the Senior Management;
- c. To review and recommend to the Board for approval, the policy and framework for the Performance - Linked Compensation (“PLC”) Scheme (if any);
- d. To review and recommend to the Board, the appointment of new Executive Director/s and to assess the performance of Executive Director/s on an on-going basis;
- e. To review and recommend to the Board, the appointment of new Executive Directors and MD; and
- f. To review the Board’s succession plans and training programmes for Board members.

The RQN and Board concluded that the length of service of all the Independent Directors on the Board do not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Group :

### Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

The appointment of new Directors is under the purview of the RQN Committee which is responsible to perform a thorough assessment of the candidates and to deliberate on the assessment prior to recommending the candidates to the Board for its approval.

The RQN Committee reviewed the required mix of skills and experiences and other qualities, including core competencies which Directors should bring to the Board.

The RQN, after having given consideration to the following, recommended the appointments to the Board for approval:

- their abilities to act objectively and constructively in exercising their duties as Directors;
- demonstration of professional ethical standards and integrity as Directors; and
- critical analytical skills and judgements.

The RQN Committee has carried out an evaluation of the effectiveness of the Board, Board Committees and individual Directors. The RQN reviewed the outcome of the evaluation exercise and areas for continuous improvements.

The Group practices equality on age, gender, ethnicity or religion, throughout the organisation. In addition, the Group believes it is of utmost importance that the Board is composed of the best-qualified individuals who possess the requisite knowledge, experience, independence, foresight and good judgement to ensure that the Board functions effectively and is able to discharge its duties in the best interests of the Group and shareholders.

The Group recognises the recommendation of the Code on Gender Diversity Policy which was adopted by the Board and made available at the Company’s website [www.dp.com.my](http://www.dp.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A — BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Remuneration Policies and Procedures

The RQN Committee, is entrusted with the role of reviewing and recommending a suitable policy and framework in respect of the remuneration packages for Executive Directors and Senior Management personnel of the Company.

The remuneration of the Directors for 12 months financial year ended 31 December 2020 ("FYE2020") and preceding 9 months financial period ended 2019 ("FPE2019") for the Group and Company are as follows :

	Group		Company	
	FYE2020 12 months 31 Dec' RM'000	FPE2019 9 months* 31 Dec' RM'000	FYE2020 12 months 31 Dec' RM'000	FPE2019 9 months* 31 Dec' RM'000
<b>Directors of Group / Company</b>				
<b>(i) Executive Director's Remuneration</b>				
Salaries and allowances	568	426	568	426
Contributions to a defined contribution plan	69	51	69	51
Share-based payment – ESOS Options	151		151	
<b>Total Executive Directors' Remuneration</b>	<b>788</b>	<b>477</b>	<b>788</b>	<b>477</b>
<b>(ii) Non-Executive Directors' Remuneration</b>				
Fees	202	112	157	112
Allowances	37	24	37	24
Share-based payment – ESOS Options	485		485	
<b>Total Non- Executive Directors Remuneration</b>	<b>724</b>	<b>136</b>	<b>679</b>	<b>136</b>
<b>Total Directors' Remuneration ( i &amp; ii)</b>	<b>1,512</b>	<b>613</b>	<b>1,467</b>	<b>613</b>
Benefit-in-kind (BIK)	22	9	22	9
<b>Total Executive and Non-Executive Directors' Remuneration and BIK</b>	<b>1,534</b>	<b>622</b>	<b>1,489</b>	<b>622</b>

The number of Directors of the Group and Company whose total remuneration during the respective FPE2019 and FYE2020 are within the following ranges :

	Group		Company	
	FYE2020 12 months 31 Dec' RM'000	FPE2019 9 months* 31 Dec' RM'000	FYE2020 12 months 31 Dec' RM'000	FPE2019 9 months* 31 Dec' RM'000
<b>Executive Directors :</b>				
RM800,001 to RM900,000	1	-	1	-
RM400,001 to RM500,000		1	-	1
<b>Non-Executive Directors :</b>				
RM100,001 to RM200,000	4	-	4	-
RM1 to RM100,000	-	4	-	4
<b>Total</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>

#### Note :

\* The financial year ended for the Group and company was changed from 31 March to 31 December in 2019. As such, there were 9 months ended on 31 December 2019 for FPE2019.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A — BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Remuneration Policies and Procedures (Cont'd)

The remuneration of Directors on named basis received or to be received from the Group and Company respectively for the FYE2020 are as analysed below:-

	Group RM'000	Company RM'000
<b>Directors of Group / Company</b>		
<b>(i) Executive Director:</b>		
<b>Mohamad Sabir Bin Mohamad Sabri</b>		
-Salaries and allowances	568	568
-Contributions to a defined contribution plan	69	69
-Share-based payment – ESOS Options	151	151
- BIK	22	22
<b>Total Executive Director's Remuneration and BIK</b>	<b>810</b>	<b>810</b>
<b>(ii) Non-Executive Directors:</b>		
<b>Dato' Mohd Rizal Bin Mohd Jaafar</b>		
Fees	44	44
Allowances	10	10
Share-based payment – ESOS Options	121	121
	<b>175</b>	<b>175</b>
<b>Datuk Abdul Aziz Bin Ishak</b>		
Fees	44	29
Allowances	8	8
Share-based payment – ESOS Options	121	121
	<b>173</b>	<b>158</b>
<b>Nor Adha Bin Yahya</b>		
Fees	51	36
Allowances	9	9
Share-based payment – ESOS Options	121	121
	<b>181</b>	<b>166</b>
<b>Ong Kuan Wah</b>		
Fees	64	49
Allowances	10	10
Share-based payment – ESOS Options	121	121
	<b>195</b>	<b>180</b>
<b>Total Non-Executive Directors' Remuneration</b>	<b>724</b>	<b>679</b>
<b>TOTAL EXECUTIVE and NON -EXECUTIVE DIRECTORS' REMUNERATION and BIK (i &amp; ii)</b>	<b>1,534</b>	<b>1,489</b>

The Board is mindful on the disclosure of details in relation to the remuneration of Directors. The Company complies with the disclosure requirements under the MMLR of BMSB. The Board is of the view that the transparency and accountability aspects of CG as applicable to Directors' remuneration are appropriately served by the above disclosure.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A — BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Composition of the Board

The composition of the Board consists of members with a wide range of skills and experiences from the financial and business background to lead and control the Group.

The Board continues to give due consideration to its size, composition and spread of experience and expertise. This is to ensure that issues of strategy, performance and resources are fully discussed and examined to take into account the long-term interests of shareholders and stakeholders of the Group.

The current Board has five (5) members comprising three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and one (1) Non-Independent Executive Director.

The composition of the Board is in compliance with Paragraph 15.02 of the MMLR of BMSB which requires that at least two (2) directors or 1/3 of the Board of Directors, whichever is the higher, to be independent.

The Directors contribute to the Company through their business acumen, wide range of knowledge and skills from their vast experiences. They are made up of qualified and experienced professionals in the fields of accountancy, finance, computer science, economics and management. A brief description of the background of each director is contained in the Directors' Profile section. This composition and combination of different skills ensures an effective Board decision-making process and enables the Board to lead efficiently.

### Board to be Majority Independent Directors

The Board acknowledged the recommendation of the Code where the Chairman of the Board is not an independent director, and the Board constitute a majority of independent directors. The current composition of the Board is in compliance with the requirements set out under the MMLR of BMSB and MCCG.

### Fostering Commitment

The Board requires all members to devote sufficient time and effort to carry out their responsibilities. Each Director is expected to dedicate time and effort to effectively discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

Board meetings and Board Committee meetings are scheduled in advance of the new financial year to facilitate the Directors in planning their meeting schedule for the year.

In order for the Board meetings to be more effective, the meeting agenda at Board meetings are sequenced in such a way taking into consideration of the complexity of the proposal such as approval, discussion or notation by the Board.

Senior Management is also invited to attend board meetings to provide further clarity on agenda items being discussed.

During the FYE2020 under review, the Board have met five (5) times to review the Group's operations, strategy, business plans, review and approve the quarterly financial results, annual financial statements and other matters requiring the Board's approval. All Directors had attended the board meetings held during the financial year and complied with the minimum requirement of 50% attendance at board meetings as stipulated in the MMLR of BMSB.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A — BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Fostering Commitment (Cont'd)

The details of their attendance and number of meeting held during the FYE2020 are as follows:

Directors of the Company	Board Meetings	Attendance	%
Dato' Mohd Rizal bin Mohd Jaafar	5	5	100
Mohamad Sabir bin Mohamad Sabri	5	5	100
Datuk Abdul Aziz bin Ishak	5	4	80
Ong Kuan Wah	5	5	100
Nor Adha bin Yahya	5	5	100

### Professional Development of Directors

All Directors have attended and successfully completed the Mandatory Accreditation Programme accredited by BMSB. In addition, seminars and conferences organised by BMSB, relevant regulatory bodies and professional bodies on areas pertinent to the Directors are communicated to the Board for their participation.

During the FYE2020, the Directors had attended training covering a broad range of areas such as Companies Act 2016, corporate governance and statutory regulations. In addition, the Directors continuously receive briefings and updates on the developments in business environment, new regulations and statutory requirements.

Director	Programme Title and Organizer	Date
Dato' Mohd Rizal bin Mohd Jaafar	• BNM Townhall Session : Exposure Draft on Corporate Strategic Plan	12 February 2020
	• FIDE Core Program for Module A	29 June - 2 July 2020 & 6 - 9 July 2020
	• AML Training for Board of Directors and Shariah Committee	14 September 2020
	• ECL Training	27 November 2020
	• In-House Training for Board Members and Shariah Committee Members 2020	17 December 2020
Ong Kuan Wah	• Applying ISAs in A Pandemic Environment Including Implications of Going Concern	18 June 2020
	• COVID-19 : Consideration Relating to Accounting, Financial Reporting and Internal Controls	23 June 2020
	• National Tax Conference 2020	25 & 26 August 2020
	• Loan Capital And Company Charges	2 October 2020
	• Drafting A Constitution For Your Company & Preparing A Gap Analysis Report	7 October 2020
	• Issue And Allotment of Shares - Practical Issues And Best Practices of Company Secretary	9 October 2020
	• Section 117 Capital Reduction	13 October 2020
	• Incorporation of Companies And What Company Secretaries Must Comply With	20 October 2020
Nor Adha bin Yahya	• Latest update in 2021 on employers' tax statutory obligations	8 December 2020
	• Tax incentive and what Budget 2021 offers	8 December 2020
	• Reinventing budgeting, profit planning and control beyond Covid-19 and MCO	16 & 17 December 2020
	• Interpreting financial statements – incorporating revised accounting standards	22 & 23 December 2020

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A — BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Professional Development of Directors (Cont'd)

All Directors will continue to attend and undergo relevant training programmes to further enhance their skills and knowledge where relevant. The Board of Directors will on a continuous basis, evaluate and determine the training needs of the Directors to discharge their duties.

### Employees' Share Option Scheme ("ESOS") Committee

The Board has delegated the ESOS Committee to review the rules and regulations relating to the ESOS scheme and ensure that the ESOS scheme is implemented in accordance with the ESOS By-Laws with regards to amongst others, eligibility, options offer and allocation, basis of allotment, termination and appeals, if any.

The ESOS Committee reports to the Board of their deliberations and recommendations. Minutes of the ESOS meeting are presented to the Board meetings for further discussion and direction. While the ESOS Committee has the authority to deliberate on matters delegated to them, all decisions and/or recommendations made by the ESOS Committee will be brought to the attention of the Board.

### Assessment of Suitability and Independence of External Auditors

The Group through the Audit Committee has a transparent relationship with the external auditors. The Audit Committee reviews issues of accounting policies and presentation for external financial reporting, monitors the work of the internal audit function and ensures objective and professional relationship is maintained with the external auditors. The Audit Committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the Audit Committee.

As one of its functions stated above, the Audit Committee undertakes an annual assessment of the external auditors to gauge their performance, suitability and independence. Based on the results of this assessment, the Audit Committee shall make a recommendation to the Board for their re-appointment or termination.

In this regard, the Audit Committee had on February 2021 assessed the performance and independence of Messrs. Folks DFK & Co. as external auditor of the Company for services provided by them during the financial year under review and had recommended their re-appointment.

The details of the assessment process on suitability and independence of external auditors are set out separately in Audit Committee Report.

The External Auditors Assessment Policy has been established and adopted by the Board since May 2017. The policy is made available at the Company's website [www.dp.com.my](http://www.dp.com.my) for reference.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Sound Framework to Manage Risks

The Board is responsible for ensuring that risks and also opportunities are identified on a timely basis.

The Company's approach to risk management is based on the identification, assessment, monitoring and management of material risks embedded in its business and management systems.

Directors and Principal Officers of the Group are indemnified under a Directors' and Officers' Liability Insurance against any liability incurred by them in the discharge of their duties. However, the Directors and Officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

The SORMIC made pursuant to Paragraph 15.26(b) of the MMLR of BMSB is separately set out in this Annual Report.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

### Internal Audit Function

The Board has established an Internal Audit function within the Group which is led by the Head of Corporate Assurance Unit ("CAU") who reports directly to the Audit Committee.

The primary responsibility of CAU's function is to provide assurance to the Board through the Audit Committee. The Audit Committee receives feedback from the Head of CAU on the adequacy and effectiveness of internal control every quarter based on the audit assignments undertaken by the CAU.

Details of the key elements of the Group's internal controls system are set out separately in the SORMIC and the Audit Committee Report sections of this Annual Report.

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

The Board is committed to disclose information on financial, organisational, governance or related transactions, to enable our stakeholders to assess the Group's performance. The public can access the latest information regarding the Group on the corporate website including public announcements, financial results, charters and annual reports. As part of the investor relations policy, there are regular engagements between Senior Management, fund managers and the wider investment community, both local and international.

### Encourage Shareholder Participation at General Meetings

The Notice of General Meetings together with a copy of the Company's Annual Report and/or Circular to Shareholders will be despatched to the shareholders within the prescribed notice period prior to the scheduled general meetings. This will provide sufficient time to the shareholders to make the necessary arrangements to attend and participate either in person, by corporate representative or by proxy. The Board encourages shareholders' participation and engagement at the general meeting as it provides an opportunity for the Board to assess the market expectations. This provides an avenue for the shareholders to make enquiries on the resolutions being proposed and to seek clarification on the business and performance of the Group.

### Poll Voting

Resolutions set out in the Notice of any General Meeting or any Notice of Resolution which may properly be moved at any general meeting is voted by poll. The poll voting process at the General Meeting will be conducted in accordance with the provisions of the Constitution of the Company.

### Effective Communication and Proactive Engagement

The Company recognises the importance of providing adequate information to the shareholders on a timely basis. The shareholders are kept well informed of the developments and performance of the Company through timely announcements and disclosures made to BMSB including the release of financial results on a quarterly basis.

The Company is always willing to meet up with institutional investors whenever the need arises, to elaborate or to further clarify the information which has been disclosed to the shareholders. The shareholders can access to the up-to-date information from the Company's website at [www.dp.com.my](http://www.dp.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

### Timely and High Quality Disclosure

#### Appropriate Corporate Disclosure Policies and Procedures

The Group has put in place appropriate controls on the confidentiality of information where the Executive Directors and employees of the Group are required to sign a Confidentiality Agreement before appointment. This is to ensure that confidential information is properly handled to avoid improper use of such information. The Group upholds strict standards on confidentiality with regards to the undisclosed material information and to ensure that the dissemination of information to the shareholders and general public is done in a timely manner. The Board is mindful that information must be announced immediately.

In addition, the board has established the Corporate Disclosure Policies and Procedures which applies to all Directors, management and employees of the Group. It outlines the Group's approach toward the determination and dissemination of material information which to maintain the confidentiality of information. It also provides guidelines to achieve consistent disclosure practices across the Group.

The Corporate Disclosure Policy and Procedures is made available on the Company's website at [www.dp.com.my](http://www.dp.com.my).

#### Leverage on Information Technology for Effective Dissemination of Information

The Company's website incorporates the corporate information of the Group. The website also incorporates an Investor Relations section which provides all relevant information on the Company's shares, financial information, announcements made by the Company to BMSB as well as the latest media news on the Group. The Group has continuously leveraged on information technology for effective dissemination of information to the shareholders and the public.

#### Corporate Governance Priorities

Moving forward, the Group is committed to work towards achieving high standards of CG by ensuring compliance and continuous application of governance policies.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors, Messrs. Folks DFK & Co. and a corporation affiliated to Messrs. Folks DFK & Co. for the financial year ended 31 December 2020 are as follows:

	Group RM'000	Company RM'000
Audit fees paid or payable to:		
- Messrs. Folks DFK & Co.	137	56
Non-audit fees paid or payable to:		
- Messrs Folks DFK & Co	8	8
- Corporation affiliated to Messrs Folks DFK & Co	28	6
	36	14

### 2. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

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

### 3. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The Recurrent Related Party Transactions during the financial year ended 31 December 2020 are summarised as follows:-

	Group		Company	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Widad Education Sdn Bhd*				
-Lease of computer equipment	44	36	-	-
Widad Hospitality Management Sdn Bhd *				
-Lease of computer equipment	39	70	-	-
Widad Builders Sdn Bhd *				
-Rental of premises	696	580	696	580

\* The related party is a subsidiary of Widad Business Group Sdn Bhd, the ultimate holding company of the Company.

## ADDITIONAL COMPLIANCE INFORMATION (Cont'd)

### 4. UTILISATION OF PROCEEDS FROM PRIVATE PLACEMENT

The Company increased its issued and paid-up share capital from RM51,177,883 comprising 463,535,324 ordinary shares to RM72,727,627.34 comprising 602,595,817 ordinary shares during the current financial year through the private placement of 139,060,493 new ordinary shares representing up to 30% of the total number of issued shares of the Company as approved by Bursa Malaysia Securities Berhad ["Bursa Securities"] on 29 June 2020 and approved by way of poll by the shareholders of the Company on 17 July 2020. The Private Placement was completed on 21 December 2020 and raised a total proceeds of RM21,549,744 which were utilized for working capital, repayment of bank borrowings of the Group, funding investments and projects and corporate exercise expenses. The new ordinary shares issued under the respective tranches of the Private Placement rank pari passu in all respects with the existing ordinary shares of the Company.

The Company announced on 21 December 2020 that the Share Placement has been completed on 21 December 2020 following the listing of and quotation for the 139,060,493 Placement Shares on the Main Market of Bursa Securities as follows:

Tranches	Listing Date	Issue Price (RM)	No. of Shares (Units)	Proceeds (RM)
First (partial)	01 September 2020	0.166	30,120,482	5,000,000
First (balance)	07 October 2020	0.170	23,529,411	4,000,000
Second	21 October 2020	0.145	74,396,800	10,787,536
Final	21 December 2020	0.160	11,013,800	1,762,208
			139,060,493	21,549,744

The utilisation of proceeds from the Private Placement is as follows:-

Utilisation of proceeds	Proposed utilisation RM'000	Actual utilisation RM'000
Working capital requirement	10,159	12,981
Repayment of bank borrowings	6,000	5,442
Future investments or projects	4,500	3,000
Estimated expenses for the Private Share Placement	200	127
<b>Total</b>	<b>20,859</b>	<b>21,550</b>

# AUDIT COMMITTEE REPORT

The Audit Committee of Dataprep Holdings Bhd (“the Company”) is pleased to present the Audit Committee Report of financial year ended 31 December 2020 (“FYE2020”), which described the Audit Committee’s functions, roles and responsibilities for the Group and Company:

## 1. COMPOSITION OF AUDIT COMMITTEE

There are four (4) Audit Committee members, all of whom are non-executive directors, with a majority of them being independent directors.

The Members of the Audit Committee are as follows:

Chairman : Ong Kuan Wah (Independent Non-Executive Director)

Members : Dato’ Mohd Rizal Bin Mohd Jaafar (Non-Independent Non- Executive Director)  
Datuk Abdul Aziz Bin Ishak (Independent Non-Executive Director)  
Nor Adha Bin Yahya (Independent Non-Executive Director)

The Chairman of the Audit Committee is a Chartered Accountant. He is a member of Malaysian Institute of Accountants and a member of Chartered Tax Institute of Malaysia which further complies with paragraph 15.09 1(c)(i) of the MMLR of BMSB.

