Together Beyond Excellence.

DNeX

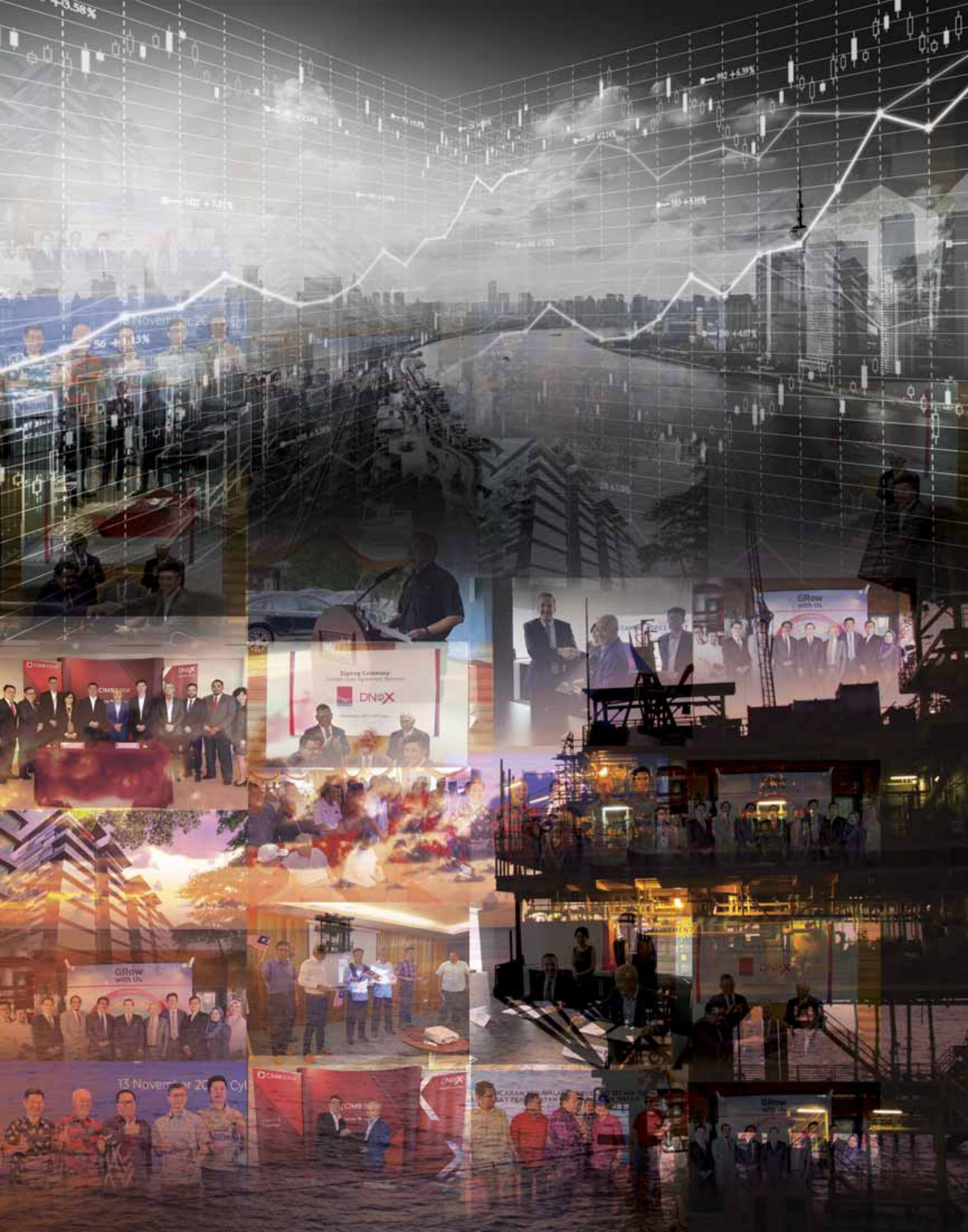
years of achievements

ANNUAL REPORT 2019

TOGETHER BEYOND EXCELLENCE

DNeX is a leading service provider for Malaysia's trade facilitation, with a commendable footprint in the energy sector. Set up in 1970, our core businesses stem into a myriad of sectors that encompasses a family of specialised companies, each providing customised solutions and infrastructures, engineered and led by industry experts. Listed on the Main Market of Bursa Malaysia Securities Berhad, the company currently operates in two business segments – IT & eServices, and Energy.

DNeX is empowered by people; from clients, customers and stakeholders inspired and aspiring for betterment, to the communities our projects serve. The dedication and talents of our vibrant teams lie behind each of our successes. Through the years, we've taken our inherited values and priceless know-how to inspire our ventures and partnerships. We have expanded and refined our expertise and services through the simple understanding that when we all work together, distinction happens.


DNeX
GRow
with Us

Cover Rationale

50 YEARS OF ACHIEVEMENTS

In 2020, DNeX celebrates its 50 years corporate anniversary. This occasion marks a very big milestone for us, as it signifies the remarkable progression and range of endeavours we have achieved. Through the years, our people have displayed strength, resilience, grit and determination to not only excel in the fields we are in, but also to constantly push the envelope by innovating ourselves to respond to the new global economic and demographic shift we are in.

Vision

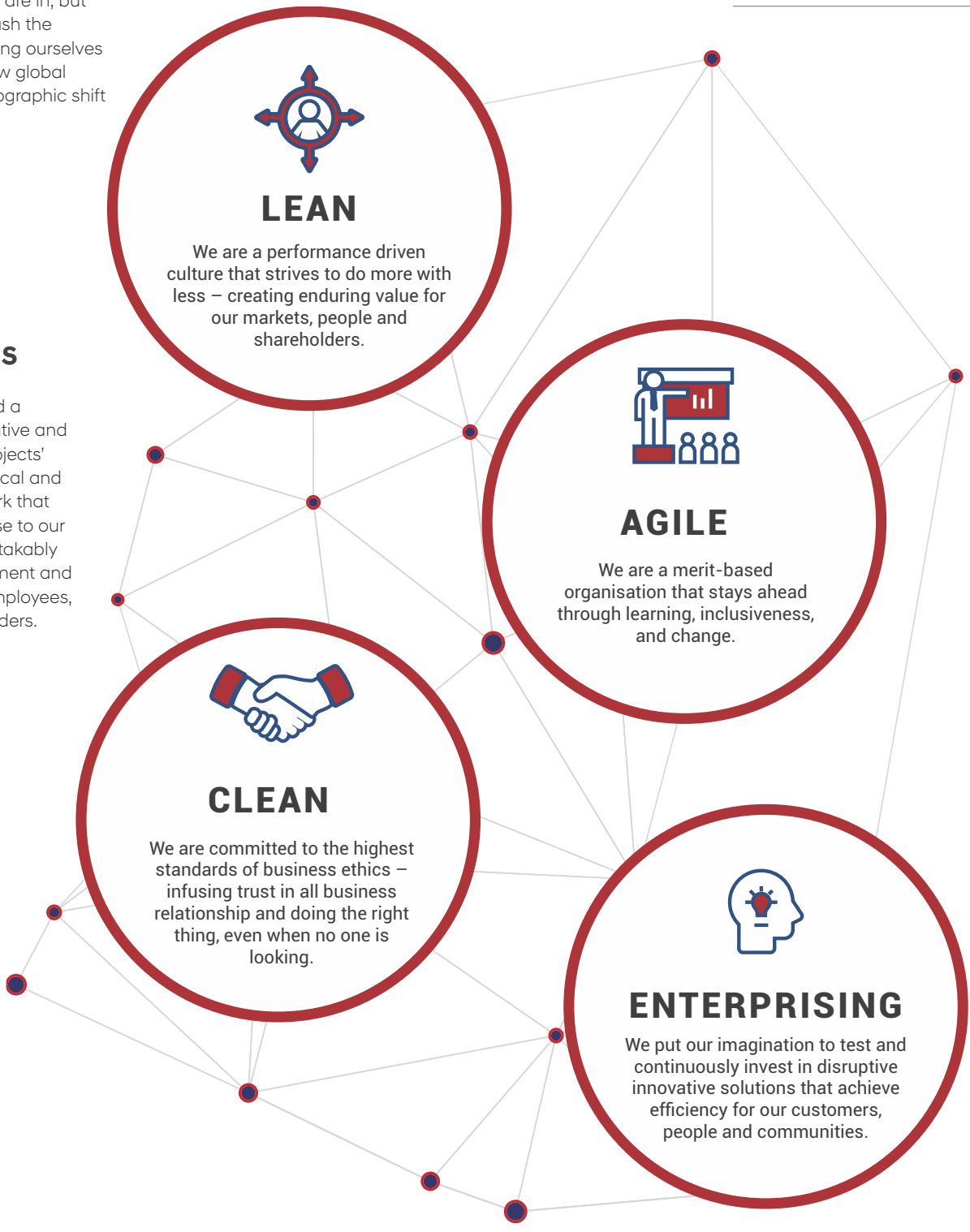
To be a leading multinational corporation that is trusted for its world-class services and expertise.

Mission

We are vibrant talents who are committed to delivering business innovation that creates value for stakeholders.

CORE VALUES

DNeX has developed a culture that is innovative and responsive to our projects' needs, within an ethical and disciplined framework that serves as a lighthouse to our belief system; unmistakably guiding our engagement and relationships with employees, clients, and stakeholders.