The Secretaries to the Audit Committee are Geng Mun Mooi, Nor Fazieana Binti Daud, Leong Shiak Wan and Zuriati Binti Yaacob.

## 2. ATTENDANCE AT AUDIT COMMITTEE MEETINGS

The Audit Committee met 4 times during the FYE2020. The attendance records of the respective Audit Committee members and dates of the meetings are as of follows:

Name of Member	FYE2020 – Attendance(√)				Held	Attended
	Feb’	Jun’	Aug’	Nov’		
Ong Kuan Wah	√	√	√	√	4	4
Dato’ Mohd Rizal Bin Mohd Jaafar	√	√	√	√	4	4
Datuk Abdul Aziz Bin Ishak	-	√	√	√	4	3
Nor Adha Bin Yahya	√	-	√	√	4	3

The Audit Committee meeting invited the MD, representatives of the external auditors, CFO, Head of CAU and relevant members of the Management to facilitate direct communication and provide clarification on internal audit issues, Group’s operations as well as other matters within the Terms of Reference of the Audit Committee. Minutes of each Audit Committee Meeting were recorded and tabled for confirmation at the next following Audit Committee Meeting and subsequently presented to the Board for notation. The minutes of the Audit Committee Meeting were properly maintained by the company secretaries.

The Audit Committee may access to any form of independent advice from professionals to perform their duties.

The Audit Committee Chairman reports to the Board on a quarterly basis on all significant matters discussed. Amongst others, the report contains the Audit Committee’s recommendations to approve the quarterly management reports and accounts, the quarterly consolidated financial results released to Bursa Malaysia, the annual financial statement of accounts, key disclosure statements in the Annual Report as well as significant audit issues raised by the external auditors and internal auditors. The Audit Committee continuously reviews and updates its Terms of Reference [“TOR”] to reflect the updated internal procedures of the management and current requirements as promulgated by the authorities.

The TOR is available on the Company’s website, [www.dp.com.my](http://www.dp.com.my).

# AUDIT COMMITTEE REPORT (Cont'd)

## 3. ACTIVITIES OF THE AUDIT COMMITTEE

The summary of the activities carried out by the Audit Committee in the discharge of its duties and responsibilities for the FYE2020 is as follows:

### (i) Financial Reporting

- a. Reviewed the audited financial statements of the Group and of the Company for inclusion in the Annual Report as well as the statutory auditors' report thereon prior to the submission to the Board for their consideration and approval, upon being satisfied that, inter alia, they were drawn up in accordance with the applicable MFRSs, International Financial Reporting Standards ("IFRSs") and the provision of the Companies Act 2016 in Malaysia;
- b. Reviewed and discussed the Quarterly Management Report and Accounts of the Company and of the Group as well as the unaudited quarterly financial results including the announcements pertaining thereto before recommending the same to the Board for approval and release to Bursa Malaysia;
- c. To uphold the integrity of information, the Chief Financial Officer had attended all Audit Committee Meetings held throughout the financial year and the management had provided assurance to the Audit Committee that appropriate accounting policies had been adopted and applied consistently and matters such as prudent judgement and estimates had been made in accordance with the requirements as stipulated in the relevant accounting standards;
- d. When reviewing the financial reports, the Audit Committee had obtained reasonable assurances that the financial performance and financial position as reflected in the Statement of Accounts had been prepared in accordance with the applicable MFRS in all aspects; and
- e. Reviewed the assurance provided by the MD and the CFO on the scope and performance of the internal control systems established by the Group. The assurance provided by the Senior Management was corroborated by independent confirmation received from the CAU based on the undertaking of internal audits conducted in accordance with the Internal Audit Planning Memorandum that had been approved by the Audit Committee.

### (ii) External Auditors

- a. In November 2020, the Audit Committee had reviewed and discussed the Audit Planning Memorandum of the external auditors for FYE2020. This covers the audit approach, significant events, key areas of audit emphasis, proposed audit fees and non-audit fees and updates of accounting standards as well as other regulatory updates, as appropriate;
- b. In February 2021, the Audit Committee had reviewed and discussed the Audit Review Memorandum issued by the external auditors upon completion of the annual audit, covering significant audit findings, status of audit, professional independence, communication with Audit Committee, summary of unadjusted differences and expected auditor's opinion. The external auditors had expressed an opinion that the Group's financial statements were prepared in compliance with the MFRS and confirmed that the accounting records, other records and registers are properly kept in accordance with the provision of the Companies Act 2016;
- c. In February 2021, the Audit Committee had assessed and evaluated the performance of the external auditors focusing on the question of professional independence and suitability for its reappointment as external auditors of the Group.

# AUDIT COMMITTEE REPORT (Cont'd)

## 3. ACTIVITIES OF THE AUDIT COMMITTEE (Cont'd)

### (ii) External Auditors (Cont'd)

In this regard, the Board had officially confirmed and endorsed that the external auditors are fully independent and suitable based on the assessment process and evaluation being performed as per the Group's External Auditor Assessment Policy (refer to the Company's website at [www.dp.com.my](http://www.dp.com.my)) as follows:

#### (i) Independence

- a. The Audit Committee had reviewed and discussed on the status of independence of the external auditors for the FYE2020. The external auditors had provided written assurance presented in their Audit Planning Memorandum confirming their continuous compliance with the relevant ethical requirements concerning independence with respect to the audit of the group in accordance with the International Federation of Accountants code of ethics for professional accountants and the Malaysian Institute of Accountants ("MIA") By-Laws (on professional ethics, conduct and practice): and
- b. The Audit Committee had reviewed and discussed the summary of non-audit services rendered to the Group as presented in their Audit Review Memorandum. The non-audit services provided by the external auditors for the FYE2020 were in respect of tax compliance services and review of the SORMIC, which amounted to RM36,000.

The nature of the non-audit services rendered were looked into together with the related terms wherein it was concluded that the fees were reasonable and realistic in line with the complexity and magnitude of the services coupled with the types of assignments undertaken which would not impair the independence and objectivity of the external auditors. To this end, the Audit Committee is guided specifically by the By-Laws (on professional, ethics, conduct and practice) of the MIA and International Ethics Standards Board for Accountant ("IESBA") code of ethics.

#### (ii) Suitability and Performance

- a. In February 2021, the Audit Committee had assessed and evaluated the performance of the external auditors based on the following guidelines:
  - Calibre of the external audit firm of international status;
  - Quality of audit processes and performance based on International Auditing Standards of Practice;
  - Audit team with emphasis on the competency, qualification and experience of engagement partner, concurring partner, audit manager and audit senior which also covered on the matter of familiarity with Dataprep Holdings Bhd's ICT industry and operations;
  - Audit scope and planning in line with best practice;
  - Fairness and reasonableness of audit fee; and
  - Audit communication.

The Audit Committee also had taken the following criteria into consideration in assessing and evaluating on the performance of the external auditors:

- Competencies;
- Conduct of audit;
- Engagement partners involvement;
- Concurring partners involvement; and
- Professional working relationship between the management and the external auditors.

# AUDIT COMMITTEE REPORT (Cont'd)

## 3. ACTIVITIES OF THE AUDIT COMMITTEE (Cont'd)

### (ii) External Auditors (Cont'd)

#### (ii) Suitability and Performance (Cont'd)

- b. The management had confirmed that the external auditors had provided full cooperation and extended relevant advice, suggestions and clarifications related to the accounting treatments and presentations of the financial and operational transactions to the management, maintained active engagement and communication during the audit processes and the audit fee proposed was competitive and reasonable based on the complexities and size of the audit and time spent on the audit undertakings. The outcome of the performance assessment supports the Audit Committee recommendation to the Board for the reappointment of Messrs. Folks DFK & Co. as the external auditors of the Group for the ensuing year;
- c. The Board at its meeting in February 2021 had approved the Audit Committee recommendations to reappoint Messrs. Folks DFK & Co., subject to the shareholders' approval to be sought at the forthcoming Annual General Meeting;
- d. Reviewed and discussed the opinion issued by the external auditors from their review on SORMIC for the FYE2020 which was effected in accordance with SORMIC - Guidelines for Directors of Listed Issuers;
- e. In February 2021, the Audit Committee had a private meeting with the external auditors without the presence of the MD and management. Generally, there were no significant unfavourable matters raised by the external auditors; and
- f. The Audit Committee shall conduct a review of the external auditors periodically as per the Group's External Auditor Assessment Policy to ensure that it continues to remain relevant and appropriate.

#### (iii) Internal Auditors

- a. Reviewed and approved the Internal Audit Planning Memorandum of the CAU's internal auditors for the working period from January to December of 2020 to ensure adequate scope of work, functions, resources, coverage on the activities of the Group, taking into consideration the assessment of key risk areas;
- b. Reviewed and discussed the internal audit reports issued by the CAU which incorporate the findings, recommendations and corrective actions committed by the management to ensure that all key risks are adequately addressed on timely basis and that effective controls are put in place;
- c. There were 11 internal audit reports being issued by the CAU during the FYE2020 which aligned to the approved Internal Audit Planning Memorandum. All internal audit reports were discussed and matters were resolved with recommendations of corrective measures made to the management;
- d. Reviewed the progress of action plans committed by the management for key findings highlighted in previous internal audit reports until the recommendations thereto had been fully rectified and that the preventive and corrective measures were put in place; and



# AUDIT COMMITTEE REPORT (Cont'd)

## 3. ACTIVITIES OF THE AUDIT COMMITTEE (Cont'd)

### (ii) External Auditors (Cont'd)

#### (iii) Internal Auditors (Cont'd)

- e. Reviewed the progress and activities of CAU on a quarterly basis which covered the following aspects:
- The status of completion of the planned internal audit assignments as per the approved Internal Audit Planning Memorandum for the FYE2020;
  - Any request for modification to the approved Internal Audit Planning Memorandum to cater for ad-hoc internal audit assignments requested by the MD and Senior Management or significant changes in the business and corporate development as applicable;
  - Adequacy of resources and competencies in regard to the internal audit management; and
  - Significant matters, issues and challenges faced in the conduct of internal audit work.

#### (iv) Corporate Governance and Compliance

- a. Reviewed the published Annual Report of the company which encompasses relevant disclosure statements is set out in part (a) of Appendix 9(c) of the MMLR;
- b. Reviewed the Recurrent Related Party Transactions of the Group in accordance with the established guidelines and procedures to ensure that the review procedures are implemented as intended;
- c. Reviewed on a quarterly basis to determine the presence of any Recurrent Related Party Transactions to ensure full compliance with the relevant MMLR of BMSB and the related internal procedures; and
- d. Discussed and noted the updates on regulatory, statutory and professional body and relevant business news articles published by the mass media.

#### (v) Risk Management

- a. Reviewed and guided the risk management; and
- b. Risk Facilitators are to deal with risk owners for purposes of gathering significant risks confronting the Group's activities. Such information is submitted to the Senior Management and Board of Directors periodically by highlighting critical risks faced by the Group together with related responses in conformity with MCCG's requirements.

# AUDIT COMMITTEE REPORT (Cont'd)

## 4. CORPORATE ASSURANCE UNIT

The Head of CAU reports directly to the Audit Committee in accordance with the requirements of the paragraph 15.27 of the MMLR.

The main objective of the corporate assurance function is to assist the Board and management in discharging their responsibilities by providing an independent and reasonable assurance on the adequacy and effectiveness of system of internal control, risk management and corporate governance processes of the Group.

The purpose, authority and responsibility as well as the scope of the corporate assurance functions are articulated in the approved Internal Audit Charter. The key responsibilities of the CAU are as follows:

- (i) Developing an annual risk based audit plan to be submitted to the Audit Committee for approval;
- (ii) Executing the approved internal audit plan using a risk based methodology, as well as any special task or project initiated by the Board, Audit Committee and Senior Management;
- (iii) Issuing periodic internal audit reports with detailed findings, recommendations and corrective actions committed by the management and thereafter tabled to the Audit Committee for review and approval;
- (iv) Reporting on a timely basis to the Audit Committee any suspected fraud with appropriate details; and
- (v) Conducting investigation work as instructed and presenting the result thereof to the Audit Committee.

The corporate assurance activities for the FYE2020 were carried out in accordance with the Internal Audit Planning Memorandum which had been approved by the Audit Committee. The planned audit assignments were identified taking into consideration of all existing and potential risk factors of the Group compiled from the following sources:

- (i) Observation and risks identified from previous internal audit assignments;
- (ii) Observation and risks highlighted by the Audit Committee;
- (iii) Discussion with MD, key management personnel and Heads of Department;
- (iv) Review the Minutes of Meetings, relevant reports and matters deliberated in key meetings held throughout the working period by the Senior Management; and
- (v) Review on the recent strategic business activities.

CAU has performed a high level assessment on the risk factors based on Risk Matrix to identify the auditable areas for the audit. The identified key areas for the FYE2020 which constituted the subject matters of the internal audit work conducted by the CAU were as follows:

- (i) Technology, IT Operations and Support Services
  - Technical support, bench repair, logistics and warehousing;
- (ii) Service Delivery and Project Management Office
  - Financial and non-financial service industries; and
- (iii) Finance and Accounts
  - Trade billings and payments.

In addition, an audit of the Recurrent Related Party Transactions ("RRPT") had been conducted in each of the quarter period.

The total cost incurred by the CAU in discharging its functions and responsibilities for FYE2020 was RM165,000.



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# DIRECTORS' REPORT

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

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to subsidiaries. The principal activities and other details of the subsidiaries are set out in Note 15(a) to the financial statements. There were no significant changes in the nature of the principal activities during the financial year.

## RESULTS

	Group RM'000	Company RM'000
Loss net of tax	(9,776)	(3,539)
Attributable to:		
Owners of the Company	(9,727)	(3,539)
Non-controlling interests	(49)	-
	(9,776)	(3,539)

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDEND

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

## SHARE CAPITAL

The Company's issued and paid-up share capital was increased from RM51,177,883 comprising 463,535,324 ordinary shares to RM72,727,627 comprising 602,595,817 ordinary shares during the financial year through the private placement of 139,060,493 new ordinary shares ("Placement Shares") representing 30% of the total number of issued shares of the Company to Widad Business Group Sdn Bhd and third party investors ("Share Placement") as approved by the shareholders of the Company at the Extraordinary General Meeting held on 17 July 2020. Bursa Malaysia Securities Berhad ("Bursa Securities") has on 29 June 2020 approved the listing and quotation of the Placement Shares on the Main Market of Bursa Securities. The Share Placement carried out in tranches was completed on 21 December 2020 and raised a total proceeds of RM21,549,744 for purposes of working capital, repayment of bank borrowings, funding of future investments or projects of the Group and to defray corporate exercise expenses incurred for the Share Placement and establishment of Long Term Incentive Plan.

# DIRECTORS' REPORT (Cont'd)

## SHARE CAPITAL (Cont'd)

The Placement Shares were issued for cash consideration in tranches as follows: -

Tranches	Date listed and quoted on Bursa Securities	Number of Placement Shares	Issue Price Per Share RM	Share Capital RM
First (partial)	1 September 2020	30,120,482	0.166	5,000,000
First (balance)	7 October 2020	23,529,411	0.17	4,000,000
Second	21 October 2020	74,396,800	0.145	10,787,536
Final	21 December 2020	11,013,800	0.16	1,762,208
		139,060,493		21,549,744

The First tranche of the Share Placement totalling 53,649,893 new ordinary shares for a total cash consideration of RM9,000,000 were placed to Widad Business Group Sdn Bhd, the ultimate holding company of the Company.

The new ordinary shares issued under the respective tranches of the Share Placement rank pari passu in all respects with the existing issued ordinary shares of the Company.

## DATAPREP HOLDINGS BHD'S LONG TERM INCENTIVE PLAN

Pursuant to approval by the shareholders of the Company at the Extraordinary General Meeting held on 17 July 2020, the Company established its Long Term Incentive Plan ("LTIP") of up to 15% of the total number of issued ordinary shares of the Company (excluding treasury shares, if any) for the eligible directors, senior management and employees of the Company and its subsidiaries (excluding subsidiaries which are dormant). The LTIP comprises the Employee Share Option Scheme ("ESOS") and the Share Grant Scheme ("SGS") with the SGS further comprising the Retention Share Plan ("RSP") and the Performance Share Plan ("PSP"). The LTIP is administered by a LTIP Committee appointed by the Directors, in accordance with the By-Laws of the LTIP ("By-Laws") as approved by the shareholders. The LTIP is effective from 21 July 2020 for a duration of 10 years and shall expire on 20 July 2030 unless terminated earlier by the Company.

The ESOS is to enable the Company to award and grant options over unissued ordinary shares ("ESOS Options") to eligible directors and employees ("Eligible Persons") under the LTIP for them to subscribe new ordinary shares in the Company over the duration of the LTIP at the exercise price fixed for the ESOS Options at the time of award.

The SGS is intended for the Company to award such number of ordinary shares of the Company at no cash consideration to Eligible Persons whereby such person shall also hold a position of senior management or any such rank as may be designated by the LTIP Committee. The award of the shares under the RSP is intended to recognise, incentivise and retain the Eligible Persons whereas the PSP is intended to incentivise and motivate the Eligible Persons to contribute to the growth of their respective business segments based on specified performance targets as determined by the LTIP Committee.

The Company may not award any shares and options under the LTIP to any director, major shareholder and chief executive of the Company or the holding company of the Company and persons connected with them without obtaining prior approval of shareholders of the Company. In this respect, the shareholders of the Company have also approved the award of the ESOS Options and/or shares under the SGS to the existing Directors of the Company from time to time over the tenure of the LTIP at the Extraordinary General Meeting held on 17 July 2020.

# DIRECTORS' REPORT (Cont'd)

## DATAPREP HOLDINGS BHD'S LONG TERM INCENTIVE PLAN (Cont'd)

No award of shares has been made under the SGS as at the date of this report. The Company has implemented only the ESOS during the current financial year through the offer of 36,675,000 ESOS Options with an exercise price of RM0.17 per share to Eligible Persons on 28 September 2020 as announced by the Company on that date. Upon the closing date of offer and for acceptance, the Company granted 27,030,000 ESOS Options to the Eligible Persons on 28 October 2020. These ESOS Options have no further vesting conditions and vested immediately with the Eligible Persons on the grant date.

The movements of the ESOS Options under LTIP during the financial year are as follows :-

Grant Date	Exercise Price	At 1.1.2020	Number of ESOS Options		At 31.12.2020
			Granted	Exercised	
28.10.2020	RM0.17	-	27,030,000	-	27,030,000

The salient features and terms of the ESOS under LTIP are as follows:

- (a) The number of ESOS Options awarded shall be the equivalent of not less than one hundred (100) ordinary shares or not more than the maximum number of ordinary shares allowable for such Eligible Person under the LTIP and shall be in multiples of one hundred (100) ordinary shares. Each ESOS option is exercisable into one (1) new ordinary share, issued and fully paid-up. An ESOS award, regardless of the number of ESOS Options, shall be accepted by an Eligible Person with payment of RM1.00.
- (b) Not more than 10% of the total number of ordinary shares, including under options by way of ESOS, available under the LTIP shall be allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the total number of issued ordinary shares (excluding treasury shares) of the Company. In addition, the number of ordinary shares allocated, in aggregate, to the eligible directors and senior management of the Group shall not exceed 80% of the total ordinary shares available under the LTIP.
- (c) The maximum number of ESOS Options to be offered under ESOS shall not in aggregate exceed 15% of the total number of issued ordinary shares (excluding treasury shares) of the Company at any point in time during the duration of the LTIP.
- (d) The Eligible Persons shall be at least 18 years old and not an undischarged bankrupt nor subject to any bankruptcy proceedings, and (1) employed on a full time basis under an employment contract; (2) on the payroll of any company within the Group and has not served a notice to resign nor received a notice of termination; (3) employment as an employee has been confirmed; and (4) such employee falls within any other eligibility criteria as may be determined by the LTIP Committee at its discretion from time to time.
- (e) ESOS Options granted shall vest with the Eligible Persons on the vesting date when any stipulated vesting conditions for the award of the ESOS Options have been satisfied. The ESOS Options are exercisable at their exercise price at any time from the vesting date during the duration of the LTIP ("Option Period") either in whole or part of multiple of 100 ordinary shares by issuing a notice of exercise with the necessary payments to the Company in the form and manner as prescribed by the LTIP Committee from time to time. Any ESOS Option which remains unexercised at the expiry of the Option Period shall be automatically terminated and lapsed without any claim against the Company.
- (f) The ESOS Option exercise price shall be the weighted average market price of the Company for the five (5) market days immediately preceding the date of award of the ESOS Options, less a discount of not more than 10% from the weighted average market price or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time.

# DIRECTORS' REPORT (Cont'd)

## DATAPREP HOLDINGS BHD'S LONG TERM INCENTIVE PLAN (Cont'd)

The salient features and terms of the ESOS under LTIP are as follows (Cont'd):

- (g) The new ordinary shares to be allotted and issued upon the exercise of ESOS Options will rank pari passu in all respects with the existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders of the Company, the entitlement date of which precedes the date of allotment of the new shares.
- (h) The new shares to be allotted and issued to a grantee pursuant to the exercise of ESOS Options will not be subject to any retention period or restriction on transfer. Notwithstanding, a grantee who is a non-executive director must not sell, transfer or assign his shares obtained through the exercise of his ESOS Options offered to them pursuant to the LTIP within one (1) year from the date of offer of the ESOS Options in accordance with the listing requirements of Bursa Securities.

## DIRECTORS

The names of the Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Mohd Rizal Bin Mohd Jaafar \*  
 Mohamad Sabir Bin Mohamad Sabri \*  
 Datuk Abdul Aziz Bin Ishak \*  
 Nor Adha Bin Yahya \*  
 Ong Kuan Wah \*

\* These Directors also served as directors of subsidiaries

In accordance with Clause 131 of the Company's Constitution, Datuk Abdul Aziz Bin Ishak and Nor Adha Bin Yahya retire by rotation from the Board at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

Other than the abovenamed Directors, the names of other Directors of subsidiaries who served during the financial year and during the period from the end of the financial year to the date of this report are as follows:-

Tan Sri Muhammad Ikmal Opat Bin Abdullah  
 Hasrul Bin Hasan  
 Zulfadhli Lubis MA  
 Mohamad Rahmat Bin Wahab  
 Hero Ekonomosa Arya

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than any benefits that may accrue to the Directors arising from the ESOS Options granted to them under the Company's LTIP.

Since the end of the previous financial period, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 10 to the financial statements.

The amount of liability indemnity insurance effected by the Company for the Company's Directors and officers acting in supervisory capacities is up to a limit of RM6,000,000 for the financial year.

# DIRECTORS' REPORT (Cont'd)

## DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, particulars of interests of Directors of the Company who held office at the end of the financial year in shares and options over shares in the Company for the financial year were as follows:

	At 1.1.2020	Number of Ordinary Shares		At 31.12.2020
		Acquired	Disposed	
Dato' Mohd Rizal Bin Mohd Jaafar - Direct interest	94,200	30,000	-	124,200
Mohamad Sabir Bin Mohamad Sabri - Direct interest	15,200	-	-	15,200
Nor Adha Bin Yahya - Direct interest	204,000	-	-	204,000
- Indirect interest *	100,000	-	-	100,000

\* Indirect interest by virtue of interest held by spouse

	At 1.1.2020	Number of ESOS Options		At 31.12.2020
		Granted	Exercised	
Dato' Mohd Rizal Bin Mohd Jaafar	-	2,000,000	-	2,000,000
Mohamad Sabir Bin Mohamad Sabri	-	2,500,000	-	2,500,000
Datuk Abdul Aziz Bin Ishak	-	2,000,000	-	2,000,000
Nor Adha Bin Yahya	-	2,000,000	-	2,000,000
Ong Kuan Wah	-	2,000,000	-	2,000,000

Except as disclosed above, the Directors of the Company in office at the end of the financial year do not have any interest in shares and options over shares in the Company and its related corporations for the financial year.

## OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and 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 which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.



# DIRECTORS' REPORT (Cont'd)

## OTHER STATUTORY INFORMATION (Cont'd)

- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount 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 substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances 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) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## HOLDING COMPANIES

The Company's immediate holding company is Wardah Communication Sdn Bhd. The Directors regard Widad Business Group Sdn Bhd as the ultimate holding company of the Company. Both companies are incorporated in Malaysia.

## AUDITORS

- (a) Details of auditors' remuneration in respect of the Group and of the Company are disclosed in Note 8 to the financial statements. No indemnity was given to nor was there any insurance effected for the auditors during the financial year.
- (b) The auditors, Messrs Folks DFK & Co., have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Board of Directors,

**Dato' Mohd Rizal Bin Mohd Jaafar**  
Chairman

**Mohamad Sabir Bin Mohamad Sabri**  
Director

Date : 26 March 2021

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	1.4.2019 to 31.12.2019 RM'000	2020 RM'000	1.4.2019 to 31.12.2019 RM'000
Revenue	4	36,217	28,925	8,132	5,266
Cost of sales		(26,577)	(22,877)	-	-
Gross profit		9,640	6,048	8,132	5,266
Other income	5	166	184	40	45
Selling and distribution costs		(727)	(437)	-	-
Administrative expenses		(11,513)	(6,933)	(4,909)	(3,231)
Other expenses	6	(6,971)	(4,336)	(6,759)	(3,630)
Operating loss		(9,405)	(5,474)	(3,496)	(1,550)
Finance costs	7	(362)	(390)	(34)	(35)
Loss before taxation	8	(9,767)	(5,864)	(3,530)	(1,585)
Taxation	11	(9)	(9)	(9)	(9)
Loss for the financial year/period		(9,776)	(5,873)	(3,539)	(1,594)
<b>Other comprehensive loss</b> <i>Item that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation loss		(57)	(1)	-	-
Other comprehensive loss for the year/period, net of tax		(57)	(1)	-	-
Total comprehensive loss for the year/period		(9,833)	(5,874)	(3,539)	(1,594)
Loss for the financial year/period attributable to:					
Owners of the Company		(9,727)	(5,846)	(3,539)	(1,594)
Non-controlling interests		(49)	(27)	-	-
		(9,776)	(5,873)	(3,539)	(1,594)
Total comprehensive loss for the year/period attributable to:					
Owners of the Company		(9,784)	(5,847)	(3,539)	(1,594)
Non-controlling interests		(49)	(27)	-	-
		(9,833)	(5,874)	(3,539)	(1,594)
Loss per share attributable to owners of the Company (sen):					
Basic	12(a)	(1.97)	(1.35)		
Diluted	12(b)	(1.97)	N/A		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Plant and equipment	13	2,352	3,056	1,174	1,528
Intangible assets	14	2,540	2,503	34	8
Investment in subsidiaries	15	-	-	23,074	22,380
Right-of-use assets	16	1,251	1,470	869	434
Amounts due from subsidiaries	21	-	-	28,669	11,537
		6,143	7,029	53,820	35,887
<b>Current assets</b>					
Inventories	17	202	225	-	-
Trade receivables	18	13,148	11,034	-	-
Other receivables	19	1,985	2,315	185	346
Contract assets	20	1,999	31	-	-
Amounts due from subsidiaries	21	-	-	8,132	6,644
Amounts due from related companies	22	83	-	-	-
Tax recoverable		312	194	25	2
Cash and bank balances	23	18,404	9,586	2,295	2,059
		36,133	23,385	10,637	9,051
<b>TOTAL ASSETS</b>		<b>42,276</b>	<b>30,414</b>	<b>64,457</b>	<b>44,938</b>

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020 (Cont'd)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to Owners of the Company</b>					
Share capital	24	72,727	51,177	72,727	51,177
Merger deficit		(13,509)	(13,509)	-	-
Foreign exchange reserve		59	116	-	-
Share options reserve	25	1,637	-	1,637	-
Accumulated losses		(30,878)	(21,138)	(11,516)	(7,977)
		30,036	16,646	62,848	43,200
<b>Non-controlling interests</b>		286	472	-	-
<b>Total equity</b>		30,322	17,118	62,848	43,200
<b>Non-current liabilities</b>					
Long term borrowings	26	45	69	45	69
Lease liabilities	27	338	404	338	-
		383	473	383	69
<b>Current liabilities</b>					
Trade payables	29	1,097	1,405	-	-
Other payables	30	3,359	1,984	407	453
Contract liabilities	20	1,383	2,316	-	-
Amount due to ultimate holding company	22	-	105	-	105
Amount due to immediate holding company	22	-	23	-	23
Amount due to a related company	22	215	602	215	602
Short term borrowings	26	4,540	5,272	32	31
Lease liabilities	27	957	1,105	552	444
Provision for taxation		20	11	20	11
		11,571	12,823	1,226	1,669
<b>Total liabilities</b>		11,954	13,296	1,609	1,738
<b>TOTAL EQUITY AND LIABILITIES</b>		42,276	30,414	64,457	44,938

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

Group	Note	Attributable to the Owners of the Company							Total equity RM'000
		Share capital RM'000	Merger deficit RM'000	Foreign exchange reserve RM'000	Share options reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	
At 1 January 2020		51,177	(13,509)	116	-	(21,138)	16,646	472	17,118
Loss for the financial year		-	-	-	-	(9,727)	(9,727)	(49)	(9,776)
Other comprehensive loss		-	-	(57)	-	-	(57)	-	(57)
- Foreign currency translation loss of foreign operations									
Total comprehensive loss for the year		-	-	(57)	-	(9,727)	(9,784)	(49)	(9,833)
Transactions with owners :									
Issuance of new shares through Share Placement	24(a)	21,550	-	-	-	-	21,550	-	21,550
Fair value of ESOS Options	25	-	-	-	1,637	-	1,637	-	1,637
Acquisition of equity interest from non-controlling interest in a subsidiary	15(b)	-	-	-	-	(13)	(13)	(137)	(150)
Total transactions with owners		21,550	-	-	1,637	(13)	23,174	(137)	23,037
At 31 December 2020		72,727	(13,509)	59	1,637	(30,878)	30,036	286	30,322

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020 (Cont'd)

Group	Note	Attributable to the Owners of the Company ----->					Total equity RM'000	
		Share capital RM'000	Merger deficit RM'000	Foreign exchange reserve RM'000	Accumulated losses RM'000	Total RM'000		Non-controlling interests RM'000
At 1 April 2019		43,863	(13,509)	117	(15,292)	15,179	141	15,320
Loss for the financial period		-	-	-	(5,846)	(5,846)	(27)	(5,873)
Other comprehensive loss		-	-	(1)	-	(1)	-	(1)
- Foreign currency translation loss of foreign operations		-	-	(1)	-	(1)	-	(1)
Total comprehensive loss for the period		-	-	(1)	(5,846)	(5,847)	(27)	(5,874)
Transactions with owners :								
Issuance of new shares through Private Placement	24(c)	7,314	-	-	-	7,314	-	7,314
Issuance of shares to non-controlling interest upon incorporation of a new subsidiary		-	-	-	-	-	358	358
Total transactions with owners		7,314	-	-	-	7,314	358	7,672
At 31 December 2019		51,177	(13,509)	116	(21,138)	16,646	472	17,118

# COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

<----- Attributable to the Owners of the Company ----->					
		Share capital RM'000	Non- Distributable Share options reserve RM'000	Accumulated losses RM'000	Total equity RM'000
	Note				
<b>Company</b>					
At 1 January 2020		51,177	-	(7,977)	43,200
Loss for the financial year representing total comprehensive loss for the year		-	-	(3,539)	(3,539)
Transactions with owners:					
Issuance of new shares through Share Placement	24(a)	21,550	-	-	21,550
Fair value of ESOS Options	25	-	1,637	-	1,637
Total transactions with owners		21,550	1,637	-	23,187
At 31 December 2020		72,727	1,637	(11,516)	62,848
At 1 April 2019		43,863	-	(6,383)	37,480
Loss for the financial period representing total comprehensive loss for the period		-	-	(1,594)	(1,594)
Transaction with owners:					
Issuance of new shares through Private Placement	24(c)	7,314	-	-	7,314
At 31 December 2019		51,177	-	(7,977)	43,200

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM'000	1.4.2019 to 31.12.2019 RM'000	2020 RM'000	1.4.2019 to 31.12.2019 RM'000
<b>Cash Flows from Operating Activities</b>				
Loss before taxation	(9,767)	(5,864)	(3,530)	(1,585)
Adjustments for:				
Depreciation of plant and equipment	781	614	368	277
Amortisation of intangible assets	392	161	6	5
Depreciation of right-of-use assets	1,330	1,049	676	558
Net write-back of for impairment losses on receivables	(13)	(22)	-	-
Allowance for impairment loss on investment in a subsidiary	-	-	150	340
Allowance for impairment losses on amounts due from subsidiaries	-	-	3,089	1,685
Allowance for obsolete inventories	34	44	-	-
Write-back of allowance for obsolete inventories	(11)	-	-	-
Bad debts written off	-	9	-	-
Share-based payment - ESOS Options	1,637	-	943	-
Interest expense	341	380	34	35
Interest income	(127)	(163)	(37)	(45)
Operating (loss)/profit before working capital changes	(5,403)	(3,792)	1,699	1,270
Increase in inventories	-	29	-	-
(Increase)/Decrease in receivables	(1,771)	2,089	161	10
(Increase)/Decrease in contract assets	(1,968)	424	-	-
Increase/(Decrease) in payables	1,067	(2,602)	(46)	46
Decrease in contract liabilities	(933)	(1,969)	-	-
(Increase)/Decrease in amounts due from related companies	(83)	158	-	-
(Decrease)/Increase in amount due to ultimate holding company	(105)	105	(105)	105
(Decrease)/Increase in amount due to immediate holding company	(23)	23	(23)	23
(Decrease)/Increase in amount due to a related company	(387)	344	(387)	344
Increase in amounts due from subsidiaries	-	-	(21,709)	(5,354)
Cash used in operations	(9,606)	(5,191)	(20,410)	(3,556)



# STATEMENTS OF CASH FLOWS

FOR THE 9 MONTHS ENDED 31 DECEMBER 2020 (Cont'd)

	Group		Company	
	2020 RM'000	1.4.2019 to 31.12.2019 RM'000	2020 RM'000	1.4.2019 to 31.12.2019 RM'000
<b>Cash Flows from Operating Activities (Cont'd)</b>				
Tax paid	(130)	(102)	(23)	(13)
Tax refunded	12	100	-	-
Interest received	127	163	37	45
Interest paid	(341)	(380)	(34)	(35)
Net cash used in operating activities	(9,938)	(5,410)	(20,430)	(3,559)
<b>Cash Flows from Investing Activities</b>				
Purchase of plant and equipment (Note 13)	(77)	(66)	(14)	-
Additions to intangible assets (Note 14)	(429)	(996)	(32)	-
Proceeds from issuance of new shares in the Company	21,550	7,314	21,550	7,314
Proceeds from issuance of shares to non-controlling interest in a new subsidiary	-	358	-	-
Acquisition of shares from non-controlling interest in a subsidiary	(150)	-	(150)	-
Acquisition of additional shares in a subsidiary	-	-	-	(3,000)
Net cash from investing activities	20,894	6,610	21,354	4,314
<b>Cash Flows from Financing Activities</b>				
Withdrawal/(Placement) of fixed deposits pledged	124	1,289	(29)	(60)
Drawdown/(Repayment) of borrowings	312	(2,409)	-	-
Payment of lease liabilities	(1,325)	(1,010)	(665)	(548)
Payment of hire purchase liabilities	(23)	(21)	(23)	(21)
Net cash used in financing activities	(912)	(2,151)	(717)	(629)
<b>Net increase/(decrease) in cash and cash equivalents</b>	10,044	(951)	207	126
Effect of exchange rate fluctuations	(57)	-	-	-
Cash and cash equivalents at beginning of year/period	1,254	2,205	152	26
<b>Cash and cash equivalents at end of year/period [Note 32(b)]</b>	11,241	1,254	359	152

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

Dataprep Holdings Bhd ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the registered office of the Company is as follows:

Level 8, Widad Semantan (WISE)  
No. 3 Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan

The Company's immediate holding company is Wardah Communication Sdn Bhd. The Directors regard Widad Business Group Sdn Bhd as the ultimate holding company of the Company. Both companies are incorporated in Malaysia.

The principal activities of the Company are investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are set out in Note 15(a).

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

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 March 2021.

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 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 applied by the Group are consistent with those applied in the previous financial period other than the application of the amendments to MFRSs adopted as disclosed in Note 2.2 below, where applicable.

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) unless otherwise presented.

### 2.2 Adoption of Amendments to MFRSs

During the financial year, the Group has adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are effective for accounting period of the Group beginning on or after 1 January 2020 :-

Amendments to MFRS 3 - Definition of a Business  
Amendments to MFRS 101 and Amendments to MFRS 108 - Definition of Material  
Amendments to MFRS 9, MFRS 139 and MFRS 7 - Interest Rate Benchmark Reform

The adoption of the abovementioned amendments to MFRSs have no significant effect on the financial statements of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.3 Amendments to MFRSs That Are In Issue But Not Yet Effective

The Group has not early adopted the following amendments to MFRSs that have been issued by the MASB but are not yet effective :-

***Effective for annual periods beginning on or after 1 June 2020***

Amendments to MFRS 16 - Covid-19-Related Rent Concessions

***Effective for annual periods beginning on or after 1 January 2021***

Amendments to MFRS 9, MFRS 139 and MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform (Phase 2)

***Effective for annual periods beginning on or after 1 January 2022***

Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141 contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020"

Amendments to MFRS 3 - Reference to the Conceptual Framework

Amendments to MFRS 116 - Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137 - Onerous Contracts - Cost of Fulfilling a Contract

***Effective for annual periods beginning on or after 1 January 2023***

Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current

Amendments to MFRS 101 - Disclosure of Accounting Policies

Amendments to MFRS 108 - Definition of Accounting Estimates

***Effective for annual periods beginning on or after a date to be determined by MASB***

Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group will adopt the above amendments to MFRSs that are applicable when they become effective. The initial application of the amendments is not expected to have any significant impact on the financial statements of the Group and of the Company.

### 2.4 Basis of Consolidation and Business Combinations

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the financial year end. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transaction and events in similar circumstances.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting except for subsidiaries arising from common control transfers. The consideration transferred for the acquisition of a subsidiary is measured at fair value and is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, equity interests issued and contingent consideration given. Acquisition-related costs are recognised as an expense in the periods in which the costs are incurred.

In a business combination achieved in stages, any previously held equity interest is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, except for non-current assets or disposal group that are classified as held for sale which shall be recognised at fair value less costs to sell.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.4 Basis of Consolidation and Business Combinations (Cont'd)

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of any previously held equity interest over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. The excess of the Group's interest in the net amounts of the identifiable assets, liabilities and contingent liabilities over the aggregate of the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of any previously held equity interest is recognised immediately in profit or loss.

Subsidiaries arising from common control combinations are consolidated using the principles of merger accounting. The common control combinations are business combinations in which all the combining entities have common ultimate controlling parties prior to and immediately after such combinations. Under the principles of merger accounting, the assets and liabilities of the combining entities are consolidated using the existing book values from the controlling parties' perspective and the results of each of the combining entity are presented as if the combination had been effected throughout the current and previous comparative periods presented. On consolidation, the cost of investment is matched against the nominal value of ordinary shares acquired and any resulting credit difference (merger reserve) is classified under equity as a non distributable reserve and any resulting debit difference (merger deficit) is adjusted against suitable consolidated reserves or presented as a debit against equity.

Non-controlling interest represents that portion of profit or loss and net assets of a subsidiary not attributable, directly or indirectly, to the Group. For each business combination, non-controlling interest is measured either at its fair value at the acquisition date or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets. Non-controlling interest in the net assets of consolidated subsidiaries comprised the amount of non-controlling interest at the date of original combination and its share of changes in equity since the date of combination.