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AT A GLANCE

COMPANY BACKGROUND

Incorporated in

1970

Listed on Main Market of Bursa Malaysia in

1983

Cyberjaya

Headquarters

ISO 27001:2013

Certified for Information Security Management System

FINANCIAL RESULTS

RM290.5 million

Revenue

RM35.5 million

Profit After Tax

1.71 sen

Earnings Per Share

MARKET CAPITAL

474.7 MIL

1,758,090,478 shares

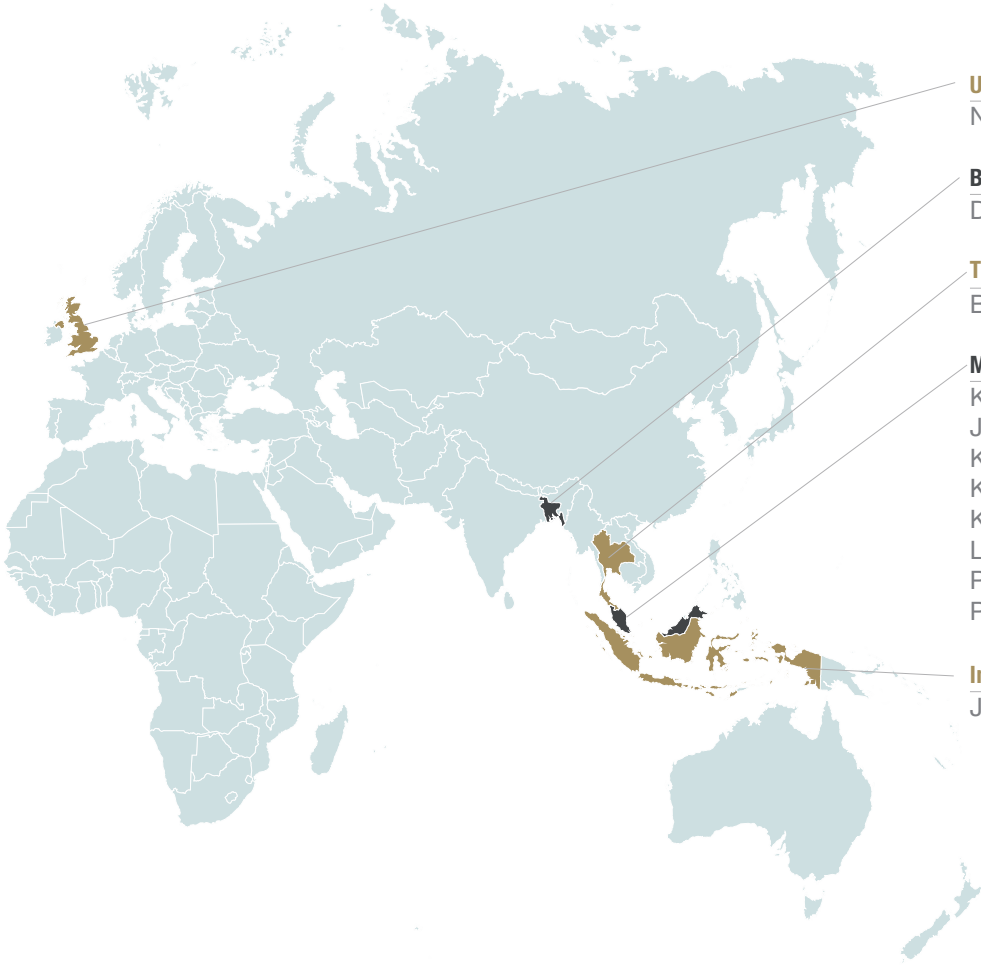
* As of 31 December 2019

NO. OF SHAREHOLDERS

26,810

* As of 31 December 2019

GEOGRAPHICAL PRESENCE



United Kingdom
North Sea

Bangladesh
Dhaka

Thailand
Bangkok

Malaysia
Kuala Lumpur
Johor Bahru
Kota Kinabalu
Kuantan
Kuching
Labuan
Penang
Port Klang

Indonesia
Jakarta

NUMBER OF EMPLOYEES : 576

238 people — Female

338 people — Male

OUR STORY

1970

Inception
Founded as TIME Engineering Sdn. Bhd. to trade and distribute welding products.

1972

Electric power component manufacturing
Manufacture and supply electrical switchgears, switchboards and transformers.

1981

System Integration
Established footing in ICT with core offering to supply hardware and provide services to the government sector.

1983

Public listed company
Listed on the Main Board of Bursa Malaysia Securities Berhad and renamed as TIME Engineering Berhad.

1989

Toll Road development
Pioneered solutions for the design and construction of Malaysia's first major toll roads.

- Provided Malaysia's first comprehensive toll gate solutions and services for both the North South Expressway and the New Klang Valley Expressway, as well as the Malaysia-Singapore Second Crossing.
- Introduced the high-tech Intelligent Traffic System, engineered for efficient expressway management.

1994

Fibre Optic Telecommunications
Rolled out Malaysia's first fully digital fibre optic telecommunications network.

1995

SMK-Dagang Net
Designed and developed the first direct interface for Sistem Maklumat Kastam through pioneering efforts to enhance the use of eGovernment services, smartcards and electronic fund transfers for the Port Klang trading and logistics community.

Toll system
Developed the first local toll system in Malaysia.

1996

Subsea engineering
Introduced Malaysia's first Remotely Operated Vehicle and Cable Joining System.

Also installed the Malaysia-Thailand-East submarine fibre optic cable link for the Telecommunications Organisation of Thailand.

1997

Railways & LRT
Provided trackwork solutions for PUTRA LRT and advised on rail infrastructure for the KL Sentral Station in Brickfields.

Sabah IPP
Became first Independent Power Producer in Sabah that became (at the time) the largest power supplier in the state's electricity board.

1998

TIME Highway Radio
Launched Malaysia's first private radio station & THR Ford Transport Mobile, the first outdoor broadcasting vehicle designed to engaged the public for opinions and concerns on current issues.

2003

PPSMI
Appointed by the Government of Malaysia to advise and supply hardware and teaching equipment for the nationwide implementation of Teaching and Learning of Mathematics and Science in English initiative ("PPSMI").

2004

B2G eServices
Appointed by the Government of Malaysia to operate the electronic customs declaration value-added network and electronic permits for other government agencies.

2005

Islamic Capital Market
The first rated Sukuk Musharakah in the world through the Issuance of Asset-Backed Sukuk Musharakah Programme with nominal value of up to RM2 billion.

2009

National Single Window
Exclusively appointed to design, develop, operate and maintain Malaysia's National Single Window.

50 YEARS OF ACHIEVEMENTS

2013

Rebranding to DNeX
A new corporate brand identity to welcome new expansive business direction.

B2G eServices
Developed and operated the Information System of Dangerous Goods and Free Zone for Port Klang Authority.

2014

myTrade2Cash.com®
Launched Malaysia's first online trade financing service providing on-time, on-demand electronic trade finance services for exports, particularly those in the SME category.

Halal eMarketplace
Launched a global eMarketplace for Halal products and services.

DNeX Energy
Established a diversified business arm to focus on oil & gas services and power generation.

2015

myCargo2U®
Launched myCargo2U®, Malaysia's first all-in-one solution for Cargo and Trade Management.

2015

Pan Asia Exchange
Groundbreaking collaboration with the Pan Asian Alliance to connect 340,000 suppliers in Asia with global buyers.

Directional Drilling
First Malaysian service provider for sub-surface directional drilling work.

Bangladesh IPP
Developed a small power plant in Bangladesh that is set to serve the local community.

2016

Ping Petroleum Acquisition
Marked DNeX's entry into the upstream oil & gas segment with its acquisition of 30% interest in Ping Petroleum for the producing Anasuria Cluster in the North Sea.

OGPC Group Acquisition
Acquired a leading provider of equipment and services for oil and gas, petrochemical, power, and general industries. Increased its reach in the oil and gas industry as Equipment Supply and Maintenance services provider.

Vehicle Entry Permit ("VEP") and Road Charges ("RC") System Project
Awarded a total subcontract to pioneer the development, operation and management of the VEP and RC System for 5 years.

2017

SealNet
Launched as 1Trade™, SealNet is a B2B web-based application that simplifies cargo and trade management processes via a one-stop portal.

2018

Genaxis-IAC Acquisition
Acquired Innovation Associates Consulting Sdn Bhd ("IAC") through Genaxis Group Sdn Bhd.

IAC was earlier contracted by the Government of Malaysia to implement an accrual accounting shared system - the Government Financial and Management Accounting System ("iGFMAS").

Dagang Net Digital Platform ("DNDP")
Launched DNDP, a unified business platform converging Trade Facilitation & Supply Chain, Global Halal Services, and Financial Technology digital offerings.

EC-Council Global Services
Licensed by world class EC-Council Global Services to provide its standard of cyber security consultancy and advisory services in Malaysia.

2019

eScroll
Launched eScroll, an innovative blockchain-powered web application for employers, graduates, universities and training providers to authenticate academic and training certificates.

Regional Network
Established its regional footprint through the opening of an office in Jakarta, offering eServices and IT Solutions to cater to the Indonesian market.

Automatic Tank Gauging ("ATG") system
Awarded contract to supply, install, test, commission and maintain ATG for some 200 PETRONAS stations worldwide.

Innovation to Drive Growth

We spend our energy and resources into creating innovation and added values for our shareholders — a force for good and a force for growth.

Dear Shareholders
On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Financial Statements of Dagang NeXchange Bhd ("DNeX" or "Company") and its Group of Companies for financial year ended 31 December 2019.

CHAIRMAN'S STATEMENT

> Despite challenges especially brought about by global market forces, there are several pockets of growth for DNeX in the IT sector.

Thank you for your continued support for DNeX. The Group is on the right track for further growth as it develops an agility to adapt to ever changing conditions. It has made encouraging progress in the year under review in its core divisions namely IT and eServices as well as Energy despite challenges in domestic and global markets.

Trade Facilitation and eCommerce segment, key source of the Group's income, has shown resilience in the face of slower economic growth. Its ventures into new businesses have also helped widen the revenue, making sense of the Group's strategies in the past.

2019 was an eventful year for DNeX as its unit - Dagang Net Technologies Sdn. Bhd. - received contract extension from the Government of Malaysia ("Government") for the National Single Window for Trade Facilitation, highlighting the Government's continued confidence in the Group. The Group also achieved another milestone when its subsidiary company Innovation Associates Consulting Sdn. Bhd. was awarded a contract to re-engineer the tax self-assessment system by the Inland Revenue Board of Malaysia ("IRB") in a contract worth RM42.75 million.

DNeX's vibrant IT and eServices division was complemented with considerable progress in its Energy division. One of the key highlights was that its wholly-owned subsidiary OGPC Group, won a contract worth RM11.8 million from PETRONAS Dagangan Bhd for the supply, installation, testing, commissioning and maintenance of automatic tank gauging for some 200 PETRONAS stations worldwide.

We are looking forward to concluding the divestment of Ping Petroleum Limited, whose value has increased over the years. Book value of the Group's investment stood at RM216 million as at 31 December 2019. In 2016, DNeX completed acquisition of 30% interest of Ping at a cost of US$10 million.

As DNeX prepares for another exciting year in 2020, it aims to sustain the business momentum and achieve a new revenue height. The Group will focus on growing and strengthening its core businesses while being committed to cost optimisation strategies in its efforts to improve profitability and earning resiliency.

Despite challenges especially brought about by global market forces, there are several pockets of growth for DNeX especially in the IT sector. With the Government's push towards Industry 4.0, we believe the IT sector is poised for the next stage of growth and this should bode well for DNeX.

> The Group's own core values – **Lean, Agile, Clean and Enterprising** – will continue to be embedded as part of its business culture.