In preparing consolidated financial statements, intra-group balances and transactions and the resulting unrealised profits are eliminated on consolidation. Unrealised losses are eliminated on consolidation and the relevant assets are assessed for impairment. The consolidated financial statements reflect external transactions and balances only. When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity with the Group's accounting policies. The total comprehensive income of a subsidiary is attributed to the Group and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received by the Group is recognised directly in equity and attributed to owners of the Company. If the Group loses control of a subsidiary, the assets (including any goodwill) and liabilities of the subsidiary and non-controlling interests will be derecognised at their carrying amounts at the date when control is lost. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference between the amounts derecognised and the aggregate of the fair value of consideration received and investment retained is recognised as gain or loss in profit or loss attributable to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.5 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group:

- has power over the entity;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to affect those returns through its power over the entity.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

### 2.6 Intangible Assets

#### (a) Goodwill

Goodwill acquired in a business combination is determined as described in Note 2.4 and is initially measured at cost. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

#### (b) Computer Software

Computer software includes software purchased from third parties and costs of internally developed software.

Costs associated with developing software mainly comprise direct costs which include staff costs of the software development team and an appropriate portion of relevant overheads incurred in the development of computer software packages for resale. Computer software development cost is amortised when the asset is available for use over the period the asset is expected to generate economic benefits. Costs incurred in the development of software which are not or have ceased to be commercially viable are written off.

Computer software acquired separately is measured on initial recognition at cost. Following initial recognition, the computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. The computer software is amortised on a straight-line basis over its estimated economic useful life and assessed for impairment whenever there is an indication that the carrying amount of the computer software may be impaired. The annual amortisation rate is 20%.

The estimated useful life and amortisation method are reviewed at the end of each reporting period with the effect of any changes in estimates being accounted for on a prospective basis.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.6 Intangible Assets (Cont'd)

#### (c) Research and Development Expenditure

Research expenditure on internal projects is recognised as an expense when it is incurred.

Development expenditure on internal projects that can be measured reliably is recognised as an intangible asset where it can be demonstrated that it is technically feasible and there is intention, and technical, financial and other resources are available, to complete and to use or sell the intangible asset or its output and probable future economic benefits will be generated from the sale or use thereof. Development expenditure that does not meet any of the criteria for recognition as an asset is recognised as an expense when it is incurred.

Development expenditure recognised as an asset is carried at cost less accumulated amortisation and any accumulated impairment losses.

Development expenditure is amortised, when the asset is available for use, using the straight-line method over the period the asset is expected to generate economic benefits.

### 2.7 Plant and Equipment, and Depreciation

All items of plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of plant and equipment is provided for on a straight-line basis to write-off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Computer equipment	14%
Furniture, fittings, office and Electronic Data Capture ("EDC") equipment	10% - 20%
Motor vehicles	20%
Renovation	20%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference, if any, between the net disposal proceeds, and the net carrying amount is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.8 Contract Assets and Contract Liabilities

A contract asset is the Group's right to consideration for goods or services transferred to a customer when the right is subject to conditions other than passage of time. Contract assets are reviewed for impairment on the same basis as financial assets in accordance with the Group's accounting policy on impairment of financial assets as disclosed in Note 2.12.

A contract liability is the Group's obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers for the consideration due under the contracts with the customers.

### 2.9 Contract Costs

Contract costs are recognised as an asset when the following criteria are met:

- (a) In relation to incremental costs of obtaining a contract, the Group recognises the costs as an asset if the Group expects to recover those costs.
- (b) In relation to costs to fulfil a contract, the Group recognises the contract costs as an asset if (i) they relate directly to a contract or to an anticipated contract that the Group can specifically identify; (ii) when the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (iii) the costs are expected to be recovered.

These assets are initially measured at cost and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration expected to be received less the remaining costs expected to be incurred. A reversal of impairment loss is recognised in profit or loss when the impairment conditions no longer exist or have improved. The increased carrying amount does not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised previously.

### 2.10 Impairment of Non-financial Assets

The carrying amounts of non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the asset's recoverable amount.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.10 Impairment of Non-financial Assets (Cont'd)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

### 2.11 Financial Assets

The Group recognises all financial assets in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

All regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset that requires delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned. Trade date accounting refers to :-

- the recognition of an asset to be received and the liability to pay for it on the trade date i.e. the date the Group commits itself to purchase or sell an asset; and
- derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

#### Classification

The Group classifies its financial assets into the following measurement categories depending on the business models used for managing the financial assets and the contractual cash flow characteristics of the financial assets :

- (a) at amortised cost;
- (b) fair value through other comprehensive income; and
- (c) fair value through profit or loss.

Financial assets are reclassified when and only when the Group changes its business model for managing the financial assets and the reclassification of all affected financial assets is applied prospectively from the reclassification date i.e. on the first day of the first reporting period following the change in business model.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.11 Financial Assets (Cont'd)

#### Measurement

At initial recognition, trade receivables without a significant financing component are measured at their transaction price when they are originated.

Other financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

#### (a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business models for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group's debt instruments are categorised into the following measurement categories:

##### (i) Amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met and it is not designated as at fair value through profit or loss at initial recognition :

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

These financial assets are measured at amortised cost using the effective interest method less any impairment losses. Interest income, gains or losses on derecognition, foreign exchange gains or losses and impairment are recognised in profit or loss.

##### (ii) Fair value through other comprehensive income ("FVOCI")

A financial asset is measured at FVOCI if both of the following conditions are met and it is not designated as at FVTPL at initial recognition :

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Changes in fair value of these financial assets are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income calculated using the effective interest method, foreign exchange gains or losses and impairment are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.11 Financial Assets (Cont'd)

#### Measurement (Cont'd)

##### (a) Debt instruments (Cont'd)

##### (iii) Fair value through profit or loss ("FVTPL")

A financial asset is measured at FVTPL if it does not meet the criteria for amortised cost or FVOCI. This includes all derivative financial assets.

The Group may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL that otherwise meets the criteria for amortised cost or FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair value of financial assets at FVTPL and interest or dividend income are recognised in profit or loss.

##### (b) Equity instruments

The Group subsequently measures all equity investments at fair value.

For equity investments at FVTPL, changes in fair value are recognised in profit or loss. Where the Group has elected to present the changes in fair value in other comprehensive income, the amounts presented are not subsequently transferred to profit or loss when the equity investments are derecognised. The cumulative gains or losses is transferred to retained profits instead. The election is made on an instrument-by-instrument basis and it is irrevocable. The amount presented in other comprehensive income includes the related foreign exchange gains or losses.

Dividend income from equity investments at FVTPL and FVOCI is recognised in profit or loss as other income when the Group's right to receive payment has been established.

Changes in the fair value of equity investments at FVTPL are recognised in other income or expenses, as applicable, in the profit or loss. Impairment losses or reversal of impairment losses on equity instruments measured at FVOCI are recognised in other comprehensive income and are not reported separately from other changes in fair value.

#### Derecognition of financial assets

The Group derecognises a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset without retaining control or transfers substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.12 Impairment of Financial Assets

The Group recognises loss allowance for expected credit losses ("ECLs") on the following items, where applicable :

- financial assets measured at amortised cost
- debt instruments measured at fair value through other comprehensive income ("FVOCI")
- contract assets
- financial guarantee contracts

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months i.e. a 12-month ECL. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default i.e. a lifetime ECL. In making the assessment of whether there has been a significant increase in credit risk, a comparison is made between the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition of the asset, taking into consideration of reasonable and supportable information including forward-looking information that are available without undue cost and effort.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flow in its entirety or a portion thereof.

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

An impairment loss in respect of debt instruments measured at FVOCI is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

### 2.13 Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for any obsolescence and/or slow moving items.

Cost is determined using the weighted average basis and comprises the purchase price plus the incidental cost of bringing the inventories to their intended location and condition. Costs incurred on projects expected to be completed within one year are reflected as work in progress.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated necessary costs of sale.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.14 Cash and Cash Equivalents

For the purposes of statements of cash flows prepared using the indirect method, cash and cash equivalents include cash on hand and at bank and deposits at call net of outstanding bank overdrafts.

### 2.15 Financial Liabilities

The Group recognises all financial liabilities in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

#### Classification and measurement

Financial liabilities are initially measured at fair value minus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial liabilities at fair value through profit or loss are expensed to profit or loss when incurred.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

#### (a) Fair value through profit or loss ("FVTPL")

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL upon initial recognition or derivatives that are liabilities.

A financial liability is classified as held for trading if :-

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

After initial recognition, financial liabilities at FVTPL are measured at fair value with any gains or losses arising from changes in fair value recognised in profit or loss. If a financial liability is designated as at FVTPL, the change in fair value that is attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining change in fair value of the liability is presented in profit or loss. The net gains or losses recognised in profit or loss do not include any exchange differences or interest paid on the financial liability. Exchange differences and interest expense on financial liabilities at FVTPL are recognised separately in profit or loss as part of other income or other expenses.

#### (b) Amortised cost

All financial liabilities, other than those categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

A gain or loss on financial liabilities at amortised cost is recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.15 Financial Liabilities (Cont'd)

#### Derecognition of financial liabilities

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished. When an existing financial liability is exchanged with the same lender on substantially different terms or the terms of an existing liability are substantially modified, they are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### 2.16 Offsetting Financial Instruments

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

### 2.17 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred.

### 2.18 Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.20 Leases

#### (a) The Group as a lessee

The Group assesses whether a contract is, or contains a lease at the inception of the contract. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where applicable, the Group applies, by class of underlying asset, the practical expedient of not separating non-lease components from lease components and instead accounts for them as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the commencement date for all leases except for short-term leases with lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments in respect of short-term leases and leases of low value assets as an expense on a straight-line basis over the term of the leases.

At the lease commencement date, the right-of-use asset is initially measured at cost which comprises the initial amount of the corresponding lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the site on which it is located or to restore the underlying asset to the condition required by the terms of the lease.

Right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment loss. The right-of-use asset is depreciated on a straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset shall be depreciated from the commencement date to the end of the useful life of the underlying asset. The right-of-use asset is also assessed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets and adjusted for any remeasurement of corresponding lease liability.

The lease term is determined as the non-cancellable period plus periods covered by an extension or termination option when the lease is reasonably certain to be extended or not to be terminated after considering all facts and circumstances that create an economic incentive for the Group to exercise an extension option or not to exercise a termination option.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, at the incremental borrowing rate of the Group entity.

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

- fixed payments, including in-substance fixed payments, less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantees;
- exercise price of a purchase option if the lessee is reasonably certain to exercise; and
- payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.20 Leases (Cont'd)

#### (a) The Group as a lessee (Cont'd)

Variable lease payments that are linked to future performance or usage of the underlying asset are excluded from the measurement of the lease liability and these payments are recognised in profit or loss in the period in which the event or condition that triggers the payments occurs.

Lease liability is subsequently measured at amortised cost through increasing its carrying amount to reflect accretion of interest on the lease liability using the effective interest method and reducing the carrying amount by the lease payments made.

The carrying amount of the lease liability is remeasured to reflect changes to lease payments arising from a change in the lease term, a change in linked index or rate, a change in the estimated amount payable under a residual value guarantee, a change in the assessment of an option to purchase the underlying asset or a lease modification that is not accounted for as a separate lease. The amount of remeasurement is adjusted to the carrying amount of the associated right-of-use asset or recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### (b) The Group as a lessor

When the Group enters into a leasing arrangement as a lessor, it determines at the lease inception whether the lease is a finance lease or an operating lease. If the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee, the lease is classified as a finance lease. If not, the lease is an operating lease.

If the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short term lease not recognised, the sublease shall be classified as an operating lease.

The Group recognises an asset held under a finance lease as a receivable at an amount equal to the net investment in the lease. The net investment in the lease is measured as the sum of the present value of the lease payments receivable from the lessee using the interest rate implicit in the lease. If the interest rate implicit in a sublease is not readily determined, the discount rate used for the head lease is applied to measurement of the net investment in the sublease. The attributable finance lease income is recognised over the lease term to reflect a constant periodic rate of return on the net investment in the lease. The net investment in the lease is subject to impairment in accordance with the Group's accounting policy for impairment of financial assets as disclosed in Note 2.12.

The Group recognises lease payments from an operating lease as income on a straight-line basis over the lease term. The income is included as part of revenue.

When a lease contract contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract to each component.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.21 Income Tax

#### (a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.21 Income Tax (Cont'd)

#### (b) Deferred tax (Cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 2.22 Employee Benefits

#### (a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (b) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as expenses in profit or loss as incurred.

#### (c) Equity-settled share-based compensation

The Company operates an Employee Share Option Scheme ("ESOS") under its Long Term Incentive Plan, which granted share options to eligible directors and employees of the Group to acquire ordinary shares in the Company as their compensation for services rendered to the Group.

At the grant date, the fair value of share options granted to the directors and employees is recognised as an employee benefits expense with a corresponding increase to share options reserve in equity when the share options vested immediately. When there are vesting conditions to be fulfilled before the share options become vested, such employee benefits expense and the corresponding increase in equity is recognised over the vesting period in which the directors and employees become unconditionally entitled to the share options, with the amount recognised as an expense adjusted over the period to reflect the actual number of share options that are expected to vest. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value of the share options.

In the Company's separate financial statements, the grant of the share options to directors and employees of its subsidiaries is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as additional equity contribution to subsidiaries resulting in an increase to the investment in subsidiaries with a corresponding increase to share options reserve in equity.

When share options are exercised for issuance of new shares, the attributable portion of share options reserve is transferred to share capital. Upon expiry of the ESOS, the remaining share options reserve attributable to unexercised share options, which shall lapsed, is transferred to retained profits.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.23 Foreign Currencies

#### (a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

#### (b) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

#### (c) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities presented are translated at the closing rate prevailing at reporting date;
- Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.24 Revenue from Contracts with Customers

The Group recognises revenue from a contract with customer when it satisfies a performance obligation by transferring control of a promised good or service to the customer. Performance obligations may be satisfied over time or at a point in time. Revenue is measured based on the consideration specified in the contract which the Group expects to be entitled in exchange for transferring the good or service, excluding the amounts collected on behalf of third parties.

The Group recognises revenue from the following business activities :

#### (a) Sales of computer systems, equipment and software

Revenue from sales of computer systems, equipment and software including set-up installation is recognised by the Group over time by reference to the stage of completion of the contract work based on performance to-date. The stage of completion is determined by reference to the proportion that contract costs incurred to date bear to the estimated total contract costs. Progress billings are rendered based on the terms of the contracts and payment terms are generally on 30 to 45 days upon delivery of invoice.

Foreseeable losses on a contract are recognised in accordance with the provisions for onerous contracts under MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets*. In this respect, the unavoidable costs to be incurred by the Group in meeting its obligations under the contract which exceed the economic benefits expected to be received from the contract shall be a present obligation recognised as a provision.

Revenue from ad-hoc sales of computer equipment and parts in the course of maintenance services is recognised at a point in time when control of the asset is transferred to the customer upon delivery of the products and acceptance by the customer. Invoice is rendered to the customer upon delivery of products and credit term granted is at 30 to 60 days.

#### (b) Rendering of Information Communication Technology ("ICT") related services

Revenue from provision of maintenance, technology and software services, consultancy and system integration services and provision of application and content is recognised over time when the required services are rendered and accepted by the customers. The amount of revenue recognised is based on that the Group has the right to invoice the customers under the contracts, which correspond directly with the value of services transferred to the customers for the Company's performance to-date. Invoice is rendered periodically based on the timelines specified in the contracts. Credit term granted is generally at 30 to 60 days.

#### (c) Provision of payment solution and services

Revenue from provision of payment solution and services through renting of Electronic Data Capture ("EDC") equipment is recognised over time equally over the period of the contracts. The rental income is generally invoiced upfront for the whole contract term. Credit term granted is 30 days.

In respect of the Company, management fees from its subsidiaries are recognised as revenue upon rendering of services for which the Company has the right to specified consideration.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.25 Revenue from Other Sources and Other Income

#### (a) Leasing of computer equipment

Lease rental income from leasing of computer equipment is recognised as disclosed under Note 2.20(b).

#### (b) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

#### (c) Dividend income

Dividends from subsidiaries are recognised when the right to receive payment is established

### 2.26 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are measured at the higher of (i) the amount determined in accordance with the expected credit loss model; and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 Revenue from Contracts with Customers.

### 2.27 Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss for the financial year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, net of any treasury shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, net of any treasury shares held, for the effects of all dilutive potential ordinary shares.

### 2.28 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group. Operating segment results are reviewed by chief operating decision maker i.e. the Group Managing Director who makes decision about resources to be allocated to the segments and to assess their performance and for which discrete financial information is available.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.29 Fair Value Measurements

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

When measuring fair value, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Fair value measurements are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows :

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards and International Financial Reporting Standards requires management to exercise their judgement in the process of applying the Group's accounting policies and which may have significant effects on the amounts recognised in the financial statements. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results reported for the reporting period and that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### (a) Significant judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, the management are of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations which are dealt with below.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

### (b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (i) Impairment assessment for non-financial assets

The Group assesses impairment of plant and equipment and investments in subsidiaries when the events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. This requires an estimation of the value-in-use of the cash generating units ("CGU") to which the assets are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The impairment losses on cost of investment in subsidiaries are as disclosed in Note 15.

#### (ii) Useful lives of plant and equipment

The cost of computer equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these computer equipment to be at 7 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (iii) Deferred tax assets

Deferred tax assets are recognised for unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of the Group and of the Company are RM763,000 and RM122,000 (2019: RM1,388,000 and RM313,000) respectively. The total unrecognised tax losses and capital allowances of the Group and of the Company are RM107,624,000 and RM5,903,000 (2019: RM100,456,000 and RM8,627,000) respectively.

#### (iv) Impairment losses of receivables

The Group made impairment loss allowances for receivables and advances to subsidiaries based on assumptions about risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history of credit loss experience, existing market conditions as well as forward looking estimates at the end of reporting period.

Where expectations differ from the original estimates, such difference will impact the carrying value of the receivables. The carrying amounts of trade receivables and balances due from subsidiaries and the cumulative allowances for impairment losses are disclosed in Notes 18 and 21 respectively.

#### (v) Revenue recognition

The Group recognises revenue from contracts with customers which are performed over time based on the stage of completion of the services rendered at the reporting date. Significant judgement based on past experiences of similar type of services is required in this revenue recognition method as it involves estimation of costs allocation to budgets and recoverability of contract costs incurred from customers.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 4. REVENUE

	Group		Company	
	2020 RM'000	1.4.2019 to 31.12.2019 RM'000	2020 RM'000	1.4.2019 to 31.12.2019 RM'000
Revenue from contracts with customers:				
ICT related products and services	35,338	27,934	-	-
Payment solutions and services	796	885	-	-
Management services	-	-	8,132	5,266
	36,134	28,819	8,132	5,266
Revenue from other sources:				
Equipment leasing income	83	106	-	-
	36,217	28,925	8,132	5,266
Timing of recognition of revenue from contracts with customers: -				
At a point in time	4,488	4,406	8,132	5,266
Over time	31,646	24,413	-	-
	36,134	28,819	8,132	5,266

For the purpose of segment revenue under segment information in Note 37, revenue from leasing of equipment is included as part of revenue from ICT related products and services business segment.

The Group applies the practical expedient of not providing an estimate of the aggregate amount of revenue attributable to unsatisfied performance obligations as at the end of the reporting period on the basis that the performance obligations are part of contracts that have an expected duration of less than a year or that the revenue recognised corresponds directly with the value to the customers of the Group's performance completed to-date and for which the Group has the right to invoice.