As such, we will continue to implement our business development initiatives to capture any opportunities in the market. We can assist businesses and organisations embark on their own digitalisation efforts through the Dagang Net Digital Platform service offerings.

A unified business platform with content aggregation and repository, eCommerce and fulfillment features enabling collaboration between Governments, businesses and consumers, Dagang Net Digital Platform is aimed at reaching, engaging and connecting customers and businesses through innovative products and services that create value to them and their own customers and stakeholders.

As a trading nation, Malaysia cannot avoid being affected by external factors such as the trade war between the United States and other nations especially the People's Republic of China.

These factors are expected to continue to have an impact on DNeX's Trade Facilitation business. However, the Group will continue to be agile and undertake measures to withstand these challenges, supported by its sustainable and viable business development initiatives.

The Group's own core values – Lean, Agile, Clean and Enterprising – will continue to be embedded as part of its business culture.

DNeX had announced redesignation of Mohd Azhar Mohd Yusof as the Group's Executive Director effective 1 February 2020 and Zainal 'Abidin Abd Jalil as Non-Independent Non-Executive Director from Executive Director effective 11 February 2020, as well as completion of service contract of Dato' Wong Kam Yin.

My special appreciation to Zainal and Dato' Wong who have been integral to the advances that the company made in the past. We hope that the new board structure will continue to propel the company's growth and momentum.

On behalf of the Group, I would like to express our sincerest gratitude to all our shareholders, customers, business associates, financiers, the Government and in particular the Ministry of Finance, Ministry of International Trade and Industry, Ministry of Transport, Royal Malaysian Customs Department and other respective regulatory bodies and agencies for their continued support.

My appreciation also goes to my fellow members of the Board for their support and contribution, and the management team and employees for their firm commitment and dedication to the Group in pursuing our goals.

Thank you

Tan Sri Abd Rahman Mamat
Chairman
25 February 2020

Note:
More details on DNeX's 2020 outlook post Covid-19 is addressed on page 17 of the Management Discussion & Analysis.

MANAGEMENT DISCUSSION & ANALYSIS

DNeX is primarily an investment holding company with diversified investments in technology and energy sectors. DNeX Group encompasses 23 subsidiary and associate companies. The corporate structure and corporate profile of the Group are available on pages 22 to 29 of this annual report; an overview of our business investments, milestones and strategies in fiscal year 2019 are available on pages 84 to 85 of the Sustainability Report.

Having its headquarters in Cyberjaya, the Group also has offices in Bangsar South, Shah Alam and small representative offices throughout Malaysia which house 576 employees. DNeX's global presence has now extended to Indonesia for Telco Subsea Services as well as Thailand, providing integrated web-based Business-to-Business solution for its logistic communities. DNeX has presence in the United Kingdom through energy investment in 30% associate company Ping Petroleum Limited ("Ping") which co-operates the Anasuria oilfield cluster in the North Sea; and Bangladesh with a minor stake in an independent power plant ("Bangladesh IPP").

OVERVIEW OF 2019

Financial year 2019 has been a challenging year for DNeX Group brought about by the regional economic slowdown, lower GDP and trade war between the United States and other nations especially the People's Republic of China. Despite the challenges, we are pleased to announce a profit of RM35.5 million generated by revenue of RM290.5 million. Group revenue and gross profit sees a decline in comparison with 2018 primarily due to key projects seeing contracts changes and project completion in the first half of 2019. The Group continues to pursue cost optimisation activities to drive improvements in operational efficiency, ensuring earning sustainability to dampen the impact from life cycle of key projects.

On the upside, DNeX's wholly owned subsidiary company Dagang Net Technologies Sdn. Bhd. ("Dagang Net"), has received a (2) two-year contract extension from the Government of Malaysia as operator of the National Single Window ("NSW") for Trade Facilitation until 31 August 2021. Dagang Net has been the operator of the NSW for Trade Facilitation since its launch in 2009, and the NSW contract represents over 30% of Group revenue.

DNeX through it's indirect subsidiary company Innovation Associates Consulting Sdn. Bhd. has received contract from the Accountant General's Department Malaysia for maintenance of hardware, software and network equipment of the integrated Government Financial and Management System ("iGFMAS"). The extension is for one (1) year, starting from 10 August 2019 to 9 August 2020, and worth RM57.0 million. The earlier contract tenure for iGFMAS maintenance was from 10 August 2018 to 9 August 2019. On 19 November 2019, IAC was awarded a contract to re-engineer the tax self-assessment system by the IRB of Malaysia in a contract worth RM42.8 million.

DNeX's wholly owned subsidiary company DNeX Solutions Sdn. Bhd. ("DSSB") on 1 October 2019 was awarded a contract worth RM14.5 million to develop big data and data warehousing by Department of Statistics Malaysia. On 1 September 2019, DSSB was also awarded the Big Data Analytics Project by Ministry of Energy and Natural Resources, a contract worth RM6.0 million.

The changes in business environment have forced the focus on our core competencies. The Group aims to capture opportunities in the technology sector through Dagang Net Digital Platform, offering a unified business platform connecting customers and businesses through innovative services by embracing technologies such as artificial intelligence, blockchain and big data.

We have taken the decision to exit from businesses that would mature in a different place. With that, we disposed of our business as an independent power producer by the sale of Forward Energy Sdn. Bhd. but chose to retain our stake in Bangladesh IPP until a fair price is offered for it. Additionally, DNeX has disposed of its stake in wholly owned subsidiary DNeX Technology Sdn. Bhd. to EC-Council International Ltd ("EC-Council") in exchange for a 15% stake in EC-Council Global Services Sdn. Bhd. ("EGS"), our cyber security partner since 2018. EC-Council is an award-winning organisation in cyber security training, certification, consulting and services.

To promote industry expertise and compliance at Board level, two (2) new directors Dato' Rosnah Binti Abd Majid and Encik Mohd Azhar Bin Mohd Yusof were appointed. Together they bring to DNeX experience and expertise in government affairs, strategic planning, strategic communications, corporate finance, corporate restructuring and merger and acquisitions. The appointment of Dato' Rosnah also improves the gender balance in the Boardroom.

MANAGEMENT DISCUSSION & ANALYSIS

TECHNOLOGY

Trade Facilitation

Dagang Net exclusively operates the NSW for Trade Facilitation System for the Royal Malaysian Customs Department ("RMCD") since 2009 until its contract expiry on 31 August 2021. Dagang Net is also one of the two appointed service providers of RMCD's uCustoms when the NSW is replaced. Over the years, the NSW contract has been a key component of the Group with sustainable revenues and profits.

Leveraging on the Group's exposure in the trade facilitation industry, DNeX is nurturing the development of small medium enterprises by offering one stop solutions via SealNet and global Halal services. DNeX expands its eServices by coupling it with financial technology gateways such as myPayment with the use of DNeX suite of services. SealNet and global Halal services are at their early stage of product life cycle. SealNet services are currently available in Malaysia and Thailand is expected to hit its growth stage in the coming years.

The trade facilitation unit primarily the NSW services contributes 31% of the Group's revenue and 55% of the Group's profits in 2019.

System Integration & Consultancy

System Integration and Consultancy unit specialises in full project management, from design and build right through to installation and commissioning. It's key projects are from the Government of Malaysia namely iGFMAS, re-engineering of tax self-assessment system for IRB and big data analytics project for Ministry of Energy and Natural Resources.

The system integration & consultancy unit primarily the iGFMAS contributes 35% of the Group's revenue and 28% of Group's profits in 2019.

Telco Subsea Services

Since 2018, DNeX through its subsidiary DNeX Telco Services Sdn. Bhd. ("DNeX Telco"), operated submarine cable installation and repair project for the telecommunications industry in Indonesia and the Philippines. The projects were awarded by Pt. Bina Nusantara Perkasa of Indonesia. Under the project, DNeX was responsible for the design, construction and installation of about 700 kilometres of fibre optic installation for two (2) lines namely Matanusa and SMPCS Patara as part of the Indonesia Global Gateway Cable System. DNeX partnered with Kokusai Cable Ship Co Ltd of Japan for these projects.

With the completion of the project in early 2019, DNeX Telco contributes 7% to the Group's revenue and less than 2% the Group's profit in 2019. Moving forward, DNeX is keen to capture more opportunities in the submarine cable installation and repair project and expand this service offering to telecommunications and other industries.

Radio Frequency Identification Solutions ("RFID") for Border Crossing Systems

DNeX RFID Sdn. Bhd. ("DRFID") via a subcontract from TCSens Sdn. Bhd. ("TCSens") completed the vehicle entry permit and road charges system ("VEP & RC") development and integration using RFID technology and maintenance of the said system for border crossing between Malaysia and Singapore. DRFID was awarded a sub-contract works by TCSens to undertake the encryption of RFID VEP Tag on foreign vehicles. Moving forward, DNeX plans to focus on digitisation of highway payment via encryption of RFID VEP Tag on foreign vehicles and replicate the available system and business model for other government and semi-government agencies within Malaysia and ASEAN region.

DRFID is a 51% owned subsidiary of DNeX with the remaining 49% held by TCSens, a company involved in the development and integration of RFID technology.

DRFID services contributes less than 10% of the Group's revenue.

Cyber Security Services

The Group's Cyber Security Services is ISO/IEC 27001: 2013 Information Security Management System certified. It provides end-to-end cyber security services to major institutions in Malaysia to protect and defend their businesses from IT security threats.

In early 2018, DNeX signed an exclusive brand licence agreement with EC-Council to offer cyber security services in Malaysia. Under the agreement, DNeX can provide cyber security consultancy and advisory services based on the delivery model, methodology and brand of EC-Council Global Services. In December 2019, DNeX disposed its stake in wholly owned subsidiary DNeX Technology Sdn. Bhd. to EC-Council in exchange for 15% stake in EGS.

Cyber security services contribute less than 2% of the Group's revenue.

MANAGEMENT DISCUSSION & ANALYSIS

ENERGY

The Group's portfolio in energy is a mix of upstream and downstream as follows:

i) Equipment supply and maintenance operated by OGPC Sdn. Bhd. ("OGPC");
ii) Oilfield services by DNeX Drilling Tech & Oilfield Services Sdn. Bhd. ("DDTOS");
iii) Upstream oil and gas via investment in Ping with asset in the North Sea United Kingdom; and
iv) Power via a minor stake in a power plant in Bangladesh.

Equipment Supply and Maintenance

OGPC continues to face the effects of industry slowdown in local greenfield projects and heightening price competition. To improve business position, OGPC targets to penetrate niche oil & gas industries and corresponding general industries, as well as power and palm oil industries that require similar expertise.

During the year, OGPC an secured order book of RM68 million, notably for the supply of marine loading arms for Johor Ports Berhad, and automatic tank gauging system installation and maintenance for Petronas Dagangan Berhad.

Equipment supply and maintenance services contributes 20% of the Group's revenue and 22% of the Group's profits.

Oilfield Services

DDTOS is involved with directional drilling for the upstream oil and gas industry. As an asset owner, DDTOS leases its asset to an international player in the industry. In January 2020, DDTOS has secured a five (5) year Umbrella Contract for Provision of Directional Drilling/Measurement While Drilling/Logging While Drilling (DD/MWD/LWD) Equipment and Services for Petronas Carigali Sdn. Bhd. However, DDTOS did not secure any drilling work orders in 2019.

Oilfield services contribute less than 1% of Group's revenue.

Upstream Oil and Gas

DNeX owns 30% in associate company Ping operating in the Anasuria cluster, a fully operating oilfield in North Sea, United Kingdom. Through Ping, DNeX also has interests in Avalon, Ranger, Block 22/14c, 15/17c and 15/18c oilfields in the Central United Kingdom sector of the North Sea which are in various stages of oilfield development and exploration.

This investment continues to appealingly contribute to DNeX results at RM18.3 million in 2019 in comparison to previous year results of RM22.0 million. The reduced annual result was due to reduction in net sale margin in 2019. Ping continues to invest in new oilfields, expanding its oil reserves and consequentially making it an attractive investment.

BUSINESS RISKS

Being in investment heavy business, the Group is exposed to risks relating to return on investments. The Management monitors the progress of the Group's investments specifically new ones on monthly basis. This is carried out actively to ensure any risks arising are mitigated timely with fast decision making. Where required, the Management directly participates in key activities to protect the investment interest and mitigate financial exposure.

DNeX major contracts are primarily with the Government. By virtue of this, the Group is exposed to risks when government policies change. Recent change of Government somewhat affects DNeX's businesses where certain contracts and projects awarded by the previous administration were reassessed by the contract awarder.

On 10 July 2018, Dagang Net received a notice of proposed decision ("Proposed Decision") from the Malaysia Competition Commission ("MyCC") pursuant to Section 36 of the Competition Act 2010 [Act 712] ("MyCC Act"). The Proposed Decision by MyCC is pursuant to the investigation on alleged infringement by Dagang Net of one of the prohibitions under Part 1 of the MyCC Act. MyCC issued the Proposed Decision under Section 36 of the Act against Dagang Net for engaging in conduct which amounts to an abuse of its dominant position in breach of Section 10(1) read with Section 10(2)(c) and Section 10(3) of the Act. In its Proposed Decision, MyCC proposed to impose a financial penalty of RM17,397,695.30 and remedial action to be taken by Dagang Net. The oral representations were heard before a panel appointed by MyCC on 16 January 2019, 25 April 2019, and 29 July 2019 respectively. Dagang Net is currently awaiting decision from MyCC.

As technology is the key enabler of our services, the Group is also exposed to technology risks relating to technological security, development, integration and infrastructure. Our technological assets are strictly maintained with continued updates and assessments to meet the required service level agreements and standard. Our technology staff developments are also kept well abreast with current methodology and technology advances in order to ensure processes are functioning, updated and working efficiently. Back-ups, secondary locations and contingency plans are in place to protect business and service continuity.

DNeX takes adoption and compliance to governing bodies and services rendered to Government administration seriously. We strive to provide our services by adhering to all guidelines, professionalism and of quality. The same level of effort is directed towards agencies and communities that are linked to our systems. The Group continually invests in improving business expansion, internal resources, customer services, system reliability, technological advancement, and stakeholder management activities in view of retaining customer satisfaction and loyalty.

MANAGEMENT DISCUSSION & ANALYSIS

GROUP FINANCIAL ANALYSIS

INCOME STATEMENTS

The Group is pleased to report profit after tax of RM35.5 million with net earnings of 1.71 sen per share. The Group also maintains a healthy debt to equity ratio of 0.1 times.

Profit Movement

The Group has recorded a marginal decline in revenue with completion of several key projects at the first half of 2019. Approximately 70% of the Group's revenue is generated from the Government sector. Therefore, service charges and transaction fees on services and projects undertaken by the Group are fixed and cannot be adjusted despite the increasing costs.

Profit after tax of RM35.5 million sees 32% decline from RM51.89 million reported in previous year. The profits were most impacted by the increased cost of doing business resulting in 7% decline in gross profit margin from 48% in previous year to 41% for the year in review.

Share of profit of equity-accounted associates from investment in Ping has declined by 17% due to reduction in net sale margin in 2019.

Operational Efficiency

Being true to Group's core values of being lean and agile, the resources within the Group has been put to optimal use. In mitigating the effect of increasing costs of doing business, the Group had been prudent in its spending and had rationalised expenses based on business need and size. With that, the Group had managed to reduce operating expenses by 9% from previous year. Most of the cost reduction comes from stringent matching of resource requirements by project basis in addition to minimising outsourcing where possible. The Group will continue to pursue cost optimisation activities and drive improvements in operational efficiency and ensure earning sustainability to moderate the impact from life cycle of key projects.

The Group's recorded earnings before interest, tax, depreciation & amortisation ("EBITDA") of RM56.6 million, a decline from RM69.8 million previous year. Despite reporting lower gross profit margins, EBITDA margin sees a lower decline of 2%. This is contributed by improved operating cost administration and increased other income.

STATEMENT OF FINANCIAL POSITION

Total asset of the Group stands at RM629.0million and is consistent with previous year. Cash position increased to RM54.4 million from RM39.0 million in previous year driven by improved collections in second half of 2019 and lower investing activities during the year. Net cash generated from operating activities is lower compared to previous year due to settlement and payments to the creditors brought forward from previous year in first half of 2019. Total Liabilities decreased primarily driven by reduction in payables.

Dividend Policy

Since the end of previous financial year, the Company paid a final dividend of 0.5 sen net per ordinary share amounting to RM8,790,178.76 in respect of the financial year ended 31 December 2018 on 31 July 2019.

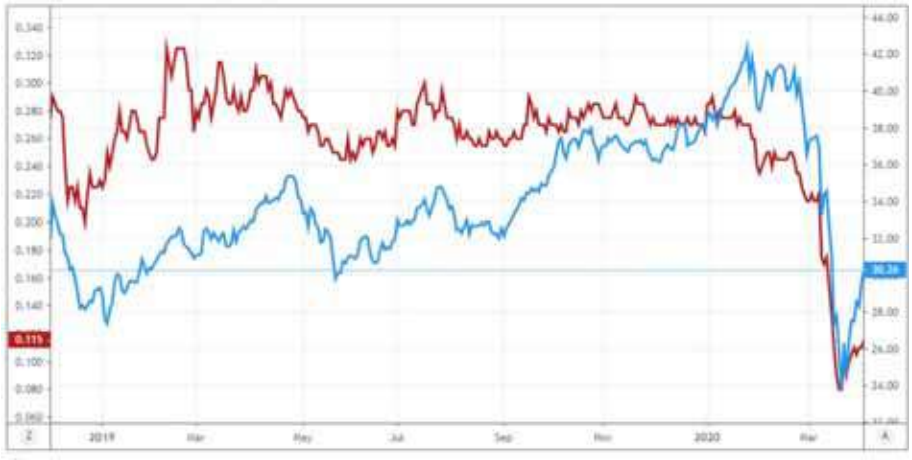
The Management do not recommend payment of any dividend for the financial year ended 31 December 2019.

DNeX maintains its dividend policy based on cash availability upon planned allocation for investment, growth and working capital needs. The chosen dividend policy has thus far aided in business growth without crippling planned strategic direction of the Group.

SHARE PERFORMANCE

Value of DNeX shares sees nominal change from 23 sen at start of year to 27 sen at close of the year.

The movement of DNeX shares somewhat shadows KLSE's Technology Index (see chart on the right) and share performance has no direct impact on the performance of the Company itself. The 12 months share movement can be seen in the share performance chart on page 51 of this annual report.



2020 OUTLOOK

Global economies are faced with an unprecedented situation with headwinds from multiple fronts and businesses in Malaysia are not sparred. Countries all around the world are working relentlessly and have taken various measures to combat the Covid-19 pandemic such as implementing Movement Control Order ("MCO") and closing their borders. Such developments have limited physical movement and impacted a lot of business and trade activities globally. Governments and corporate leaders are changing how they work amid such unprecedented situation.

The Covid-19 pandemic will undeniably have an adverse impact to businesses in the country and globally including us. But the Management believes the impact by the pandemic to the Group is manageable as most of our projects are ongoing especially Government projects and these is expected to carry us through 2020. Selected Government projects continues to operate as usual during the MCO as part of Essential Services albeit with extra precautions for employee welfare and travel.

Governments and corporations are foreseen switching to full digitalisation or at least increasing the level of digitalisation appears an absolute necessity for businesses and organisations. Moving forward, DNeX is determined to intensify its focus in technology sector as the demand for technology continues to rise.

The hit to crude oil price is impacting on the Oil & Gas industry, thus the potential cut in capital expenditure spending by the oil majors can affect provision of services in the upstream segment. DNeX's major energy related contracts fall within downstream segment and could therefore be able to generate a steady revenue stream. Operations of our 30% owned associate company is business as usual for now.

The Management will continue to pursue cost optimisation activities within the Group to drive operational efficiency and ensure earnings sustainability. Furthermore, we may well consider monetising investments that may yield attractive returns particularly those with smaller shareholding and controls.