## 5. OTHER INCOME

The following amounts have been included in other income: -

	Group		Company	
	2020 RM'000	1.4.2019 to 31.12.2019 RM'000	2020 RM'000	1.4.2019 to 31.12.2019 RM'000
Interest income:				
- deposits with licensed commercial banks	127	163	37	45

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 6. OTHER EXPENSES

The following amounts have been included in other expenses: -

	Group		Company	
	2020 RM'000	1.4.2019 to 31.12.2019 RM'000	2020 RM'000	1.4.2019 to 31.12.2019 RM'000
Depreciation of plant and equipment (Note 13)	781	614	368	277
Amortisation of intangible assets (Note 14)	392	161	6	5
Depreciation of right-of-use assets (Note 16)	1,330	1,049	676	558
Allowance for impairment losses on amounts due from subsidiaries (Note 21)	-	-	3,089	1,685
Rental of premises				
- short-term leases	156	106	-	-
Rental of equipment				
- leases of low-value assets	41	31	12	10
Allowance for impairment loss on investment in a subsidiary (Note 15)	-	-	150	340
Corporate exercise expenses	267	-	267	-
Professional fees	1,450	-	1,450	-

## 7. FINANCE COSTS

	Group		Company	
	2020 RM'000	1.4.2019 to 31.12.2019 RM'000	2020 RM'000	1.4.2019 to 31.12.2019 RM'000
Interest expense :				
- short term borrowings	265	288	-	-
- hire purchase	3	4	3	4
- lease liabilities	73	88	31	31
	341	380	34	35
Finance charges on trade facilities	21	10	-	-
	362	390	34	35



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 8. LOSS BEFORE TAXATION

In addition to the disclosures in Notes 4, 5, 6 and 7, the following amounts have been charged/(credited) in arriving at loss before taxation:

	Group		Company	
	2020 RM'000	1.4.2019 to 31.12.2019 RM'000	2020 RM'000	1.4.2019 to 31.12.2019 RM'000
Employee benefits expense (Note 9)	12,219	16,915	4,909	3,232
Auditors' remuneration:				
- Statutory audit	177	173	56	56
- Other professional services	8	8	8	8
Net realised foreign exchange (gain)/loss	(8)	33	-	2
Non-executive directors' remuneration (Note 10)	724	136	679	136
Allowance for obsolete inventories (Note 17)	34	44	-	-
Write-back of allowance for obsolete inventories (Note 17)	(11)	-	-	-
Write-back of allowance for impairment losses on receivables (Note 18)	(15)	(53)	-	-
Allowance for impairment losses on receivables (Note 18)	2	31	-	-
Bad debts written off	-	9	-	-
Internet and network expenses	64	46	20	16

## 9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020 RM'000	1.4.2019 to 31.12.2019 RM'000	2020 RM'000	1.4.2019 to 31.12.2019 RM'000
Wages, salaries and allowances	8,904	14,586	3,417	2,722
Social security contributions	106	212	28	20
Contributions to a defined contribution plan	1,060	1,652	406	317
Share-based payment - ESOS Options (Note 25)	1,637	-	943	-
Other staff related expenses	512	465	115	173
	12,219	16,915	4,909	3,232

Included in employee benefits expense are Executive Directors' remuneration (excluding benefits-in-kind) amounting to RM823,000 (2019: RM477,000) and RM788,000 (2019: RM477,000) in respect of the Group and the Company respectively as further disclosed in Note 10.

Wages, salaries and allowances for the financial year are stated net of wages subsidy of RM98,400 (2019: Nil) and RM64,800 (2019: Nil) in respect of the Group and of the Company respectively, received from the Malaysian government for certain employees who fulfilled eligibility criteria under the government wages subsidy programme to alleviate the impact of the COVID-19 pandemic.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 10. DIRECTORS' REMUNERATION

	Group		Company	
	2020 RM'000	1.4.2019 to 31.12.2019 RM'000	2020 RM'000	1.4.2019 to 31.12.2019 RM'000
<b>Directors of the Company</b>				
<b>Executive Directors' remuneration:</b>				
- Salaries and allowances	568	426	568	426
- Contributions to a defined contribution plan	69	51	69	51
- Share-based payment - ESOS Options (Note 25)	151	-	151	-
	788	477	788	477
<b>Non-Executive Directors' remuneration :</b>				
- Fees	202	112	157	112
- Allowances	37	24	37	24
- Share-based payment - ESOS Options (Note 25)	485	-	485	-
	724	136	679	136
<b>Director of Subsidiary</b>				
<b>Executive Director's remuneration :</b>				
- Fees	35	-	-	-
	35	-	-	-
Executive Directors' remuneration (Note 9)	823	477	788	477
Non-Executive Directors' remuneration (Note 8)	724	136	679	136
Total Directors' remuneration	1,547	613	1,467	613
Benefits-in-kind	22	9	22	9
Total Directors' remuneration including benefits-in-kind	1,569	622	1,489	622

## 11. TAXATION

	Group		Company	
	2020 RM'000	1.4.2019 to 31.12.2019 RM'000	2020 RM'000	1.4.2019 to 31.12.2019 RM'000
Current Malaysian taxation	9	11	9	11
Overprovision of taxation in prior year	-	(2)	-	(2)
	9	9	9	9

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 11. TAXATION (Cont'd)

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

Taxation for other countries is calculated at the rates prevailing in the respective countries.

Reconciliations of the income tax amount applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2020 RM'000	1.4.2019 to 31.12.2019 RM'000	2020 RM'000	1.4.2019 to 31.12.2019 RM'000
Loss before taxation	(9,767)	(5,864)	(3,530)	(1,585)
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	(2,344)	(1,407)	(847)	(380)
Expenses not deductible for tax purposes	1,011	171	1,509	591
Income not subject to taxation	-	(3)	-	-
Utilisation of deferred tax assets not recognised in prior year	(780)	(200)	(653)	(200)
Deferred tax assets not recognised in respect of current year/period's tax losses, unabsorbed capital allowances and other deductible temporary differences	2,122	1,450	-	-
Overprovision of taxation in prior year	-	(2)	-	(2)
Income tax expense	9	9	9	9
Tax savings recognised during the financial year/period arising from:				
Utilisation of unutilised tax losses not recognised in prior period/year	724	200	699	200

- (b) Subject to agreement with the relevant tax authorities, the Group and the Company have the following estimated unutilised tax losses and unabsorbed capital allowances which can be used to set-off against future taxable income:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unutilised tax losses	106,245	99,169	6,025	8,938
Unabsorbed capital allowances	2,142	2,675	-	-
	108,387	101,844	6,025	8,938

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 11. TAXATION (Cont'd)

Pursuant to the Finance Act 2018, any unutilised tax losses in Malaysia for the year of assessment 2019 onwards shall be available for utilisation for a maximum period of seven consecutive years of assessment immediately following that year of assessment and any excess at the end of the seventh year shall be disregarded. In this respect, the unutilised tax losses in Malaysia of the Group and of the Company at the end of the reporting period shall expire in the year of assessment as tabulated below: -

Year of Assessment	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
2025	78,658	82,930	6,025	8,938
2026	8,853	8,157	-	-
2027	18,636	7,920	-	-
Total unutilised tax losses	106,147	99,007	6,025	8,938

The Group's remaining unutilised tax losses arising from a subsidiary in People's Republic of China amounting to approximately RM98,000 [equivalent to CNY158,935] [2019: RM162,000 [equivalent to CNY277,096]] shall expire within one to five years.

## 12. LOSS PER SHARE

### (a) Basic

Basic loss per share is calculated by dividing the loss for the financial year/period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year/period.

	2020	Group	2019
Loss attributable to owners of the Company (RM'000)	(9,727)		(5,846)
Weighted average number of ordinary shares in issue ('000)	493,773		434,516
Basic loss per share for the financial year/period (sen)	(1.97)		(1.35)

### (b) Diluted

For the purpose of calculating diluted loss per share, the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year have been adjusted for the dilutive effects of all potential ordinary shares arising from the assumed exercise of the ESOS Options where applicable.

The computation of diluted loss per share for the current financial year excluded the exercise of ESOS Options as their exercise would not result in any dilutive potential ordinary shares after adjusting for the number of such ordinary shares that would have been issued at fair value being average market price of the shares during the year. Accordingly, the diluted loss per share equals the basic loss per share for the current financial year.

Diluted loss per share was not presented for the previous financial period as there was no dilutive potential ordinary share outstanding as at the end of the previous financial period.

### (c) Ordinary share transaction subsequent to the end of reporting period

Additional new ordinary shares issued by the Company arising from the exercise ESOS Options subsequent to the end of the reporting period that would have changed significantly the number of ordinary shares or potential ordinary shares outstanding at the end of the period if those transactions had occurred before the end of the reporting period are disclosed in Note 24(b).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 13. PLANT AND EQUIPMENT

	<b>Computer equipment</b>		<b>Furniture,</b>				
	<b>Subject to</b>		<b>fixtures, office</b>				
	<b>operating</b>	<b>Own</b>	<b>and EDC</b>		<b>Motor</b>	<b>Renovation</b>	<b>Total</b>
	<b>leases</b>	<b>use</b>	<b>equipment</b>		<b>vehicles</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>							
<b>At 31 December 2020</b>							
<b>Cost</b>							
At 1 January 2020	280	4,137	4,201		385	1,107	10,110
Additions	-	59	18		-	-	77
Disposals	-	(5)	-		-	-	(5)
Write-off	-	-	(6)		-	-	(6)
Transfer	(280)	280	-		-	-	-
<b>At 31 December 2020</b>	<b>-</b>	<b>4,471</b>	<b>4,213</b>		<b>385</b>	<b>1,107</b>	<b>10,176</b>
<b>Accumulated Depreciation</b>							
At 1 January 2020	73	3,304	3,042		374	261	7,054
Charge for the year (Note 6)	40	196	313		11	221	781
Disposals	-	(5)	-		-	-	(5)
Write-off	-	-	(6)		-	-	(6)
Transfer	(113)	113	-		-	-	-
<b>At 31 December 2020</b>	<b>-</b>	<b>3,608</b>	<b>3,349</b>		<b>385</b>	<b>482</b>	<b>7,824</b>
<b>Carrying Amount</b>							
At 31 December 2020	-	863	864		-	625	2,352
<b>At 31 December 2019</b>							
<b>Cost</b>							
At 1 April 2019	280	4,133	4,167		385	1,089	10,054
Additions	-	12	36		-	18	66
Write-off	-	(8)	(2)		-	-	(10)
<b>At 31 December 2019</b>	<b>280</b>	<b>4,137</b>	<b>4,201</b>		<b>385</b>	<b>1,107</b>	<b>10,110</b>
<b>Accumulated Depreciation</b>							
At 1 April 2019	43	3,150	2,798		365	94	6,450
Charge for the period (Note 6)	30	162	246		9	167	614
Write-off	-	(8)	(2)		-	-	(10)
<b>At 31 December 2019</b>	<b>73</b>	<b>3,304</b>	<b>3,042</b>		<b>374</b>	<b>261</b>	<b>7,054</b>
<b>Carrying Amount</b>							
At 31 December 2019	207	833	1,159		11	846	3,056

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 13. PLANT AND EQUIPMENT (Cont'd)

	Computer equipment RM'000	Furniture, fittings, office and EDC equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
<b>Company</b>					
<b>At 31 December 2020</b>					
<b>Cost</b>					
At 1 January 2020	619	1,114	277	842	2,852
Additions	14	-	-	-	14
At 31 December 2020	633	1,114	277	842	2,866
<b>Accumulated Depreciation</b>					
At 1 January 2020	599	307	277	141	1,324
Charge for the year (Note 6)	6	194	-	168	368
At 31 December 2020	605	501	277	309	1,692
<b>Carrying Amount</b>					
At 31 December 2020	28	613	-	533	1,174
<b>At 31 December 2019</b>					
<b>Cost</b>					
At 1 April 2019 / At 31 December 2019	619	1,114	277	842	2,852
<b>Accumulated Depreciation</b>					
At 1 April 2019	593	162	277	15	1,047
Charge for the period (Note 6)	6	145	-	126	277
At 31 December 2019	599	307	277	141	1,324
<b>Carrying Amount</b>					
At 31 December 2019	20	807	-	701	1,528

- (a) Included in plant and equipment of the Group and of the Company are the costs of fully depreciated assets, which are still in use amounting to approximately RM5,774,000 and RM1,008,000 (2019: RM5,508,000 and RM1,008,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 13. PLANT AND EQUIPMENT (Cont'd)

- (b) The Group leased computer equipment and computer software as disclosed in Note 14 to its related companies under operating leases with lease term of 3 years.

The lease income recognised in profit or loss was included in revenue of the Group as disclosed in Note 4.

Maturity analysis of the undiscounted lease payments receivable was as follows: -

	Group	
	2020 RM'000	2019 RM'000
Within one year	-	138

## 14. INTANGIBLE ASSETS

	Group			Total RM'000	Company Computer Software RM'000
	Computer software Subject to operating leases RM'000	Own use RM'000	Development Expenditure RM'000		
<b>At 31 December 2020</b>					
<b>Cost</b>					
At 1 January 2020	70	2,755	1,377	4,202	1,149
Reclassification	-	(62)	62	-	-
Additions	-	388	41	429	32
Transfer	(70)	70	-	-	-
At 31 December 2020	-	3,151	1,480	4,631	1,181
<b>Accumulated Amortisation</b>					
At 1 January 2020	26	1,673	-	1,699	1,141
Charge for the year (Note 6)	14	378	-	392	6
Transfer	(40)	40	-	-	-
At 31 December 2020	-	2,091	-	2,091	1,147
<b>Carrying Amount</b>					
At 31 December 2020	-	1,060	1,480	2,540	34

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 14. INTANGIBLE ASSETS (Cont'd)

	Computer software		Group	Total RM'000	Company
	Subject to operating leases RM'000	Own use RM'000	Development Expenditure RM'000		Computer Software RM'000
<b>At 31 December 2019</b>					
<b>Cost</b>					
At 1 April 2019	70	2,397	739	3,206	1,149
Additions	-	358	638	996	-
At 31 December 2019	70	2,755	1,377	4,202	1,149
<b>Accumulated Amortisation</b>					
At 1 April 2019	15	1,523	-	1,538	1,136
Charge for the period (Note 6)	11	150	-	161	5
At 31 December 2019	26	1,673	-	1,699	1,141
<b>Carrying Amount</b>					
At 31 December 2019	44	1,082	1,377	2,503	8

Development expenditure of the Group includes an amount of RM1,377,000 (2019: RM1,377,000) representing direct cost incurred for the development of an e-wallet application which has not been launched as at the end of the financial year. No further cost has been capitalised during the current financial year as the developed application is being subjected to regulatory attestation and approval for use which is pending at the end of the current financial year. Employee benefits expense included in the development expenditure capitalised for the previous financial year amounted to RM616,166 which included contribution of RM65,196 to a defined contribution plan.

The balance development expenditure of the Group amounting to RM103,000 at 31 December 2020 relates to direct cost incurred for the development of a mobile application module as at the end of the financial year.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 15. INVESTMENT IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	95,628	96,385
Equity contributions arising from ESOS	694	-
	96,322	96,385
Less: Accumulated impairment losses		
At 1 January 2020/April 2019	(74,005)	(73,665)
Elimination on investment written-off	907	-
Additional impairment loss for the year (Note 6)	(150)	(340)
At 31 December	(73,248)	(74,005)
	23,074	22,380

During the current financial year, the management has undertaken an impairment review of certain loss making subsidiaries and has made further allowance for impairment loss on investment in a subsidiary.

### (a) Composition of the Group

Details of the subsidiaries which are held directly by the Company, unless otherwise stated, are as follows:

Name	Country of incorporation and operations	Company's effective interest		Principal Activities
		2020 %	2019 %	
Dataprep (Malaysia) Sdn Berhad	Malaysia	100	100	Provision of ICT outsourcing and managed services.
Solsis (M) Sdn Bhd	Malaysia	100	100	Provision of computer hardware, network services, applications and contact centre.
Solsisnet Sdn Bhd	Malaysia	100	100	Provision of networking equipment, services and training.
Dataprep Payment Solutions Sdn Bhd	Malaysia	100	100	Provision of information technology, services and secured payment solutions.
Instant Office Sdn Bhd	Malaysia	100	100	Dormant.
88 Daiman Sdn Bhd	Malaysia	100	100	Dormant.
Tamadun Interaktif Sdn Bhd	Malaysia	100	70	Dormant.
Dataprep (HK) Limited #	Hong Kong SAR, People's Republic of China	100	100	Investment holdings.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 15. INVESTMENT IN SUBSIDIARIES (Cont'd)

### (a) Composition of the Group (Cont'd)

Details of the subsidiaries which are held directly by the Company, unless otherwise stated, are as follows (cont'd):

Name	Country of incorporation and operations	Company's effective interest		Principal Activities
		2020 %	2019 %	
Dataprep (Beijing) Limited # <i>[held through Dataprep (HK) Limited]</i>	People's Republic of China	100	100	Dormant.
Dataprep International (Labuan) Ltd #	Malaysia	100	100	Investment holdings.
PT Dataprep Teknologi Indonesia # <i>[held through Dataprep International (Labuan) Ltd]</i>	Indonesia	65	65	Sales and marketing of ICT products, software and services.
DP Kyoto Tech Middle East Limited # <i>[held through Dataprep International (Labuan) Ltd]</i>	United Arab Emirates	51	51	Provision of education technologies, infrastructure, network and support services (presently dormant).

# Not audited by Folks DFK & Co.

### (b) Acquisition of additional equity interest in a subsidiary from non-controlling interest

The Company acquired the remaining 30% equity interest in Tamadun Interaktif Sdn Bhd ("TISB") from the non-controlling interest resulting in TISB becoming a wholly-owned subsidiary during the current financial year. The acquisition of the additional equity interest is reflected in equity of the Group through a reduction in the carrying amount of non-controlling interest with the difference between the amount adjusted for non-controlling interest and fair value of consideration paid, amounting to RM12,799 recognised as a loss attributed to owners of the Company.

### (c) Information on subsidiaries with material non-controlling interest

The Group has no material non-controlling interest as at 31 December 2020 and 31 December 2019.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 16. RIGHT-OF-USE ASSETS

Office premises	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Cost</b>				
At 1 January 2020/April 2019	2,519	2,519	992	992
Addition	1,111	-	1,111	-
Derecognition	(992)	-	(992)	-
At 31 December	2,638	2,519	1,111	992
<b>Accumulated Depreciation</b>				
At 1 January 2020/April 2019	1,049	-	558	-
Charge for the year/period (Note 6)	1,330	1,049	676	558
Derecognition	(992)	-	(992)	-
At 31 December	1,387	1,049	242	558
<b>Carrying Amount</b>				
At 31 December	1,251	1,470	869	434

The Group and the Company lease office premises with tenancy terms of two years for the operations of the Group and the Company. Obligations for the lease payments are recognised as lease liabilities as disclosed in Note 27.

## 17. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
<b>At cost</b>		
Computer equipment, spares and supplies	850	850
<b>Allowance for obsolete inventories</b>		
At 1 January 2020/April 2019	(625)	(581)
Write-back (Note 8)	11	-
Addition (Note 8)	(34)	(44)
At 31 December	(648)	(625)
	202	225

The cost of inventories recognised as an expense during the financial year/period for the Group amounted to approximately RM12,563,000 (2019 : RM10,069,000).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 18. TRADE RECEIVABLES

	Group	
	2020 RM'000	2019 RM'000
Trade receivables	15,470	13,369
Less: Allowance for impairment losses	(2,322)	(2,335)
	13,148	11,034

Trade receivables are non-interest bearing and are generally on 30 days to 90 days (2019 : 30 days to 90 days) terms.

### Credit risk exposure

Information about the exposure to credit risk and allowance for expected credit losses ("ECLs") in respect of trade receivables are as tabulated below:-

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
<b>As at 31 December 2020</b>			
Current	4,875	-	4,875
1 to 30 days past due	3,585	-	3,585
31 to 60 days past due	321	-	321
61 to 90 days past due	42	-	42
More than 91 days past due	45	-	45
	8,868	-	8,868
<u>Credit impaired</u>			
More than 180 days past due	6,602	2,322	4,280
	15,470	2,322	13,148
<b>As at 31 December 2019</b>			
Current	4,271	-	4,271
1 to 30 days past due	2,081	-	2,081
31 to 60 days past due	269	-	269
61 to 90 days past due	22	-	22
More than 91 days past due	91	-	91
	6,734	-	6,734
<u>Credit impaired</u>			
More than 180 days past due	6,635	2,335	4,300
	13,369	2,335	11,034

Further information on credit risk exposure together with the recognition and measurement of allowance for ECLs are disclosed in Note 35(d).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 18. TRADE RECEIVABLES (Cont'd)

### Allowance for impairment losses

Movements in allowance for impairment losses on trade receivables are as follows: -

	Group	
	2020 RM'000	2019 RM'000
At 1 January 2020/April 2019	2,335	2,357
Addition (Note 8)	2	31
Write-back (Note 8)	(15)	(53)
At 31 December	2,322	2,335

### Currency exposure

The currency exposure profile of gross carrying amount of trade receivables is as follows :-

	Group	
	2020 RM'000	2019 RM'000
Ringgit Malaysia	15,470	13,046
US Dollar	-	323
	15,470	13,369

## 19. OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Prepayments	758	1,352	49	49
Deposits	403	414	122	138
Advances to employees	16	20	-	-
Interest income receivable	14	9	14	9
Sundry receivables	794	520	-	150
	1,985	2,315	185	346

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 20. CONTRACT ASSETS / CONTRACT LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
Contract assets	1,999	31
Contract liabilities	1,383	2,316

Contract assets relate to the Group's rights to consideration for services rendered which have been recognised as revenue from contracts customers but not yet billed at the reporting date pending verification and agreement by the customers.