Embracing New Technologies

We remain at the forefront of the industries we are involved in by staying abreast of the latest technological developments.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Abd Rahman Mamat
Chairman / Independent
Non-Executive Director

Datuk Samsul Husin
Executive Deputy Chairman

Rosli Abdullah
Senior Independent
Non-Executive Director

Ang Hsin Hsien *
Non-Independent Non-Executive Director

Satria Ahmad
Independent Non-Executive Director

Datuk Johar Che Mat
Independent Non-Executive Director

Dato' Rosnah Abd Majid
Independent Non-Executive Director

Mohd Azhar Mohd Yusof
Executive Director

Zainal 'Abidin Abd Jalil **
Non-Independent Non-Executive Director

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Rosli Abdullah
T : (03) 8230 6900
F : (03) 8230 6969
E : rosli.abdullah
@dnex.com.my

BOARD COMMITTEES

Audit Committee

Rosli Abdullah
Chairman / Senior Independent
Non-Executive Director

Ang Hsin Hsien
Non-Independent
Non-Executive Director

Datuk Johar Che Mat
Independent
Non-Executive Director

Nomination and Remuneration Committee

Rosli Abdullah
Chairman / Senior Independent
Non-Executive Director

Satria Ahmad
Independent Non-Executive Director

Datuk Johar Che Mat
Independent Non-Executive Director

Board Procurement and Tender Committee

Datuk Samsul Husin
Executive Deputy Chairman

Ang Hsin Hsien
Non-Independent
Non-Executive Director

Satria Ahmad
Independent Non-Executive Director

Dato' Rosnah Abd Majid
Independent Non-Executive Director

Employee Share Option Scheme Committee

Datuk Samsul Husin
Executive Deputy Chairman

Zahid Mohammad Sham
Chief People Officer

Lim Kek Siang
Chief Financial Officer

Datuk Johar Che Mat
Independent
Non-Executive Director

*Note: * A nominee of Censof Holdings Berhad*
*** A nominee of Arcadia Acres Sdn. Bhd.*

COMPANY SECRETARY

Keh Ching Tyng
MAICSA 7050134
T : (03) 8230 6900 / (03) 8230 6802
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Block 10 (A & B) Corporate Park
Star Central, Lingkaran Cyberpoint Timur
Cyber 12, 63000 Cyberjaya
Selangor
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F : (03) 8230 6969
E : info@dnex.com.my
W : www.dnex.com.my

AUDITORS

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA)
& AF 1018
(Chartered Accountants)
Level 16, Tower C
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50450 Kuala Lumpur
T : (03) 2788 9999
F : (03) 2788 9998

SHARE REGISTRAR

Mega Corporate Services Sdn. Bhd.
Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
T : (03) 2692 4271
F : (03) 2732 5388

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia Securities Berhad
[Listed since 12 September 1983]

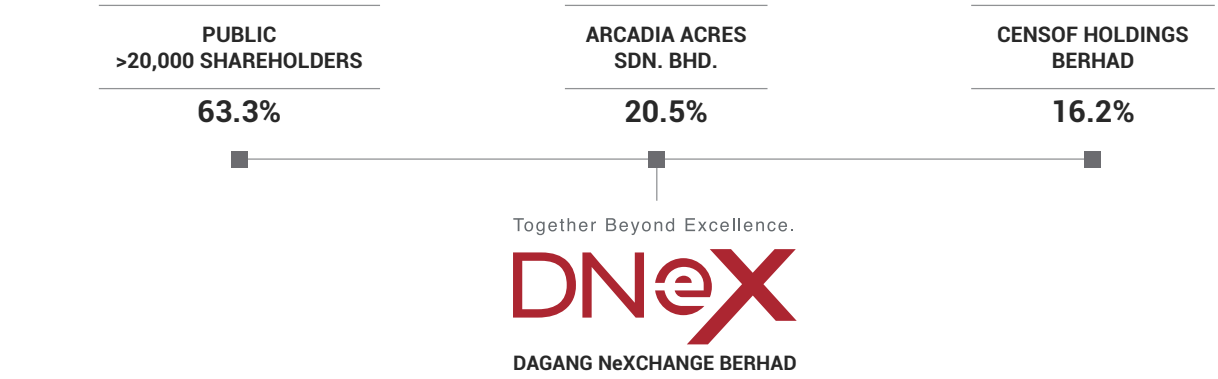
Stock Name : DNEX
Stock Code : 4456
Sector : Technology
Sub-sector : Digital Services

PRINCIPAL BANKERS

Affin Islamic Bank Berhad
Bank Muamalat Malaysia Berhad
CIMB Islamic Bank Berhad
Malayan Banking Berhad
Hong Leong Islamic Bank Berhad

CORPORATE STRUCTURE

AS AT 31 DECEMBER 2019



IT & eSERVICES

- **100.0%** DNeX SOLUTIONS SDN. BHD.
- **100.0%** DNeX TECHNOLOGY SDN. BHD.
- **100.0%** DNeX CAPITAL SDN. BHD. (Formerly known as MYCALL GATEWAY SDN. BHD.)
- **100.0%** DAGANG NET TECHNOLOGIES SDN. BHD.
  - **51.0%** GLOBAL eCOMMERCE LIMITED
  - **100.0%** GLOBAL MARKET eCOMMERCE SDN. BHD.
    - **55.0%** IMIZU SDN. BHD. (Formerly known as DNEX IMIZU SDN. BHD.)
  - **99.0%** PT DAGANG NET INDONESIA
  - **80.0%** SEALNET SDN. BHD.
    - **51.0%** DNeX GIS SDN. BHD.
    - **49.0%** 1 TRADE (THAILAND) COMPANY LIMITED
  - **51.0%** DNeX TELCO SERVICES SDN. BHD.
  - **51.0%** DNeX VMS SDN. BHD.
  - **51.0%** GENAXIS GROUP SDN. BHD.
    - **60.0%** INNOVATION ASSOCIATES CONSULTING SDN. BHD.
  - **51.0%** DNeX RFID SDN. BHD.

ENERGY

- **100.0%** OGPC SDN. BHD.
  - **100.0%** OGPC O & G SDN. BHD.
- **97.54%** DNeX DRILLING TECH AND OILFIELD SERVICES SDN. BHD. (Formerly known as DNeX OILFIELD SERVICES SDN. BHD.)
- **100.0%** DNeX ENERGY SDN. BHD.
  - **30.0%** PING PETROLEUM LIMITED
  - **100.0%** DNeX CLEAN UTILITIES SDN. BHD.
- **100.0%** FORWARD ENERGY GENERATION LTD

CORPORATE PROFILE

DECADES OF FIRSTS

DNeX has always believed that the dynamic power of knowledge comes from collaboration and shared expertise, giving us a unique and progressive edge we can call our own – Together Beyond Excellence. With 5 decades of history, DNeX has continuously contributed to many of the nation's firsts. We pioneered Malaysia's first comprehensive toll gate solutions and services. Introduced the high-tech Intelligent Traffic System, engineered for efficient expressway management. Implemented Malaysia's first fully digital fibre optic telecommunications network. The first rated Sukuk Musharakah in the world. Malaysia's first all-in-one solution for Cargo and Trade Management. First Malaysian service provider for sub-surface directional drilling work. And many more.

Since our inception, we have constantly created, innovated and are committed to deliver solutions that matter. But through it all, one thing remains the same - our pursuits continue to open promising opportunities; propelling us to become a global solutions powerhouse.

DNeX. Together Beyond Excellence.

CORPORATE PROFILE

OUR BUSINESS

Innovating Businesses, Growing Together

At DNeX, we pride ourselves on offering effective, workable and commercially realistic solutions to meet our clients' requirements. Our reputation for pragmatic services is the result of the emphasis we place on understanding our clients' objectives, priorities and requirements. An important element of this is the close working relationship we foster with our clients – we place a premium on understanding their commercial strategies and goals, and defend our clients' competitive edge.

Depth of Technological Know-how, Breadth of Technical Expertise

We leverage the technological expertise of our highly qualified teams of certified engineers and security analysts, and draw upon our engineers', consultants and project managers' industry experience with regulatory bodies, vendors, promoters and financiers to provide added value in our ideas and input.

Domestic and Regional Expertise

Our technology-driven experience and problem solving skills in the industry extend not only to large scale projects in Malaysia, but also to a number of mission critical assignments internationally in Laos, Myanmar, the United Kingdom, Vietnam and Senegal.

Holistic and Integrated Approach

We have extensive experience in engaging, consulting and advising sponsors, intermediaries and end-users across the spectrum of projects to devise workable and realistic solutions for our clients. For example, we house our engineers, solutionists and business analysts under one roof, so that our clients benefit from a one-stop full service facility and seamless delivery of services.

Quality Assurance

To assure consistent quality of service standards, we place emphasis on standard operating procedures in our workflow. This ensures that all deliverables are produced and presented in a timely manner; and documents and advice we provide are reviewed and approved by superiors with relevant expertise and one who is a subject matter expert. We also go to great lengths to preserve data confidentiality to safeguard the interests of our clients.

EST. 1989

DAGANGNET

A member of **DNeX Group**

celebrating

30 Years of Digital Innovation

2006

Excellence Awards
in the Information Technology Sector (Malaysia)
Technology Business Review

2008

ASEAN Excellence Awards
in the ASEAN Information Technology Sector
Technology Business Review

2009

Best of eGovernment & Services
Merit Award for Electronic Preferential Certificate of Origin or (ePCO) application
MSC Malaysia APICTA

E-Asia Awards
for Trade Facilitation Award for Electronic Preferential Certificate of Origin (ePCO) application
Asia Pacific Council for Trade Facilitation and Electronic Business

2013

MIMOS Prestigious Awards
for Commercialisation
MIMOS

2016

Industry Excellence Award
under the E-Commerce Category
ASEAN Business Advisory Council Malaysia

2017

Industry Excellence Award
under Digital & Technology Category
Sin Chew Business Excellence Awards

Customer Service Management Best Practices Recognition Scheme
SIRIM Berhad

Excellence in eServices & Trade Facilitation
Malaysia International Business Awards

CORPORATE PROFILE

ACCELERATE GROWTH AND EXPAND CAPABILITIES

Dagang Net Digital Platform

In 2018, DNeX introduced Dagang Net Digital Platform, a unified business platform with content, aggregation, eCommerce and fulfilment features. By taking on the role of a facilitator, we connect and enable collaboration between Governments, businesses and consumers, optimising operational and commercial opportunities within various industries. Through DNDP, customers can converge on one unified business platform for all their eServices needs. Organised into three core clusters – Trade Facilitation & Supply Chain, Global Halal Services and Financial Technology, customers will experience new technologies powered by the nation's trade facilitation expert to accelerate and enable new capabilities for their business.

Facilitating Trade Processess & Supply Chain

One of our key businesses is ideating, engineering and delivering customised trade processing solutions. For over 25 years, we have been innovating business-to-government ("B2G") solutions with enterprise-class applications that simplifies trade processes. We recently enhanced our business-to-business ("B2B") offerings to offer Malaysia's most comprehensive cargo and trade management software – making digital logistics easy.

National Single Window

Over the years, we have pioneered and spearheaded initiatives aimed at creating paperless, electronic Customs-related services to ease the facilitation and streamlining of international trading processes for the import and export, trade and logistics industries.

We are the operator of Malaysia's National Single Window for Trade Facilitation, which facilitates electronic Customs-related transactions and duty payments, as well as electronic document transfer between members of its trading community made up of manufacturers, importers & exporters, forwarders, shipping agents, terminal and port operators, banks, port authorities, permit issuing agencies and Customs.

Today, close to 100 million electronic transactions and approximately RM8 billion worth of Customs duty payment are transacted annually through our proven infrastructure system. From logistics to manufacturing, retail to government, we serve a diverse range of customers, gaining valuable expertise to fully capitalise on eCommerce, helping customers run their business faster and more accurately. Backed with a wealth of knowledge and operational know-how in the provisioning of eServices for Trade Facilitation, our track record stands testament to its relentless drive to deliver nothing less than perfection.

You Trade. We Facilitate.

SEALNET

SealNet (formerly known as 1Trade™) is an integrated, web-based Business-to-Business solution that seamlessly connects domestic and international logistic communities. Its powerful electronic platform bridges global supply chains and logistics for a truly efficient trade facilitation, easing business and reducing costs.

SealNet digitises the information flow across all parties involved in the trade facilitation value chain. It brings together all trade related data and documents within the cargo management journey - along the Business-to-Government processes, as well as pre and post declaration requirements such as cargo/marine insurance and trade financing - onto one platform.

As a platform that collects data and documents currently recorded and collected separately by respective parties primarily importers, exporters, forwarders, shipping lines, hauliers, warehouses and ports, SealNet enables real-time tracking and traceability on goods and document statuses.

With data exchange and information query functionalities, back-office functions like billing and invoicing, data mining, and reporting for compliance purposes are made easier.

GLOBAL HALAL SERVICES

GoHalal

GoHalal provides a convenient electronic hub which enables suppliers of Halal products and services to reach the global market easily.

Through GoHalal.com.my, suppliers experience greater accessibility and transactional ease. Our features and services help get their products to markets as quickly as possible, including setting merchants up with online tools to make their business run smoothly. GoHalal creates business opportunities, develops business network and promotes knowledge in the Halal industry. From start to finish, online and in real time, we're here to help.

AIIVA

AIIVA (www.aiiva.com.my) is a one-stop, web-based Halal Logistics Management System designed to offer end-to-end logistics services aimed at securing Halal integrity in the flow and storage of goods, services and related components from the point of origin to consumption that are in conformance to Halal Assurance System Flow and Halalan-Toyyiban Assurance Pipeline standards. By linking relevant authorities and trading communities with other various entities within the global supply chain, AIIVA helps its users preserve the virtues of Halalan-Toyyiban by monitoring the flow and storage of goods, services and related components from producers to consumers.

Core services:

Halal Logistics Monitoring
Islamic Cleansing
Halal Container
Halal Transporter

CORPORATE PROFILE

Financial Technology

Financial Technology, or FinTech, enhances efficiencies in financial systems and offers top opportunities for differentiation, cost reduction and customer retention. As a company that consistently recognise and embrace the potential in new technologies, our Dagang Net Digital Platform offers FinTech services through:

- myPayment - Enhanced capability to provide advance Duty and Permit Payment, as well as Halal settlement and payment,
- Trade Financing – Access to our one-stop, blockchain supported portal that turns trade to cash for exporting businesses,
- Cross Border Trade Settlement – Settlement for trade of goods and services in local currency electronically, anytime anywhere; and
- EMI – Compare, apply and purchase marine cargo insurance and settlement online.

Technology, Humanised

Technology is only as good as its purpose. DNeX constantly embraces, challenges and improves upon today's technological advancements to provide communities with an edge that impacts life for the better.

System Integration & Consultancy

The men and women who work on our Integrated Intelligent Infrastructure ("I^3") are innovative problem solvers. From remodelling business, to refocusing strategic designs and even maintaining the system, our team turns the complicated, into solutions that are simple and easy to manage. DNeX specialises in full project management, from design and build right through to installation and commissioning. Our IT management and consultation approach emphasises a Standard Operation Procedure in the designing, developing, improving, adopting and maintaining infrastructure work scope to suit our clients' needs.

Alongside Project Management, we also assist organisations to align their strategy and business with people's practices. We pride ourselves with our dedication towards organisation transformation and our ability to provide an exceptional level of consulting services and practices. Our client's transformation journey begins with defining and refining the organisational strategy and associating them with people practices. Current and future initiatives will be aligned to meet the organisation's goal and focus closely on behavioural changes required by leaders, teams and employees to complete this journey.

Telco Subsea Services

DNeX connects people, businesses, and ideas through its Subsea and Marine Engineering Services, particularly in the telecommunications industry. Equipped with advanced technology and expertise coupled with integrated support services for the offshore segment, we offer turnkey solutions for the design, engineering, supply, installation, and repair maintenance of marine fibre optic and power cables. Our range of services encompass marine cable installation, maintenance and burial requirements for our customers around the world. We offer a comprehensive end-to-end solution to a wide variety of market and industries specifically telecommunications, oil and gas, renewable energy, power and scientific research.

Radio Frequency Identification Solutions

Our RFID solutions span the commercial and residential sectors, as well as business and industry. We take pride in designing end-to-end solutions, aimed at leading high impact results; boosting productivity, revenue growth and bottom line profitability. We provide our clients with complete RFID solutions; from planning, project management and software, to hardware, installation and integration. Our resilient and reliable technology provides the highest quality service maintenance to improve and protect customer's business operations. When we pioneered the design and development of the Vehicle Entry Project and Road Charge System, we combined sound technological knowledge with reliable technology.

Energising New Possibilities

DNeX business diversification into the energy business was successfully completed via strategic acquisitions and strong long-term ventures. Our extensive know-how, coupled with a light asset strategy, has allowed us to integrate and develop commercially sustainable energy businesses leveraging on strategic technology partnerships and alliances.

Oilfield Services

We work to provide integrated solutions with value creation to our clients in the oilfield segment. We integrate fit-for-purpose solutions with specialised knowledge for our clients, specifically those seeking to maintain competitive edge in the energy sector's fast changing landscape. DNeX's very own niche technology and solutions generate new possibilities in oilfield services. We have invested heavily to equip ourselves with assets, tools, equipment and facilities, so as to offer comparative oilfield solutions as that of other international service providers. For the provisions of drilling services, the maintenance of tools and Quality Assurance and Quality Control processes are crucial. We are equipped with our own facility in Kemaman Supply Base and Asian Supply Base in Labuan, both of which functions as operational support facilities in East and West Malaysia respectively.

We place emphasis on local competencies and cost efficiencies to enhance operational effectiveness. Our key technical and operational personnel are all highly specialised in their areas with cumulative oilfield industry experience spanning more than 270 years. The Malaysian Book of Records has also certified DNeX Drilling Tech and Oilfield Services Sdn. Bhd. as a national record holder for being the First Self-Operated Malaysian Directional Drilling/ Measurement While Drilling /Logging While Drilling Company to have successfully drilled wells.

Equipment Supply & Maintenance

DNeX supplies oil and gas equipment to a diverse international clientele. Through sales, onsite installation and maintenance, our expert technicians are committed to offering on-time services so that our clients do not face interruptions to their operations.

Alongside importing and distributing the industry's technical products from renowned manufacturers around the world to the oil and gas industry, we continue to build a track record of providing services to the heavy industry sector including refining, petrochemicals, power, utilities and manufacturing.

Upstream Exploration & Production

With a combination of proven commercial expertise and effective partnerships, as well as a strong commitment to maximising shareholder value, we seek to own assets with proven hydrocarbon reserves in preferred locations with stable fiscal regimes. Since 2016, DNeX has 30% effective equity interest in Ping Petroleum Limited, which co-owns the producing Anasuria cluster, a fully operating oilfield in North Sea, United Kingdom. Through Ping, DNeX also has interests in Avalon and Ranger oilfield prospects.

Working with Ping, DNeX advocates a strong culture of continuous improvements to extend the life cycle of our Oil & Gas assets to optimise return on investment. On the back of this, we continue to seek new ventures, be it strategic partnerships as well as further acquisitions, to enable us to build an attractive portfolio of exploration and production assets.

Empowered and Accountable Leadership

We pride ourselves on our commitment at winning and delivering results, while staying true to our principles and core values.

BOARD OF DIRECTORS

MOHD AZHAR MOHD YUSOF
Executive Director

TAN SRI ABD RAHMAN MAMAT
Chairman/Independent Non-Executive Director

ANG HSIN HSIEN
Non-Independent Non-Executive Director

SATRIA AHMAD
Independent Non-Executive Director

ROSLI ABDULLAH
Senior Independent Non-Executive Director

DATUK SAMSUL HUSIN
Executive Deputy Chairman

ZAINAL 'ABIDIN ABD JALIL
Non-Independent Non-Executive Director

DATO' ROSNAH ABD MAJID
Independent Non-Executive Director

DATUK JOHAR CHE MAT
Independent Non-Executive Director

PROFILE OF DIRECTORS

Membership of Board Committees
None

Date of Appointment as Director
12 December 2013

Date of Appointment as Chairman
16 December 2013

Length of Service
6 years 4 months (As at 12 April 2020)

Date of Last Re-election
19 June 2019

Gender / Age / Nationality
Male / 67 / Malaysian

TAN SRI ABD RAHMAN MAMAT

Chairman / Independent Non-Executive Director

Academic/Professional Qualification(s)

Bachelor's Honours Degree in Economics, Universiti Malaya, Malaysia

Advanced Management Programme, Harvard Business School, Boston, USA

Working Experience

He was previously Secretary-General of the Ministry of International Trade and Industry (MITI) a position which he served from September 2006 until his retirement in December 2010. Tan Sri Abd Rahman joined MITI as an Assistant Director on 18 April 1975 and served in various capacities in the ministry for 35 years which included Deputy Trade Commissioner, Malaysian Trade Office, New York, USA; Director of Trade, Malaysian Trade Centre, Taipei, Taiwan; Economic Counsellor/Trade Commissioner and Deputy Permanent Representative to the United Nations Economic and Social Commission (ESCAP), Malaysian Trade Office, Bangkok, Thailand; Special Assistant to Minister of International Trade and Industry, Tan Sri Rafidah binti Abdul Aziz; Director, Export Promotion Bureau, Malaysia External Trade Development Corporation (MATRADE); Director of Industries; Senior Director, Policy and Industry Services Division; and Deputy Secretary-General (Industry).

During his tenure in MITI, he also served as MITI's representative on the board of various companies and corporations including Malaysian Industrial Development Authority (MIDA), Johor Corporation, Regional Economic Development Authority (RECODA), Sarawak and Small and Medium Corporation Malaysia (SME CORP) and Chairman of MATRADE.

Tan Sri Abd Rahman has represented Malaysia in numerous international meetings, negotiations, conferences and symposiums and has also contributed towards formulating, implementing and monitoring policies and strategies on international trade, industrial and entrepreneurship development. He was an honorary member of the ASEAN Federation of Engineering Organisations and a Malaysian Leader for the High Level Task Force on ASEAN Economic Integration.