Contract liabilities relate to the progress billing to customers, for which the related obligations for services have not been performed at the reporting date.

Revenue recognised for the current period/year from amount included in contract liabilities at the beginning of the year/period amounted to RM2,278,000 (2019: RM4,011,000).

## 21. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Amounts due from subsidiaries	73,006	51,297
Less: Allowance for impairment losses		
At 1 January 2020/April 2019	(33,116)	(31,431)
Addition (Note 6)	(3,089)	(1,685)
At 31 December	(36,205)	(33,116)
	36,801	18,181
Presented as follows:		
Non-current assets	28,669	11,537
Current assets	8,132	6,644
	36,801	18,181

Amounts due from subsidiaries that are impaired at the financial year end related to loss making subsidiaries.

The amounts due from subsidiaries are unsecured, interest free and repayable on demand. The classification of the net amount into current and non-current portions is based on their expected timing of settlement.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 22. AMOUNTS DUE FROM / (TO) RELATED COMPANIES AND HOLDING COMPANIES

Related companies refer to fellow subsidiaries which share the same ultimate holding company with the Company. The immediate and ultimate holding companies of the Company are as disclosed in Note 1.

The amounts due from/(to) related and holding companies represent trade and related balances which are unsecured, interest free and repayable on demand.

## 23. CASH AND BANK BALANCES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits with licensed commercial banks	6,228	6,352	1,936	1,907
Cash and bank balances	12,176	3,234	359	152
	18,404	9,586	2,295	2,059

Deposits of the Group and of the Company are pledged as security for banking facilities granted to the Group and not available for general use.

The range of the deposits interest rates as at the end of the financial year/period was as follows:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Licensed Commercial Banks	1.80-2.85	2.85-3.35	1.85	3.00

The range of the deposits maturities as at the end of the financial year/period was as follows:

	Group		Company	
	2020 Days	2019 Days	2020 Days	2019 Days
Licensed Commercial Banks	30 - 365	30 - 365	210	180

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 24. SHARE CAPITAL

	Group and Company			
	Number of Ordinary Shares		Amount	
	2020 '000	2019 '000	2020 RM'000	2019 RM'000
<b>Issued and fully paid:</b>				
At beginning of financial year/period	463,535	421,396	51,177	43,863
Issuance of new shares during the financial year/period	139,060	42,139	21,550	7,314
At end of financial year/period	602,595	463,535	72,727	51,177

Pursuant to Section 74 of the Companies Act 2016, all shares issued before or upon commencement of the Act shall have no par or nominal value.

- (a) The Company's issued and paid-up share capital was increased from RM51,177,883 comprising 463,535,324 ordinary shares to RM72,727,627 comprising 602,595,817 ordinary shares during the financial year through the private placement of 139,060,493 new ordinary shares ("Placement Shares") representing 30% of the total number of issued shares of the Company to Widad Business Group Sdn Bhd and third party investors ("Share Placement") as approved by the shareholders of the Company at the Extraordinary General Meeting held on 17 July 2020. Bursa Malaysia Securities Berhad ("Bursa Securities") has on 29 June 2020 approved the listing and quotation of the Placement Shares on the Main Market of Bursa Securities. The Share Placement carried out in tranches was completed on 21 December 2020 and raised a total proceeds of RM21,549,744 for purposes of working capital, repayment of bank borrowings, funding of future investments or projects of the Group and to defray corporate exercise expenses incurred for the Share Placement and establishment of Long Term Incentive Plan.

The Placement Shares were issued for cash consideration in tranches as follows: -

Tranches	Date listed and quoted on Bursa Securities	Number of Placement Shares	Issue Price Per Share RM	Share Capital RM
First (partial)	1 September 2020	30,120,482	0.166	5,000,000
First (balance)	7 October 2020	23,529,411	0.17	4,000,000
Second	21 October 2020	74,396,800	0.145	10,787,536
Final	21 December 2020	11,013,800	0.16	1,762,208
		<u>139,060,493</u>		<u>21,549,744</u>

The First tranche of the Share Placement totalling 53,649,893 new ordinary shares for a total cash consideration of RM9,000,000 were placed to Widad Business Group Sdn Bhd, the ultimate holding company of the Company.

The new ordinary shares issued under the respective tranches of the Share Placement rank pari passu in all respects with the existing issued ordinary shares of the Company.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 24. SHARE CAPITAL (Cont'd)

- (b) Subsequent to end of the reporting period, the issued and paid-up share capital of the Company was increased from RM72,727,627 comprising 602,595,817 ordinary shares to RM74,637,322 comprising 613,829,317 ordinary shares by way of the exercise of 11,233,500 ESOS Options into 11,233,500 new ordinary shares at the exercise price of RM0.17 per ordinary share.
- (c) In the previous financial period, the Company increased its issued and paid-up share capital from RM43,863,471 comprising 421,395,824 ordinary shares to RM51,177,883 comprising 463,535,324 ordinary shares through the private placement of 42,139,500 new ordinary shares ("Placement Shares") representing 10% of the issued and paid-up share capital of the Company ("Private Placement") pursuant to Sections 75 and 76 of the Companies Act 2016 as announced by the Company on 29 October 2018. On 29 November 2018, Bursa Securities approved the listing and quotation of the Placement Shares on the Main Market of Bursa Securities, and on 16 May 2019, Bursa Securities further approved an extension of time to 28 November 2019 for the completion of the Private Placement.

The Placement Shares were issued for cash consideration in four tranches as follows: -

Tranches	Date listed and quoted on Bursa Securities	Number of Placement Shares	Issue Price Per Share RM	Share Capital RM
First	11 July 2019	6,000,000	0.17	1,020,000
Second	30 August 2019	10,000,000	0.17	1,700,000
Third	30 October 2019	10,000,000	0.177	1,770,000
Final	19 November 2019	16,139,500	0.175	2,824,412
		42,139,500		7,314,412

The Private Placement was deemed completed on 19 November 2019 and raised a total proceeds of RM7,314,412 for the Company which were utilised for working capital, repayment of bank borrowings of the Group and to defray expenses of the Private Placement.

The new ordinary shares issued under the respective tranches of the Private Placement rank pari passu in all respects with the existing issued ordinary shares of the Company.

## 25. SHARE OPTIONS RESERVE

	Group and Company	
	2020	2019
	RM'000	RM'000
Arising from ESOS Options granted during the year / At end of financial year	1,637	-

The share options reserve represents the equity-settled share options granted to eligible directors and employees ("Eligible Persons") under the Employee Share Option Scheme ("ESOS") which is a component of the Company's Long Term Incentive Plan ("LTIP"). The reserve is made up of the cumulative value of services received from the Eligible Persons for the issuance of the share options. The reserve shall be reduced by the exercise or lapse of the share options over the option period and any reserve relating to unexercised share options at the end of the option period will be transferred to revenue reserve.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 25. SHARE OPTIONS RESERVE (Cont'd)

The LTIP consisting of the ESOS and a Share Grant Scheme ("SGS") which in turn comprises the Retention Share Plan ("RSP") and Performance Share Plan ("PSP"), was approved by the shareholders of the Company on 17 July 2020 as further detailed in Note 38(a).

The LTIP is administered by a LTIP Committee appointed by the Directors, in accordance with the By-Laws of the LTIP ("By-Laws") as approved by the shareholders on 17 July 2020. The LTIP is effective from 21 July 2020 for a duration of 10 years and shall expire on 20 July 2030 unless terminated earlier by the Company.

The SGS is intended for the Company to award such number of ordinary shares of the Company at no cash consideration to Eligible Persons whereby such person shall also hold a position of senior management or any such rank as may be designated by the LTIP Committee. The award of the shares under the RSP is intended to recognise, incentivise and retain the Eligible Persons whereas the PSP is intended to incentivise and motivate the Eligible Persons to contribute to the growth of their respective business segments based on specified performance targets as determined by the LTIP Committee. No award of shares has been made under the SGS since the establishment of the LTIP.

The Company has implemented only the ESOS which granted options over unissued ordinary shares ("ESOS Options") to Eligible Persons under the LTIP for them to subscribe new ordinary shares in the Company over the duration of the LTIP at the exercise price fixed for the ESOS Options at the time of award.

The salient features and terms of the ESOS under LTIP are as follows:

- (a) The number of ESOS Options awarded shall be the equivalent of not less than one hundred (100) ordinary shares or not more than the maximum number of ordinary shares allowable for such Eligible Person under the LTIP and shall be in multiples of one hundred (100) ordinary shares. Each ESOS option is exercisable into one (1) new ordinary share, issued and fully paid-up. An ESOS award, regardless of the number of ESOS Options, shall be accepted by an Eligible Person with payment of RM1.00.
- (b) Not more than 10% of the total number of ordinary shares, including under options by way of ESOS, available under the LTIP shall be allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the total number of issued ordinary shares (excluding treasury shares) of the Company. In addition, the number of ordinary shares allocated, in aggregate, to the eligible directors and senior management of the Group shall not exceed 80% of the total ordinary shares available under the LTIP.
- (c) The maximum number of ESOS Options to be offered under ESOS shall not in aggregate exceed 15% of the total number of issued ordinary shares (excluding treasury shares) of the Company at any point in time during the duration of the LTIP;
- (d) The Eligible Persons shall be at least 18 years old and not an undischarged bankrupt nor subject to any bankruptcy proceedings, and (1) employed on a full time basis under an employment contract; (2) on the payroll of any company within the Group and has not served a notice to resign nor received a notice of termination; (3) employment as an employee has been confirmed; and (4) such employee falls within any other eligibility criteria as may be determined by the LTIP Committee at its discretion from time to time.
- (e) ESOS Options granted shall vest with the Eligible Persons on the vesting date when any stipulated vesting conditions for the award of the ESOS Options have been satisfied. The ESOS Options are exercisable at their exercise price at any time from the vesting date during the duration of the LTIP ("Option Period") either in whole or part of multiple of 100 ordinary shares by issuing a notice of exercise with the necessary payments to the Company in the form and manner as prescribed by the LTIP Committee from time to time. Any ESOS Option which remains unexercised at the expiry of the Option Period shall be automatically terminated and lapsed without any claim against the Company.
- (f) The ESOS Option exercise price shall be the weighted average market price of the Company for the five (5) market days immediately preceding the date of award of the ESOS Options, less a discount of not more than 10% from the weighted average market price or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 25. SHARE OPTIONS RESERVE (Cont'd)

The salient features and terms of the ESOS under LTIP are as follows (Cont'd):

- (g) The new ordinary shares to be allotted and issued upon the exercise of ESOS Options will rank pari passu in all respects with the existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders of the Company, the entitlement date of which precedes the date of allotment of the new shares.
- (h) The new shares to be allotted and issued to a grantee pursuant to the exercise of ESOS Options will not be subject to any retention period or restriction on transfer. Notwithstanding, a grantee who is a non-executive director must not sell, transfer or assign his shares obtained through the exercise of his ESOS Options offered to them pursuant to the LTIP within one (1) year from the date of offer of the ESOS Options in accordance with the listing requirements of Bursa Securities.

The movements of the ESOS Options under LTIP during the financial year are as follows :-

Grant Date	Exercise Price	At 1.1.2020	Number of ESOS Options		At 31.12.2020
			Granted	Exercised	
28.10.2020	RM0.17	-	27,030,000	-	27,030,000

The ESOS Options granted during the year have no further vesting conditions and vested immediately on the grant date. The outstanding ESOS Options at the end of the reporting period are exercisable on that date and have remaining contractual life of 9.55 years.

Fair value of the ESOS Options was measured by the Group using the Trinomial Option Pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of ESOS Options measured at the grant date and the assumptions used are as follows:

	Granted on 28.10.2020
Fair value of ESOS Options	RM0.060564
Share price of Company	RM0.195
Exercise price of ESOS Options	RM0.17
Expected volatility of the share price	10%
Expected life of the ESOS Options	3522 days
Expected dividend yield	-
Annual risk-free interest rate	2.20%

The expected volatility is a historical volatility calculated using daily closing market prices. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other features of the options granted were incorporated in the measurement of the fair value.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 26. BORROWINGS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-current</b>				
Secured:				
Hire purchase payables	45	69	45	69
<b>Current</b>				
Secured:				
Hire purchase payables	32	31	32	31
Banker acceptances	3,573	3,261	-	-
Bank overdrafts	935	1,980	-	-
	4,540	5,272	32	31
Total borrowings	4,585	5,341	77	100

The banker acceptances and bank overdrafts attributable to a subsidiary are secured by way of a charge over the fixed deposits of the Company and of the subsidiary together with corporate guarantees by the Company.

The hire purchase is used by the Company to finance the acquisition of a motor vehicle and forms part of borrowings of the Group and of the Company.

Interest on banker acceptances are subject to interest rates varying between 3.73% to 4.15% (2019: 5.50% to 5.65%) per annum. Interest on bank overdrafts is payable at rate of 6.65% (2019: 7.00% to 7.60%) per annum. Hire purchase liabilities bear effective interest rate of 4.44% (2019: 4.44%) per annum.

The maturities of the total borrowings are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
On demand or within one year	4,540	5,272	32	31
More than 1 year and less than 2 years	33	32	33	32
More than 2 year and less than 5 years	12	37	12	37
	4,585	5,341	77	100

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 27. LEASE LIABILITIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current	957	1,105	552	444
Non-current	338	404	338	-
	1,295	1,509	890	444
Balance attributable to a related company	890	444	890	444

Lease liabilities are in respect of the future lease payments for the tenancies of the office premises which are recognised as right-of-use assets in Note 16.

Maturity analysis of the undiscounted lease payments is as follows: -

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Not later than 1 year	998	1,154	588	451
Later than 1 year and not later than 2 years	343	410	343	-
Total outstanding lease payments	1,341	1,564	931	451
Total cash outflow for leases for year/period	1,595	1,235	708	589

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 28. DEFERRED TAX

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At beginning of financial year/period end of financial year/period	-	-	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	492	713	243	179
Deferred tax liabilities	(492)	(713)	(243)	(179)
	-	-	-	-

The components and movements of the deferred tax liabilities and assets during the financial year/period prior to the offsetting are as follows:

### Deferred Tax Assets of the Group:

	Unutilised Tax Losses RM'000	Unabsorbed Capital Allowances RM'000	Other Deductible Temporary Differences RM'000	Total RM'000
At 1 January 2020	75	258	380	713
Recognised in profit or loss	(23)	(127)	(71)	(221)
At 31 December 2020	52	131	309	492
At 1 April 2019	63	94	781	938
Recognised in profit or loss	12	164	(401)	(225)
At 31 December 2019	75	258	380	713

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 28. DEFERRED TAX (Cont'd)

### Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM'000	Other Taxable Temporary Differences RM'000	Total RM'000
At 1 January 2020	360	353	713
Recognised in profit or loss	(168)	(53)	(221)
At 31 December 2020	192	300	492
At 1 April 2019	333	605	938
Recognised in profit or loss	27	(252)	(225)
At 31 December 2019	360	353	713

### Deferred Tax Assets of the Company:

	Unutilised Tax Losses RM'000	Other Deductible Temporary Differences RM'000	Total RM'000
At 1 January 2020	75	104	179
Recognised in profit or loss	(46)	110	64
At 31 December 2020	29	214	243
At 1 April 2019	63	238	301
Recognised in profit or loss	12	(134)	(122)
At 31 December 2019	75	104	179

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 28. DEFERRED TAX (Cont'd)

### Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM'000	Other Taxable Temporary Differences RM'000	Total RM'000
At 1 January 2020	75	104	179
Recognised in profit or loss	(41)	105	64
At 31 December 2020	34	209	243
At 1 April 2019	63	238	301
Recognised in profit or loss	12	(134)	(122)
At 31 December 2019	75	104	179

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other deductible temporary differences	1,369	2,980	-	10
Unutilised tax losses	106,026	98,858	5,903	8,627
Unabsorbed capital allowances	1,598	1,598	-	-
	108,993	103,436	5,903	8,637

Deferred tax assets have not been recognised in respect of these items as it is not probable that there will be sufficient future profits for offset against them in the near term.

## 29. TRADE PAYABLES

	Group 2020 RM'000	2019 RM'000
Trade payables	1,097	1,405

The credit terms of the Group's trade payables range from 60 days to 90 days (2019: 60 days to 90 days).



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 29. TRADE PAYABLES (Cont'd)

The currency exposure profile of trade payables is as follows :-

	Group	
	2020 RM'000	2019 RM'000
Ringgit Malaysia	1,097	1,169
US Dollar	-	236
	1,097	1,405

## 30. OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Accrued professional fees	227	221	76	69
Accrued staff costs	1,765	11	75	-
Deposits from customers	404	524	-	-
Sundry payables	315	797	62	248
Other accruals	325	197	194	136
Sales and Service Tax (SST) payable	323	234	-	-
	3,359	1,984	407	453

## 31. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party or when both parties are under the common control of another party.

### (a) Transactions and year-end outstanding balances with subsidiaries

#### (i) Transactions

	Company	
	2020 RM'000	1.4.2019 to 31.12.2019 RM'000
Management services charged to the subsidiaries (Note 4)	8,132	5,266

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 31. RELATED PARTY DISCLOSURES (Cont'd)

### (a) Transactions and year-end outstanding balances with subsidiaries (Cont'd)

#### (ii) Year end outstanding balances

	Company	
	2020 RM'000	2019 RM'000
Amounts due from subsidiaries	73,006	51,297
Less: Allowance for impairment losses	(36,205)	(33,116)
	36,801	18,181

The terms and conditions of the abovementioned balances are disclosed in Note 21.

Allowance for impairment losses recognised as an expense in the current financial year/period amounted to RM3,089,000 (2019 : RM1,685,000).

### (b) Transactions and year end outstanding balances with related and holding companies

#### (i) Transactions

	Group	
	2020 RM'000	1.4.2019 to 31.12.2019 RM'000
Lease of computer equipment to related companies	83	106
Rental of premises charged by a related company	695	580

Future rentals for the remaining lease of the premises payable to a related company are recognised as lease liabilities as disclosed in Note 27.