Present Directorship(s) In Other Listed Entity

1. Hiap Teck Venture Berhad (Chairman)
2. BioAlpha Holdings Bhd (Chairman)
3. Lotte Chemical Titan Holding Berhad (Chairman)
4. MCE Holdings Berhad (Chairman)

Present Directorship in Other Public Company

Malaysian Industrial Development Finance Berhad (Chairman)

He also sits on Board of various companies and organisations including Asia Logistics Council Sdn. Bhd., River of Life Hospital & Healthcare Sdn. Bhd., Eastern Steel Sdn. Bhd., Ocean Might Sdn. Bhd., Malaysian Technology Development Corporation Sdn. Bhd. and Prisma Galeri Sdn. Bhd.

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

Tan Sri Abd Rahman attended three (3) out of the four (4) Board Meetings held during the financial year ended 31 December 2019.

Gender / Age / Nationality
Male / 57 / Malaysian

DATUK SAMSUL HUSIN
Executive Deputy Chairman

Membership of Board Committees
Board Procurement and Tender Committee (Chairman)
Employee Share Option Scheme Committee (Member)

Date of Appointment as Director
12 November 2013

Date of Appointment as Executive Deputy Chairman
16 December 2013

Length of Service
6 years 5 months (As at 12 April 2020)

Date of Last Re-election
6 June 2018

Academic/Professional Qualification(s)

Bachelor's Degree in Accounting, Universiti Kebangsaan Malaysia, Malaysia

Chartered Accountant

Certified Financial Planner

Working Experience

He has over 28 years of experience in accounting and IT specialising in financial systems, system planning and designing. His areas of specialty also include system computerisation namely simplifying decision support systems, public sector accounting for statutory bodies, change management and project management.

He started his career in 1986 with Selangor State Secretary Housing Division and later served as a lecturer at the Malaysian Entrepreneur Development Centre, Universiti Teknologi MARA.

He then joined the private sector in 2002 to hold positions in financial-cum-portfolio management arena before joining Century Software (Malaysia) Sdn. Bhd., a wholly-owned subsidiary of Censof Holdings Berhad, which is involved in the design, development, implementation and marketing of financial management solutions. He led the development and transformation of Censof Holdings Berhad into a public-listed company in 2011. In 2013, he led Censof Holdings Berhad in acquiring a 45.03% controlling interest of DNeX (then known as TIME Engineering Berhad) from Khazanah Nasional Berhad, the strategic investment fund of the Government of Malaysia.

Datuk Samsul has received several awards in recognition of his accomplishments including being named "Ikon Usahawan BCPLC 2014-2015" by Ikon PLC Bumiputera, a Malaysian business publication, based on his achievements in leading two (2) public listed companies namely DNeX and Censof Holdings Berhad.

He also received the Technopreneur Excellence Award 2011 from the National ICT Association of Malaysia (PIKOM). The award is presented to an outstanding ICT entrepreneur based on such criteria as revenue growth, leadership in new product introduction and innovation, investments in Research and Development and customer adoption or success of the application or product.

Present Directorship(s) In Other Listed Entity

None

Present Directorship in Other Public Company

Ping Petroleum Limited

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

Datuk Samsul attended all the four (4) Board Meetings held during the financial year ended 31 December 2019.

PROFILE OF DIRECTORS

Date of Appointment
12 December 2013

Length of Service
6 years 4 months (As at 12 April 2020)

Date of Last Re-election
6 June 2018

Membership of Board Committees
Audit Committee (Chairman)
Nomination and Remuneration Committee (Chairman)

Gender / Age / Nationality
Male / 66 / Malaysian

ROSLI ABDULLAH
Senior Independent
Non-Executive Director

Working Experience

He was the Registrar of MIA for 5 years until 2012, where he also served as Chief Executive Officer. He has served in various capacities in the public sector as the Chief Accountant of the Ministry of Works, the Chief Accountant of the Ministry of Education, the Chief Accountant of the Public Services Department (Pension Division), the Secretary to the Teachers Provident Fund, the Bursar of Universiti Putra Malaysia and the Director of Corporate Services, Accountant General Department, the Ministry of Finance Malaysia.

His experience in the private sector, meanwhile, includes his tenure as the Financial Controller/ General Manager Finance of Kuala Lumpur International Airport Berhad and the Senior General Manager of Putrajaya Holdings Sdn. Bhd. (a company under the Petronas group). He also served as an Adviser to the Economic Planning Unit of the Prime Minister's Department upon his retirement in 2008/2009.

Present Directorship(s) In Other Listed Entity

1. Malaysia Airports Holdings Berhad
2. CapitaLand Malaysia Mall REIT Management Sdn. Bhd. *(the Manager of CapitaMalls Malaysia Trust which is listed on Main Market of Bursa Malaysia Securities Berhad)*

Present Directorship in Other Public Company

None

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

Rosli attended all the four (4) Board Meetings held during the financial year ended 31 December 2019.

Academic/Professional Qualification(s)

Master's Degree in Business Administration, Universiti Kebangsaan Malaysia, Malaysia

Bachelor's Honours Degree in Economics, Universiti Malaya, Malaysia

Post-Graduate Diploma in Accounting, Universiti Malaya, Malaysia

Chartered Accountant

Member of Malaysian Institute of Accountants (MIA)

Gender / Age / Nationality
Female / 52 / Malaysian

ANG HSIN HSIEN
Non-Independent
Non-Executive Director

Date of Appointment
12 December 2013

Length of Service
6 years 4 months (As at 12 April 2020)

Date of Last Re-election
19 June 2019

Membership of Board Committees
Audit Committee (Member)
Board Procurement and Tender Committee (Member)

Academic/Professional Qualification(s)

Bachelor's Degree in Business (Finance & Marketing), Curtin University of Technology, Western Australia

Working Experience

Ang has more than 20 years of experience in business and the IT industry. Armed with her training in marketing and finance, and her interest in IT, she has IT-enabled business transformation for clients in both the public and private sectors.

She co-founded Century Software Sdn. Bhd. and started distributing accounting software from Australia to Malaysia. Ang was instrumental in pioneering the government accounting systems with the introduction of SAGA (Standard Accounting System for Government Agencies) and coordinated with Central Agencies to ensure successful implementation of SAGA at respective federal and state government agencies.

Currently, she heads the Group Business Development of Censof Holdings Berhad where she serves as the Executive Director with a focus on customer support and developing new market opportunities for Censof Group. She is also a technology evangelist and works with partners to get the most out of new technology such as blockchain, cloud, big data analytics, the Internet of Things (IoT), and sees that digitalisation Industry 4.0 as the way forward for the country.

Ang has a strong commitment towards social economy, people and believes that an emphasis on sustainable technology is essential to the growth and development of businesses today. Ang is actively involved in empowering children with artistic expression using emergent technology with Antz World, a not-for-profit organisation that seeks to build a sustainable 'arts with technology' ecosystem to benefit our underserved children within our community.

Present Directorship(s) In Other Listed Entity

Censof Holdings Berhad

Present Directorship in Other Public Company

None

She has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. She has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

Ang attended all the four (4) Board Meetings held during the financial year ended 31 December 2019.

PROFILE OF DIRECTORS

Membership of Board Committees
None

Date of Last Re-election
19 June 2019

Date of Appointment as Director/Group Managing Director
19 June 2014 (Retired on 22 January 2019)

Date of Appointment as Executive Director
11 February 2019 (Completed service contract on 10 February 2020)

Date of Re-designation as Non-Independent Non-Executive Director
11 February 2020

Cumulative Length of Service
5 years 8 months (As at 12 April 2020)

Gender / Age / Nationality
Male / 61 / Malaysian

ZAINAL 'ABIDIN ABD JALIL
Non-Independent
Non-Executive Director

Working Experience
Zainal was previously the Group Managing Director of the Company a position which he served from 19 June 2014 until his retirement on 22 January 2019 at the age of 60 years. Subsequently, he was re-employed as Executive Director, Energy of DNeX for a period of 1 year from 11 February 2019 to 10 February 2020. On 11 February 2020, Zainal has been re-designated as a Non-Independent Non-Executive Director of the Company upon his completion of service contract as Executive Director, Energy of DNeX on 10 February 2020.

He has demonstrated significant leadership experience in upstream exploration and production including offshore operations, and joint-venture management with strong partner relation experience with global players in the oil and gas sector. He also has in depth knowledge of major hydrocarbon producing areas in West Africa, North America and Asia Pacific in addition to leadership experience overseeing power business in the Middle East, North Africa, South East Asia and Australia.

Serving as Chief Executive Officer of Malakoff Corporation Berhad, Zainal successfully spearheaded the company's transformation into a leading international Independent Water and Power Producer (IWPP) with core businesses in power generation, renewable energy, water desalination and operations & maintenance services. Prior to Malakoff, Zainal had a long career at ExxonMobil spanning 28 years in various managerial and leadership roles at the multinational company's business units and operations worldwide.

Present Directorship(s) In Other Listed Entity
None

Present Directorship in Other Public Company
1. Skills Development Fund Corporation
2. Ping Petroleum Limited

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

Zainal attended all the four (4) Board Meetings held during the financial year ended 31 December 2019.

Academic/Professional Qualification(s)
Bachelor's Engineering Degree in Civil Engineering, University of Queensland, Australia

Gender / Age / Nationality
Male / 67 / Malaysian

DATUK JOHAR CHE MAT
Independent
Non-Executive Director

Date of Appointment
28 February 2018

Length of Service
2 years 1 month (As at 12 April 2020)

Date of Last Re-election
6 June 2018

Membership of Board Committees
Audit Committee (Member)
Nomination and Remuneration Committee (Member)
Employee Share Option Scheme Committee (Member)

Academic/Professional Qualification(s)

Bachelor's Degree in Economics, Universiti Malaya, Malaysia

Working Experience

He carries a career journey spanning more than 30 years in the banking industry. Datuk Johar began his banking career when he joined Malayan Banking Berhad (Maybank) in 1976, and had served in various capacities within Maybank namely Regional Manager of Selangor/Negeri Sembilan from 1993 to 1995; General Manager, Commercial Banking Division from 1996 to 2000; Senior General Manager, Corporate Banking and Enterprise Banking Division from 2000 to 2002; and Senior Executive Vice President, Retail Financial Services from 2002 to 2006. Following this, he was appointed as Chief Operating Officer of Maybank Group, a position he held until his retirement in 2010.

Datuk Johar was previously a Board Member of Bank Pertanian Malaysia Berhad, Amanah Raya Group, Proton Holdings Berhad and several other public companies.