#### (ii) Year end outstanding balances

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Amounts due from related companies	83	-	-	-
Amount due to ultimate holding company	-	105	-	105
Amount due to immediate holding company	-	23	-	23
Amount due to a related company	215	602	215	602

The terms and conditions of the abovementioned balances are disclosed in Note 22.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 31. RELATED PARTY DISCLOSURES (Cont'd)

### (c) Compensation of key management personnel

	Group		Company	
	2020 RM'000	1.4.2019 to 31.12.2019 RM'000	2020 RM'000	1.4.2019 to 31.12.2019 RM'000
Short term employee benefits	1,401	1,138	1,366	1,138
Post-employment benefits				
- Defined contribution plan	164	136	164	136
Share-based payment				
- ESOS Options	242	-	242	-
Benefits-in-kind	24	28	24	28
	1,831	1,302	1,796	1,302
Non-executive directors				
- Short term benefits	239	136	194	136
- Share-based payment				
- ESOS Options	485	-	485	-
	724	136	679	136
	2,555	1,438	2,475	1,438
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Outstanding amount payable included in other payables	412	318	308	289

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 32. NOTES TO STATEMENTS OF CASH FLOWS

### (a) Liabilities arising from financing activities

Changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes, during the financial period/year are analysed in the reconciliation below:-

Group	Banker Acceptances RM'000	Hire Purchase Financing RM'000	Lease Liabilities RM'000	Total RM'000
At 1 January 2020	3,261	100	1,509	4,870
Additions	-	-	1,111	1,111
Net drawdown of borrowings	312	-	-	312
Payment of lease liabilities	-	-	(1,325)	(1,325)
Payment of hire purchase financing	-	(23)	-	(23)
Net changes in cash flows	312	(23)	(214)	75
At 31 December 2020	3,573	77	1,295	4,945
At 1 April 2019	5,670	121	2,519	8,310
Net repayment of borrowings	(2,409)	-	-	(2,409)
Payment of lease liabilities	-	-	(1,010)	(1,010)
Payment of hire purchase financing	-	(21)	-	(21)
Net changes in cash flows	(2,409)	(21)	(1,010)	(3,440)
At 31 December 2019	3,261	100	1,509	4,870

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 32. NOTES TO STATEMENTS OF CASH FLOWS (Cont'd)

### (a) Liabilities arising from financing activities (Cont'd)

Company	Hire Purchase Financing RM'000	Lease Liabilities RM'000	Total RM'000
At 1 January 2020	100	444	544
Additions	-	1,111	1,111
Payment of lease liabilities	-	(665)	(665)
Payment of hire purchase financing	(23)	-	(23)
Net changes in cash flows	(23)	446	423
At 31 December 2020	77	890	967
At 1 April 2019	121	992	1,113
Payment of lease liabilities	-	(548)	(548)
Payment of hire purchase financing	(21)	-	(21)
Net changes in cash flows	(21)	(548)	(569)
At 31 December 2019	100	444	544

### (b) Cash and cash equivalents at end of year/period

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits with licensed commercial banks (Note 23)	6,228	6,352	1,936	1,907
Cash and bank balances (Note 23)	12,176	3,234	359	152
	18,404	9,586	2,295	2,059
Short term borrowings - Overdrafts (Note 26)	(935)	(1,980)	-	-
	17,469	7,606	2,295	2,059
Less : Deposits pledged (Note 23)	(6,228)	(6,352)	(1,936)	(1,907)
	11,241	1,254	359	152

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 33. CONTINGENT LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
Bank guarantees issued by financial institutions for performance guarantees of a subsidiary (secured)	966	545

The bank guarantees are secured by pledge of fixed deposits of the Group and Company and corporate guarantees by the Company.

## 34. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets of the Group include deposits, cash and bank balances, amounts due from related companies and trade and other receivables.

Financial liabilities of the Group include trade and other payables, amounts due to a related company and holding companies and borrowings.

Financial assets of the Company also include amounts due from subsidiaries.

### A. Categories of Financial Instruments

#### Financial assets as per statements of financial position

	Group		Company	
	Carrying amount RM'000	Financial assets at amortised cost RM'000	Carrying amount RM'000	Financial assets at amortised cost RM'000
<b>2020</b>				
Trade receivables	13,148	13,148	-	-
Other receivables	1,227	1,227	136	136
Deposits, cash and bank balances	18,404	18,404	2,295	2,295
Amounts due from subsidiaries	-	-	36,801	36,801
	32,779	32,779	39,232	39,232
<b>2019</b>				
Trade receivables	11,034	11,034	-	-
Other receivables	963	963	297	297
Deposits, cash and bank balances	9,586	9,586	2,059	2,059
Amounts due from subsidiaries	-	-	18,181	18,181
	21,583	21,583	20,537	20,537

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 34. FINANCIAL INSTRUMENTS (Cont'd)

### A. Categories of Financial Instruments (Cont'd)

#### Financial liabilities as per statements of financial position

	Group Carrying amount RM'000	Financial liabilities at amortised cost RM'000	Company Carrying amount RM'000	Financial liabilities at amortised cost RM'000
<b>2020</b>				
Trade payables	1,097	1,097	-	-
Other payables	3,359	3,359	407	407
Amount due to a related company	215	215	215	215
Borrowings	4,585	4,585	77	77
	9,256	9,256	699	699
<b>2019</b>				
Trade payables	1,405	1,405	-	-
Other payables	1,984	1,984	453	453
Amount due to ultimate holding company	105	105	105	105
Amount due to immediate holding company	23	23	23	23
Amount due to a related company	602	602	602	602
Borrowings	5,341	5,341	100	100
	9,460	9,460	1,283	1,283

### B. Fair Value of Financial Instruments

- (i) Fair value of financial instruments that are not carried at fair value and whose carrying amounts are not reflective of fair value

	Group and Company Carrying Amount RM'000	Fair Value RM'000
<b>Financial Liabilities</b>		
<b>At 31 December 2020:</b>		
Hire purchase payables (Note 26)	77	72
<b>At 31 December 2019:</b>		
Hire purchase payables (Note 26)	100	94

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 34. FINANCIAL INSTRUMENTS (Cont'd)

### B. Fair Value of Financial Instruments (Cont'd)

#### (ii) Financial instruments that are not carried at fair value and whose carrying amounts are reflective of fair value

The carrying amounts of deposits, cash and bank balances, receivables and payables and short term bank overdrafts and banker acceptances approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amounts of balances with subsidiaries, related companies and holding companies approximate their fair values.

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing the financial risks to which the Group is exposed and to minimise or avoid the incidence of loss that may result from its exposure to such risks and to enhance returns where appropriate. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the current year and previous period, the Group's policy that no trading in derivative financial instruments shall be undertaken.

### (a) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has interest rate risk in respect of deposits with licensed commercial banks, hire purchase payables, banker acceptances and bank overdrafts.

The Group's deposits with licensed commercial banks and hire purchase payables are based on fixed rates. The Group's banker acceptances facility is based on floating rate but such rate is fixed for each drawdown. The Group's bank overdrafts are based on floating rate.

Market interest rates movements are monitored with a view to ensuring that the most competitive rates are secured and where appropriate borrowing arrangements and interest bearing deposits are restructured or reduced.

#### *Sensitivity analysis for interest rate risk*

As the Group's deposits with licensed commercial banks, hire purchase payables and banker acceptances as at the end of the reporting period are based on fixed rates, a change in interest rates at the end of the reporting period would not affect profit or loss or equity.

The Group's profit or loss and equity will be affected by a change in market interest rate as at the end of the reporting period due to its floating rate bank overdrafts. An increase of 50 basis points in the market interest rate at the end of the reporting period would have decreased the profit or loss and equity by RM5,000 (2019: RM10,000). A decrease of the same basis points would have the equal but opposite effect on the profit or loss and equity. This sensitivity analysis assumes that all other risk variables as at the end of the reporting period remain constant.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

### (b) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States Dollar (USD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	<b>Net Financial Assets Held in Non-Functional Currency United States Dollar (USD)</b>
<b>Functional Currency of Group Companies</b>	<b>RM'000</b>
<b>At 31 December 2020</b>	
Ringgit Malaysia	-
<b>At 31 December 2019</b>	
Ringgit Malaysia	87

### Foreign currency risk sensitivity analysis

A 10 percent strengthening or weakening of the USD against the Ringgit Malaysia currency at the end of the reporting period would have increased or decreased profit or loss and equity by the amount shown below. This analysis assumes all other variables remain constant.

	<b>2020 RM'000</b>	<b>2019 RM'000</b>
USD	-	9

### (c) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

### (c) Liquidity risk (Cont'd)

#### Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments are as follows :-

Group	Maturity Profile			Effective interest rate %
	Less than 1 year RM'000	More than 1 year and less than 5 years RM'000	Later than 5 years RM'000	
<b>2020</b>				
<b>Financial liabilities</b>				
Trade payables	1,097	-	-	-
Other payables	3,359	-	-	-
Amount due to a related company	215	-	-	-
Hire purchase payables	35	46	-	4.44%
Banker acceptances	3,573	-	-	3.73%-4.15%
Bank overdrafts	935	-	-	6.65%
	9,214	46	-	
<b>2019</b>				
<b>Financial liabilities</b>				
Trade payables	1,405	-	-	-
Other payables	1,984	-	-	-
Amount due to ultimate holding company	105	-	-	-
Amount due to immediate holding company	23	-	-	-
Amount due to a related company	602	-	-	-
Hire purchase payables	35	72	-	4.44%
Banker acceptances	3,261	-	-	5.50%-5.65%
Bank overdrafts	1,980	-	-	7.00%-7.60%
	9,395	72	-	

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

### (c) Liquidity risk (Cont'd)

#### Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments are as follows (Cont'd) :-

Company	Maturity Profile			Effective interest rate %
	Less than 1 year RM'000	More than 1 year and less than 5 years RM'000	Later than 5 years RM'000	
<b>2020</b>				
<b>Financial liabilities</b>				
Other payables	407	-	-	-
Amount due to a related company	215	-	-	-
Hire purchase payables	35	46	-	4.44%
	657	46	-	
Financial guarantee contracts	5,621	-	-	
<b>2019</b>				
<b>Financial liabilities</b>				
Other payables	453	-	-	-
Amount due to ultimate holding company	105	-	-	-
Amount due to immediate holding company	23	-	-	-
Amount due to a related company	602	-	-	-
Hire purchase payables	35	72	-	4.44%
	1,218	72	-	
Financial guarantee contracts	5,785	-	-	

Financial guarantee contracts (corporate guarantees) of the Company represents the maximum amount of guarantees that could be called in respect of facilities utilised at the end of reporting period as disclosed in Note 35(d).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

### (d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade receivables. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counter parties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts. The Group does not offer credit terms without the approval of either the Chief Corporate Officer or the Managing Director.

The Group assesses changes in its exposure to customers' credit risk based primarily on past due information for customers' balances, their past payment trend and historical defaults experience, if any, together with other relevant credit risk related information affecting the financial standing of the customers which are available to management. The Group also considers macroeconomic information in respect of current market development and industry outlook that may affect its credit risk exposure.

The Group measures its exposure to credit risk by way of an allowance for expected credit losses ("ECLs"). ECLs take into consideration the probability of a default in payment of trade receivables before they become credit impaired. The Group uses the simplified approach, i.e. lifetime ECLs in determining the allowance for ECLs on trade receivables which have been grouped based on their shared credit risk characteristics. In this respect, the ECLs are computed by way of an allowance matrix using past due information with loss rates determined based on past credit loss experience. For any trade receivables which are determined as credit impaired at the reporting date, ECLs are assessed and measured on an individual basis. Trade receivables are determined as credit impaired when they have defaulted on their payments and are considered to have financial difficulties in repaying their debts.

Information on the exposure to credit risk and impairment of trade receivables are disclosed in Note 18.

The Group determines concentration of credit risk by monitoring customer industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's gross trade receivables at the reporting date is as follows:

	2020 RM'000	2019 RM'000
By industry sectors:		
Government agencies and linked corporations	1,111	1,038
Private corporations	14,359	12,331
	15,470	13,369

Contract assets have substantially the same risk characteristics as the trade receivables for contracts which they relate to. As at the reporting date, the Group has assessed that the contract assets have low credit risk and the related expected credit loss is insignificant.

Other receivables including amount due from related companies are assessed to have low credit risk exposure due to their short maturities. Cash and cash equivalents are placed with major financial institutions which have low credit risk. The Group views that any expected credit losses arising on these financial assets are insignificant.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

### (d) Credit risk (Cont'd)

The Company considers advances to its subsidiaries generally have low credit risk and monitors the financial position of the subsidiaries in managing the exposure to their credit risk. Appropriate loss allowance has been made for outstanding balances due from subsidiaries as disclosed in Note 21 using the general approach under MFRS 9 based on management's assessment of changes in credit risk at the reporting date.

The Company's exposure to credit risk arising from financial guarantees (corporate guarantees) given to financial institutions for banking facilities and to suppliers for credit terms granted to certain subsidiaries is limited to the amount utilised by the subsidiaries at any point of time which amounted to RM5,621,000 (2019: RM5,785,000) at the end of the reporting period. As at the reporting date, there is no indication that these subsidiaries would not be able to fulfil their obligations for the amount of facilities utilised. Accordingly, the Company expects no credit loss arising from these financial guarantees.

The maximum exposure to credit risk is represented by the carrying amount of financial assets in the statements of financial position of the Group and of the Company at the reporting date.

None of the Group's financial assets are secured by collateral or other credit enhancement.

## 36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in accordance to changes in economic condition. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using debt to equity ratio, which is total debt divided by total equity. The Group includes within total debt, borrowings, trade and other payables. Capital includes equity attributable to the owners of the Company.

The debt to equity ratio as at the end of the reporting period is as follows:

	2020	2019
Total debts (RM'000)	10,551	10,969
Equity attributable to the owners of the Company, representing total capital (RM'000)	30,036	16,646
Debts to equity ratio	35%	66%

## 37. SEGMENT INFORMATION

The Group's operating segments are its business segments as the Group's risk and rates of return are affected predominantly by differences in the products and services produced. Information by geographical location is not presented as the Group's operations are located primarily in Malaysia.

The operating businesses are organised and managed separately according to the nature of the products and services provided with each segment representing a strategic business unit that offers different services and serves different markets.

The Group is providing the following services:

- (i) ICT related products and services
- (ii) Payment solutions and services

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 37. SEGMENT INFORMATION (Cont'd)

### Business Segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment.

### 31 December 2020

	ICT related products and services RM'000	Payment solutions and services RM'000	Elimination RM'000	Group RM'000
<b>Revenue</b>				
External sales	35,421	796	-	36,217
Intersegment sales	166	-	(166)	-
<b>Total revenue</b>	<b>35,587</b>	<b>796</b>	<b>(166)</b>	<b>36,217</b>

### RESULTS

Segment (loss)/profit	(8,175)	(1,039)	8,132	(1,082)
Interest income				127
Unallocated expenses				(8,471)
Loss from operations				(9,426)
Interest expense				(341)
Loss before tax				(9,767)
Taxation				(9)
Loss after tax				(9,776)

### OTHER INFORMATION

Segment assets	39,454	2,808	-	42,262
Unallocated assets				14
<b>Total assets</b>				<b>42,276</b>
Segment liabilities	11,121	826	-	11,947
Unallocated liabilities				7
<b>Total liabilities</b>				<b>11,954</b>
Capital expenditure	468	38	-	506
Depreciation and amortisation:				
- property, plant and equipment and intangible assets	958	215	-	1,173
- right-of-use assets	1,330	-	-	1,330
Net write-back of impairment losses on receivables	(2)	(11)	-	(13)
Allowance for obsolete inventories	34	-	-	34
Write-back of allowance for obsolete inventories	(11)	-	-	(11)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 37. SEGMENT INFORMATION (Cont'd)

31 December 2019

	ICT related products and services RM'000	Payment solutions and services RM'000	Elimination RM'000	Group RM'000
<b>Revenue</b>				
External sales	28,040	885	-	28,925
Intersegment sales	140	-	(140)	-
<b>Total revenue</b>	<b>28,180</b>	<b>885</b>	<b>(140)</b>	<b>28,925</b>
<b>RESULTS</b>				
Segment (loss)/profit	(5,802)	(224)	5,266	(760)
Interest income				163
Unallocated expenses				(4,887)
Loss from operations				(5,484)
Interest expense				(380)
Loss before tax				(5,864)
Taxation				(9)
Loss after tax				(5,873)
<b>OTHER INFORMATION</b>				
Segment assets	27,130	3,270	-	30,400
Unallocated assets				14
<b>Total assets</b>				<b>30,414</b>
Segment liabilities	12,279	1,013	-	13,292
Unallocated liabilities				4
<b>Total liabilities</b>				<b>13,296</b>
Capital expenditure	424	638	-	1,062
Depreciation and amortisation:				
- property, plant and equipment and intangible assets	687	88	-	775
- right-of-use assets	1,049	-	-	1,049
Net write-back of impairment losses on receivables	(15)	(7)	-	(22)
Allowance for obsolete inventories	44	-	-	44

Segment assets consist of primarily plant and equipment, intangible assets, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation.

Capital expenditure comprise additions to plant and equipment (Note 13) and intangible assets (Note 14) including those resulting from acquisitions.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 37. SEGMENT INFORMATION (Cont'd)

### Information on Major Customers

Revenue within ICT related products and services segment from transactions with major customers who individually accounted for 10 percent or more of the Group's revenue are summarised below :-

	2020 RM'000	1.4.2019 to 31.12.2019 RM'000
Customer A	6,214	8,538
Customer B	5,006	3,558
Customer C	3,745	-

## 38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) At the Extraordinary General Meeting of the Company held on 17 July 2020, the shareholders of the Company approved the following: -
- (i) Private placement of up to 139,060,500 new ordinary shares ("Placement Shares") in the Company representing up to 30% of the total number of issued shares of the Company ("DHB Shares") to Widad Business Group Sdn Bhd and third party investors to be identified in one or more tranches at an issue price for each tranche based on a discount of not more than 10% to the 5-day volume-weighted average market price of DHB Shares up to and including the price-fixing date ("Share Placement");
  - (ii) Allocation and issuance of such number of Placement Shares equivalent to RM9.0 million to Widad Business Group Sdn Bhd pursuant to the Share Placement;
  - (iii) Establishment of a Long Term Incentive Plan ("LTIP") of up to 15% of the total number of issued ordinary shares of the Company (excluding treasury shares, if any) for the eligible directors, senior management and employees of the Company and its subsidiaries (excluding subsidiaries which are dormant), comprising the Employee Share Option Scheme ("ESOS") and the Share Grant Scheme ("SGS") which in turn comprises the Retention Share Plan ("RSP") and the Performance Share Plan ("PSP"), and that the LTIP be administered by a LTIP Committee appointed by the Board of Directors in accordance with the By-Laws of the LTIP ("By-Laws"); and
  - (iv) Offer and allocation of share options under ESOS and/or award of shares of the Company under SGS under the LTIP from time to time during the duration of the LTIP to the directors of the Company, namely Dato' Mohd Rizal Bin Mohd Jaafar, Mohamad Sabir Bin Mohamad Sabri, Datuk Abdul Aziz Bin Ishak, Nor Adha Bin Yahya and Ong Kuan Wah, in accordance with the provisions of the By-Laws and the Main Market Listing Requirements of Bursa Securities, or any other prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

Bursa Securities has on 29 June 2020 approved the listing and quotation of the Placement Shares under the Share Placement and such number of new DHB Shares representing up to 15% of the total number of issued shares of the Company (excluding treasury shares) to be issued pursuant to the exercise of the share options and vesting of the new shares under the LTIP.

The Company has completed the Share Placement on 21 December 2020 as further detailed in Note 24(a).

The Company has not made any award of DHB Shares under the SGS and has only implemented the ESOS under the LTIP during the financial year. Further details on the implementation of the ESOS are set out in Note 25.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

- (b) On 30 September 2020, the Company announced that it has triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(a) of Practice Note 17 ("PN17") of the Main Market Listing Requirements ("MMLR") of Bursa Securities where the Company's shareholders' equity on a consolidated basis was 25% or less of the share capital (excluding treasury shares) based on the Company's quarterly financial statements for the period ended 30 June 2020. The Company's shareholders' equity on a consolidated basis as at 30 June 2020 was 23.66% of its share capital.

Pursuant to the relief measures to listed issuers, which suspended the prescribed criteria under PN17 of the MMLR for the period from 17 April 2020 to 30 June 2021, as granted by Bursa Securities on 16 April 2020, the Company has not been classified as a PN17 listed issuer and need not comply with obligations pursuant to Paragraph 8.04 and PN17 of the MMLR for a period of 12 months from the date of announcement of the triggering of the suspended criteria. Upon the expiry of the 12 months, the Company is required to announce whether it continues to trigger any of the criteria in PN17 of the MMLR and if it continues to trigger any of the criteria, it will then be classified as a PN17 listed issuer and shall comply with all the obligations under Paragraph 8.04 and PN17 of the MMLR, including the obligation to submit a regularisation plan to the relevant authorities within 12 months from the said announcement.

As at the end of the financial year and the date of this report, the Company no longer trigger any of the prescribed criteria under PN17 of the MMLR.

- (c) On 10 December 2020, the Company announced that its wholly-owned subsidiary, Solsisnet Sdn Bhd has on that date entered into a conditional Share Sale Agreement ("SSA") with Rohzan bin Abdul Rahman and Badrul Ilahan bin Dato' Hj. Abd Jabbar ("Vendors"), the registered shareholders of RIDAA Associates Sdn Bhd ("RIDAA") to acquire the existing 510,000 ordinary shares in RIDAA representing 51% of the total issued and paid-up share capital of RIDAA from the Vendors for a total cash consideration of RM3,000,000 ("Purchase Consideration").

RIDAA is a private company incorporated in Malaysia and principally engaged in the business of selling multimedia goods, hardware and other multimedia components electronic and carrying out works as extra low voltage electrical contractors as well as activities under Network Facility Provider License, Network Service Provider License and Applications Service Provider Class License issued by the Malaysian Communications and Multimedia Commission.

- (d) The outbreak of the COVID-19 as a global pandemic as declared by the World Health Organisation on 11 March 2020 has resulted in countries, including Malaysia, imposing various travel restrictions, lockdowns and other containment measures to curb the spread of COVID-19 infections. These containment measures have caused disruptions to the business operations of most entities including the Group.

As the pandemic situation is fluid, the Group will continue to monitor and manage its activities and operations to mitigate any adverse impact that may arise from COVID-19 and will assess and revise, where appropriate, the estimates and assumptions used in the preparation of the financial statements of the Group and of the Company to reflect the financial effects that COVID-19 may have on its activities.

## 39. SIGNIFICANT EVENTS SUBSEQUENT TO END OF THE FINANCIAL YEAR

- (a) In respect of the acquisition of RIDAA as disclosed in Note 38(c), the Company announced on 15 February 2021 that upon the fulfillment of the conditions precedent as set out in the SSA, the acquisition of RIDAA is duly completed on 15 February 2021 and the full settlement of the Purchase Consideration shall be completed in accordance with the terms and conditions as stipulated in the SSA. Accordingly, RIDAA became a subsidiary of the Group on 15 February 2021.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 39. SIGNIFICANT EVENTS SUBSEQUENT TO END OF THE FINANCIAL YEAR (Cont'd)

- (b) On 16 February 2021, the Company announced the proposal to undertake a private placement of up to 138,597,000 new ordinary shares in the Company ("DHB Shares"), representing up to 20% of the total number of issued shares in the Company ("Proposed Private Placement"). The Proposed Private Placement shall be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 approved by the shareholders of the Company at the Annual General Meeting of the Company held on 24 June 2020 which authorizes the Board to issue and allot new DHB Shares not exceeding 20% of the total number of issued shares of the Company ("General Mandate"). The General Mandate, unless revoked or varied by the Company at a general meeting, shall continue to be in force until the conclusion of the next AGM of the Company.

On 23 February 2021, the Company announced that the additional listing application in relation to the Proposed Private Placement has been submitted to Bursa Securities on 22 February 2021. On 4 March 2021, the Company further announced that Bursa Securities has, vide its letter dated 3 March 2021, approved the additional listing application.

- (c) On 12 March 2021, the Company announced that its wholly-owned subsidiary, Dataprep (Malaysia) Sdn Berhad ("DPM") has entered into a Memorandum of Collaboration with Asia Coding Centre Sdn Bhd ("ASIA CODING"). Under the Memorandum of Collaboration which is for a duration of 3 years from 12 March 2021, DPM and ASIA CODING will work as strategic partners as well as will collaborate with each other to undertake a project in relation to providing an integrated solution technology for COVID-19 screening to Kementerian Kesihatan Malaysia (Ministry of Health Malaysia).

On 15 March 2021, the Company announced that DPM has on that date entered into the following share sale agreements for acquisition of new subsidiaries: -

- (i) a Share Sale Agreement with Asia Biomed Centre Sdn Bhd ("ABC") and Asia Coding Centre Sdn Bhd ("Vendor") to acquire the existing 510 ordinary shares in ABC representing 51% of the total issued and paid-up share capital of ABC from the Vendor for a total cash consideration of RM510; and
- (ii) a Share Sale Agreement with Asia Solutions Centre Sdn Bhd ("ASC") and Asia Coding Centre Sdn Bhd ("Vendor") to acquire the existing 51 ordinary shares in ASC representing 51% of the total issued and paid-up share capital of ASC from the Vendor for a total cash consideration of RM51.

ABC and ASC are both companies incorporated in Malaysia and principally involved in ICT solutions business.

On 26 March 2021, DPM completed the share sale agreements for the acquisitions of ABC and ASC and accordingly, both ABC and ASC became subsidiaries of the Group on that date.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (Cont'd)

## 40. COMPARATIVE FIGURES

- (a) The comparatives for the statements of comprehensive income together with notes thereto, statements of changes in equity and statements of cash flows relate to a financial period of 9 months and are not comparable with their amounts for the current financial year.
- (b) The following comparative figures in the statements of cash flows have been restated to conform with the current year's presentation :-

	As previously reported RM	As restated RM
<b>Consolidated Statement of Cash Flows :</b>		
<b>Cash Flows From Financing Activities</b>		
Withdrawal of fixed deposits pledged	-	1,289
Net cash used in financing activities	(3,440)	(2,151)
<b>Net decrease in cash and cash equivalents</b>	<b>(2,240)</b>	<b>(951)</b>
Cash and cash equivalents at beginning of period	9,846	2,205
<b>Cash and cash equivalents at end of period</b>	<b>7,606</b>	<b>1,254</b>
<b>Company Statement of Cash Flows :</b>		
<b>Cash Flows From Financing Activities</b>		
Placement of fixed deposits pledged	-	(60)
Net cash used in financing activities	(569)	(629)
<b>Net increase in cash and cash equivalents</b>	<b>186</b>	<b>126</b>
Cash and cash equivalents at beginning of period	1,873	26
<b>Cash and cash equivalents at end of period</b>	<b>2,059</b>	<b>152</b>

The restatement of cash and cash equivalents is to exclude fixed deposits pledged as security for banking facilities to better reflect that they are not available for general use as part of cash management.

# STATEMENT BY DIRECTORS

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

We, **Dato' Mohd Rizal Bin Mohd Jaafar** and **Mohamad Sabir Bin Mohamad Sabri**, being two of the Directors of **Dataprep Holdings Bhd**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 65 to 138 are 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 their financial performance and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Board of Directors,

**Dato' Mohd Rizal Bin Mohd Jaafar**  
Chairman

**Mohamad Sabir Bin Mohamad Sabri**  
Director

Date : 26 March 2021

# STATUTORY DECLARATION

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

I, **Geng Mun Mooi**, the Officer primarily responsible for the financial management of **Dataprep Holdings Bhd**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 65 to 138 are, in my opinion 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, Geng Mun Mooi at  
Kuala Lumpur in the Federal Territory on  
26 March 2021

**Geng Mun Mooi**  
**(MIA 8365)**

Before me,

Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DATAPREP HOLDINGS BHD. (Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of DATAPREP HOLDINGS BHD, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 138.

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 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 period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DATAPREP HOLDINGS BHD. (Incorporated in Malaysia) (Cont'd)

## Key Audit Matters (Cont'd)

### Key audit matters

#### 1. Revenue recognition under contract accounting

Refer to Notes 2.8, 2.24(a), 3(b)(v), 4 and 20 to the financial statements.

The Group recognises revenue from long term contracts with customers using the stage of completion method. The stage of completion is measured by the proportion of actual contract costs incurred to date over the estimated total contract costs in the project budgets for contracts in progress. Revenue recognised for performance obligations under the contracts satisfied as at the end of the reporting period is taken up as contract assets if not billed pending customers' acceptance. In this respect, significant judgement is required from management in determining the estimated total contract costs allocation to budgets as well as the recoverability of cost incurred from customers for contract works performed. Such judgement involves estimation uncertainty which has significant impact to the amount of revenue recognised for the financial period.

### Our audit approach to address the key audit matters

Our audit approach included the following:

- Performed an update of our understanding of the Group's project budgeting processes including relevant controls and performed tests to assess the reliability of the project budgets.
- Verified the contract sums and material cost elements in the project budgets, for selected significant on-going projects, against their supporting documentation including contracts, key assumptions and workings for estimates of contract costs. We also considered the accuracy of management's past estimates and assessed the consistency of assumptions used across the selected projects.
- Performed inquiries with management to assess whether the status of on-going contracts accord with the stage of completion determined for revenue recognition and also whether the estimates used for project budgets are reasonable. We further assessed whether management has updated the project budgets where actual revenue or costs have deviated significantly from estimates.
- Performed recomputation to assess the mathematical accuracy of revenue and costs recognised based on stage of completion method and considered the implications of any identified error and change in estimates.
- Verified actual contract billings and costs recognised for selected projects to supporting invoices.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DATAPREP HOLDINGS BHD. (Incorporated in Malaysia) (Cont'd)

## Key Audit Matters (Cont'd)

### Key audit matters

#### 2. Valuation of trade receivables and contract assets

Refer to Notes 2.12, 3(b)(iv), 18, 20 and 35(d) to the financial statements.

Trade receivables and contract assets are subject to assessment for expected credit loss ("ECL") based on the simplified approach impairment model under MFRS 9 Financial Instruments. The ECL impairment model is a forward-looking approach which requires management's significant judgement on assumptions and estimates which have significant impact on the valuation of trade receivables and contract assets of the Group. For determining ECL at the reporting date, the Group uses a provision matrix based on the age of receivables and assumptions on credit risk profiling, expected loss rate, expected future cash flows and macro economic conditions.

#### 3. Assessment of impairment on the carrying value of the Company's investment in subsidiaries and amounts due from subsidiaries

Refer to Notes 2.10, 2.12, 3(b)(i), 3(b)(iv), 15 and 21 to the financial statements.

The Company assesses the recoverable amount of the investment in a subsidiary based on the higher of its value-in-use ("VIU") and fair value less cost to sell when there are indications that the carrying value of the subsidiary may have been impaired. The Company has determined that the recoverable amount is based on VIU which involves estimation of future cash flows from the subsidiary. This estimation is inherently uncertain and requires management's significant judgement on both future cash flows and the discount rate applied to the future cash flows in arriving at the VIU.

The Company's assessment of the recoverability of amounts due from subsidiaries also involves management's significant judgement and estimates on the expected future operating cash flows of the subsidiaries while considering their current financial conditions.

The extent of significant judgement required from management and the significance of the amount of investment in and advances to subsidiaries resulted in the above matters being identified as key audit matters for the Company.

### Our audit approach to address the key audit matters

Our audit approach included the following:

- Evaluated the management's procedures for reviewing and monitoring of trade receivables and contract assets to determine their recoverability.
- Assessed the appropriateness of the ECL impairment model used by the Group considering management's assumptions, data inputs and estimates used for the impairment computation against the Group's past history of credit losses and both existing and future market conditions.
- Assessed the reasonableness of the assumptions used by management to estimate the future cash flows expected to be recovered by the Group with respect to those credit impaired trade receivables assessed for ECL individually.
- Performed recomputation of the impairment loss allowed for at the reporting date based on the adopted ECL impairment model for mathematical accuracy.

Our audit approach included the following:

- Compared the cash flow projections of subsidiaries to their performance for recent periods to assess the reasonableness of key assumptions on revenue and growth rate used in the cash flow projections.
- Assessed the reasonableness of the discount rate which reflects the specific risk relating to the investments in subsidiaries.
- Performed a sensitivity analysis over terminal growth rate and discount rate used in deriving the VIU to assess the potential impact of a reasonable possible change to any of these assumptions on the recoverable amount of the investment in subsidiaries.
- Assessed the business plans and strategies for the subsidiaries which may impact the availability and timing of future cash flows from operations to meet repayment obligations of amount due to the Company through discussion with the management.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DATAPREP HOLDINGS BHD. (Incorporated in Malaysia) (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 Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DATAPREP HOLDINGS BHD. (Incorporated in Malaysia) (Cont'd)

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

## **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 15(a) 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.

**FOLKS DFK & CO.**  
FIRM NO. : AF 0502  
CHARTERED ACCOUNTANTS

**NG YONG CHIN**  
NO : 03051/05/2021 J  
CHARTERED ACCOUNTANT

Kuala Lumpur  
Date : 26 March 2021

# ANALYSIS OF SHAREHOLDINGS

As at 4 May 2021

**Total Number of Issued Shares** : 669,267,417  
**Class of Shares** : Ordinary Shares  
**No. of Shareholders** : 10,655

**Voting rights: One vote for one ordinary share**

## ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	% of shareholders	No. of Shares	% of Issued
Less than 100	173	1.62	6,062	0.00
100 - 1,000	3,422	32.12	2,230,376	0.33
1,001 - 10,000	5,148	48.32	22,202,622	3.32
10,001 - 100,000	1,619	15.19	48,996,160	7.32
100,001 to less than 5% of issued shares	290	2.72	283,269,734	42.33
5% and above of issued shares	3	0.03	312,562,463	46.70
<b>Total</b>	<b>10,655</b>	<b>100.00</b>	<b>669,267,417</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	No. of Shares		No. of Shares	
		Direct Interest	%	Indirect Interest	%
1	Dato' Mohd Rizal Bin Mohd Jaafar	2,124,200	0.32	-	-
2	Mohamad Sabir Bin Mohamad Sabri	515,200	0.08	-	-
3	Datuk Abdul Aziz Bin Ishak	300,000	0.04	-	-
4	Ong Kuan Wah	-	-	-	-
5	Nor Adha Bin Yahya	1,204,000	0.18	100,000	0.01

## SUBSTANTIAL SHAREHOLDER

No.	Name of Substantial Shareholders	No. of Shares	%
1	Wardah Communication Sdn Bhd	137,030,217	20.47
2	BI Nominees (Tempatan) Sdn Bhd Wardah Communication Sdn Bhd	136,000,000	20.32
3	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Widad Business Group Sdn Bhd (PB)	39,532,246	5.91

# ANALYSIS OF SHAREHOLDINGS

As at 4 May 2021 (Cont'd)

## THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	WARDAH COMMUNICATION SDN BHD	137,030,217	20.47
2	BI NOMINEES (TEMPATAN) SDN BHD WARDAH COMMUNICATION SDN BHD	136,000,000	20.32
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR WIDAD BUSINESS GROUP SDN BHD	39,532,246	5.91
4	LUQMAN BIN MOHAMED JAKEL	28,985,000	4.33
5	MOHAMED FAROZ BIN MOHAMED JAKEL	27,660,000	4.13
6	MOHAMED IZANI BIN MOHAMED JAKEL	26,508,900	3.96
7	BIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SENTOSA CAPITAL SDN BHD FOR WIDAD BUSINESS GROUP SDN. BHD	14,117,647	2.11
8	MOHAMED NIZAM BIN MOHAMED JAKEL	12,000,000	1.79
9	TENGGU YUSOF BIN TENGGU AHMAD SHAHRUDDIN	12,000,000	1.79
10	NORHANA BINTI SHARKHAN	10,700,000	1.60
11	BIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAM NONG A/L ALIAP	8,333,300	1.25
12	MOHAMMAD REDZUAN MOHANAN BIN ABDULLAH	7,728,000	1.15
13	LOW KOK YEW	7,633,000	1.14
14	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAFIDAH BINTI PAWANCIK	7,000,000	1.05
15	BIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SENTOSA CAPITAL SDN BHD FOR NOR BAKSHAH BINTI ABU BAKAR	6,904,800	1.03
16	FAMI TAUF EQ BIN FAKARUDIN	4,440,100	0.66
17	FEROZ BIN A S MOIDUNNY	3,850,000	0.58
18	LIAN THIM POOI	3,053,400	0.46
19	CHIN KEAN PING	2,896,600	0.43
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHAMMED AZMAN BIN AZIZ MOHAMMED	2,575,000	0.38
21	BIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SENTOSA CAPITAL SDN BHD FOR PINTARISMA SDN BHD	2,289,000	0.34
22	MOHD RIZAL BIN MOHD JAAFAR	2,124,200	0.32
23	ABDUL MALIK BIN DASTHIGEER	2,000,000	0.30
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH KIN LIP	2,000,000	0.30
25	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FAMI TAUF EQ BIN FAKARUDIN	1,950,000	0.29
26	SAW SZE SYEH	1,869,000	0.28
27	TEH SWEE SEE	1,700,000	0.25
28	AZHARINA BINTI SULAIMAN	1,630,800	0.24
29	MASHARUDDIN BIN HARUN	1,550,000	0.23
30	AHMAD IKHWAN BIN HAMZAH	1,519,300	0.23
<b>Total</b>		<b>517,580,510</b>	<b>77.34</b>

No. of shares held	CDS Account No.

I/We \_\_\_\_\_

NRIC No./Passport No./Company No. \_\_\_\_\_ of \_\_\_\_\_

being a member/members of **Dataprep Holdings Bhd** ("the Company"), hereby appoint \_\_\_\_\_

\_\_\_\_\_ NRIC No./Passport No. \_\_\_\_\_

of \_\_\_\_\_

or failing him/her, \_\_\_\_\_

NRIC No./Passport No. \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy/representative to vote for me/ us and on my/our behalf at the Thirty Second Annual General Meeting of the Company to be held at Broadcast venue, Widad Semantan (WISE), No. 3, Jalan Semantan, 50490 Damansara Heights, Kuala Lumpur on Wednesday, 30 June 2021 at 10.00 a.m and any adjournment thereof, and to vote as indicated below:

No	Resolution	For	Against
Resolution 1	To approve the aggregate directors' fees and benefits payable to directors of the Company not exceeding the amount of RM400,000 from 1 January 2021 to the next Annual General Meeting of the Company.		
Resolution 2	To re-elect Datuk Abdul Aziz bin Ishak who retires pursuant to Clause 131 of the Company's Constitution.		
Resolution 3	To re-elect Nor Adha bin Yahya who retires pursuant to Clause 131 of the Company's Constitution.		
Resolution 4	To re-appoint Messrs. Folks DFK & Co as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
Resolution 5	Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act").		
Resolution 6	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

(Please indicate with an (X) in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion).

At witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Signature: \_\_\_\_\_

The proportions of *my/our holding to be represented by *my/our proxies are as follows: -		
	Share	%
First Proxy		
Second Proxy		
<b>Total</b>		

\* Strike out whichever is not desired.

**Note:**

- In view of the Coronavirus Disease [COVID-19] pandemic and as part of our safety measures, the Thirty Second Annual General Meeting ("32nd AGM") of DATAPREP HOLDINGS BHD ("DATAPREP" or "The Company") will be conducted on a fully virtual basis through remote participation and electronic voting from the Broadcast Venue ("Online AGM"). This is in line with the Guidance Notes on the Conduct of General Meetings for the Listed Issuers issued by the Securities Commission Malaysia revised on 5 March 2021.
- The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders will not be allowed to physically present at the 32nd AGM in person at the Broadcast Venue on the day of the meeting.
- A member entitled to present via RPV at this meeting is entitled to appoint more than (1) proxy to attend, speak and vote instead of the member at the meeting. A proxy may but need not be a member of the Company.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings(s) to be represented by each proxy.
- A members can also appoint Chairman of the Meeting as a proxy. Please ensure that your details are accurate as any non-compliance may result in you not being able to receive your DBF.
- Where a member of the Company is an authorized nominee as defined under the Securities Industry [Central Depositories] Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the office of the Poll Administrator, Mega Corporate Services Sdn. Bhd. situated at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan or submit via email at: AGM-support.DPI@megacorp.com.my not less than forty-eight (48) hours before the time of holding the 32nd AGM, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Clause 88 of the Company's Constitution, a Record of Depositors as at 23 June 2021 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting.

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AFFIX  
STAMP

**The Poll Administrator**

**Mega Corporate Services Sdn Bhd**  
Level 15-2, Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur

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**Dataprep Holdings Bhd.**

Registration No. 198901005754 (183059-H)

Dataprep @Widad Semantan

No. 3, Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur,  
Wilayah Persekutuan Kuala Lumpur

Tel : + 603-7843 1600 Fax : +603-7956 2324

Website : [www.dp.com.my](http://www.dp.com.my)