Present Directorship(s) In Other Listed Entity

MNRB Holdings Berhad (Chairman)

Present Directorship in Other Public Company

MBSB Bank Berhad
Malaysian Re (Dubai) Ltd (Chairman)

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

Datuk Johar attended all the four (4) Board Meetings held during the financial year ended 31 December 2019.

PROFILE OF DIRECTORS

Date of Appointment
1 August 2019

Length of Service
8 months (As at 12 April 2020)

Date of Last Re-election
-

Membership of Board Committees
Board Procurement and Tender Committee (Member)

Gender / Age / Nationality
Female / 66 / Malaysian

DATO' ROSNAH ABD MAJID
Independent
Non-Executive Director

Working Experience
Being a journalist for 20 years, politician for 10 years, Kedah State Minister for 4 years and 4 months, and the Chief Executive Officer/ Country Director of 3 international consulting firms for 13 years, Dato' Rosnah is one of the most sought after business and media advisors in Malaysia.

She distinguished herself as the first female Kedah State Minister (1999-2004). In 1984, she was the first Kajai Award recipient, the Malaysian most outstanding journalist award. She had received the Journalise en Europe, a European Union fellowship for her to study journalism in Paris (1985-1986). She was the first Malaysian female and the first from the vernacular newspaper receiving the Nieman Fellowship from Harvard University (1988-1989), the most distinguished fellowship for journalist in the world.

Prior to joining politics, Dato' Rosnah was a well known journalist for 2 decades (1977-1997) as a political writer and business editor.

She moved on into the business world from 2004. Joining the Fort Lauderdale, Florida based business consulting firm, EBM, for 2 years, she decided to establish her very own consulting firm, Ramwell Sdn. Bhd. ("Ramwell") in 2007, specialising in the government affairs, strategic planning and strategic communications.

Dato' Rosnah's great ability in understanding of Malaysia's politics, economy, media and NGO community made the Washington based advisory firm, BrooksBowerAsia appointed her as their Country Director for Malaysia from 2008 - 2010. The largest MNC are among her clients.

She is currently the Chief Executive Officer of Ramwell. With her good networking not just in Malaysia, now she widens Ramwell's footprint to the ASEAN region.

Present Directorship(s) In Other Listed Entity
None

Present Directorship in Other Public Company
None

She has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. She has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

Dato' Rosnah attended one (1) out of the two (2) Board Meetings held during the financial year ended 31 December 2019 since her appointment on 1 August 2019.

Academic/Professional Qualification(s)
Bachelor's Degree in Economics, Universiti Malaya, Malaysia

Membership of Board Committees
None

Date of Appointment as Independent Non-Executive Director
1 August 2019

Gender / Age / Nationality
Male / 45 / Malaysian

Date of Re-designation as Executive Director:
1 February 2020

Cumulative Length of Service
8 months (As at 12 April 2020)

Date of Last Re-election
-

MOHD AZHAR MOHD YUSOF
Executive Director

Academic/Professional Qualification(s)

Master's Degree in Business Administration, Universiti Malaya, Malaysia

Bachelor's Degree in Business Administration (Honours) Finance, MARA University of Technology, Malaysia

Diploma in Business Studies, MARA University of Technology, Malaysia

Working Experience

He has close to 20 years of experience in the field of capital markets and corporate finance where he was involved in fundraising exercise via equity and debt capital market, debt recovery, corporate restructuring and turn-around, valuation, financial modelling, financial due diligence and merger and acquisitions ("M&A").

Mohd Azhar was previously managing his own boutique financial advisory firm based in Kuala Lumpur advising corporations and entrepreneurs in raising capitals and other corporate matters. Prior to that, he served as a Business Development Director of Dagong Malaysia Rating Services Sdn. Bhd. where he was responsible to manage stakeholders in building up Dagong's brand, credibility, and visibility in the market.

He was attached to Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank) in August 2014 as Assistant Vice President and Head of Business Banking Department where he was responsible to develop and oversee the Corporate Finance Unit that deals with financing for Bumiputera SMEs to undertake M&A exercise, and Commercial Financing Unit that deals in a range of commercial financing products. He had also served as Senior Manager, Issuers Restructuring at Bursa Malaysia Berhad's Listing Division in 2010 where he was responsible in monitoring, evaluating and making recommendation on restructuring of PN17 and GN3 public listed companies before he joined Felda Global Ventures Holdings Berhad in 2013 as Senior Manager, Corporate Finance under the Group Strategy Division.

Prior to that, he served as Senior Analyst in the Merger and Acquisition Department under the Corporate Planning and Development Division of Petroliam Nasional Berhad (PETRONAS) where he was responsible for appraising M&A and business development opportunities for the entity. He had also served as Manager, Corporate Finance in BDO Capital Consultants Sdn. Bhd. in 2007, a corporate finance advisory arm of BDO Malaysia licensed by the Securities Commission Malaysia. Mohd Azhar started his career as an auditor with Ernst & Young in early 2000 before he joined the Securities Commission Malaysia in 2004.

Present Directorship(s) In Other Listed Entity

None

Present Directorship in Other Public Company

None

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

Mohd Azhar attended one (1) out of the two (2) Board Meetings held during the financial year ended 31 December 2019 since his appointment on 1 August 2019.

PROFILE OF DIRECTORS

Date of Appointment
5 June 2014

Length of Service
5 years 10 months (As at 12 April 2020)

Date of Last Re-election
6 June 2018

Membership of Board Committees
Nomination and Remuneration Committee (Member)
Board Procurement and Tender Committee (Member)

Gender / Age / Nationality
Male / 63 / Malaysian

SATRIA AHMAD
Independent
Non-Executive Director

Working Experience
His experience spans more than 30 years in the energy sector, within which he has served numerous oil and gas companies in key areas of project sales and the entire spectrum of project equipment deployment within the industry. In these capacities, he has developed long-term service contracts with major multinational corporations within the oil and gas industry.

He was a former Director of Flowco (M) Sdn. Bhd., a downstream oil and gas company servicing and supplying equipment such as fuel dispensers, underground flexible piping, tank gauging, lighting, submersible turbine pumps to petrol stations in Malaysia. He was also Director of PNR Engineering Sdn. Bhd., a company specialising in design, supply and installation of heat exchangers, flare, gauges, and chemicals for petrochemical industries.

He is currently an Executive Director of Hevilift Malaysia Sdn. Bhd.

Present Directorship(s) In Other Listed Entity
None

Present Directorship in Other Public Company
None

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

Satria attended all the four (4) Board Meetings held during the financial year ended 31 December 2019.

Academic/Professional Qualification(s)

Bachelor's Degree in Marine Engineering, Akademi Ilmu Pelayaran Jakarta, Indonesia

Diploma in Electrical Engineering, Federal Institute of Technology Kuala Lumpur, Malaysia

SENIOR MANAGEMENT

L-R: Jasbendarjit Kaur / Zahid Mohammad Sham /Lim Kek Siang
Wan Ahmad Syatibi Wan Abd Manan / Keh Ching Tyng

L-R: Chong Yoke Ching / Mohd Ismail Khan Wazir Khan / Zaridan Ridzuan
Mohd Hasery Abu Bakar / Wan Azryn Wan Ab Rashid / Nuraslina Zainal Abidin

PROFILE OF SENIOR MANAGEMENT

Lim Kek Siang

Chief Financial Officer
Dagang NeXchange Berhad

Gender / Nationality / Age
Male / Malaysian / 54

Date of Appointment
1 February 2014

Academic/Professional Qualification(s)
- Member of the Malaysian Institute of Certified Public Accountants
- Member of the Malaysian Institute of Accountants
- Certificate of Investor Relations, Investor Relations Society, United Kingdom

Working experience
Responsible for the Group Corporate Finance, accounting and Group financial reporting, Lim leads the Group's controllership team comprising certified public and chartered accountants who ensure financial statement integrity, controllership, compliance and best practices throughout DNeX and its group of companies.

In this capacity, Lim has advised the Group's leadership on numerous project-financing arrangements, structured corporate debts and schemes of arrangements and represented the Company in several listing exercises. He was also involved in the asset-backed Sukuk Musyarakah Issuance Programme of up to Nominal Value of RM2,500 million, recognised as the first rated Sukuk Musyarakah in the world.

Lim has been with DNeX since December 1995.

Zahid Mohammad Sham

Chief People Officer
Dagang NeXchange Berhad

Gender / Nationality / Age
Male / Malaysian / 51

Date of Appointment
2 January 2012

Academic/Professional Qualification(s)
- Bachelor's Degree in Mass Communications (majoring in Public Relations), MARA Institute of Technology, Malaysia
- Master's degree in Human Resources Management, Curtin University of Technology, Perth, Australia

Working experience
Responsible for DNeX Group's entire workforce nationwide, Zahid leads the Group Human Resource Division, and is key driver on various strategic talent management initiatives namely organisational development, reward management and employee relations.

Zahid's experience in talent management spans more than 20 years, in which he has served various big cap companies including reporting to foreign headquarters and regional centres of operations for multinational companies with unionised workforce in Malaysia. He is well versed in providing leadership on development and promotion of organisational values and performance oriented culture through robust organisational development programmes, including, amongst others, open communication on employees' development plan, employees' career development, onboarding programmes, and performance management processes.

Zahid has been with DNeX since January 2012.

Jasbendarjit Kaur

Chief Technology Officer
Dagang Net Technologies Sdn. Bhd.

Gender / Nationality / Age
Female / Malaysian / 48

Date of Appointment
1 April 2013

Academic/Professional Qualification(s)
- Bachelor's Degree in Computing Science, Staffordshire University, United Kingdom
- Executive Master's in Management, Asia e-University

Working experience
As Chief Technology Officer of DNeX and its Group of Companies, Jasbendarjit drives the Group's IT strategy, services and operations, and aggressively delivering transformational eServices solutions for DNeX, its customers and employees.

Jasbendarjit has been instrumental in leading the Group's technical team towards technology excellence and enhancing user experience within the trade facilitation landscape. Her technical leadership includes designing, deployment and implementation of hardware and software infrastructure for the Group as well as managing production, disaster recovery and development sites with a diverse range of operating systems and applications.

She has also played a key role in conceptualising and designing enterprise-wide architecture, aligning business to technology, thus enabling holistic and structured strategic planning, coordination, execution and deployment of identified initiatives and components within the enterprise architecture.

Jasbendarjit has been with DNeX since June 2008.

Keh Ching Tyng

Company Secretary
Dagang NeXchange Berhad

Gender / Nationality / Age
Female / Malaysian / 44

Date of Appointment
15 October 2012

Academic/Professional Qualification(s)
- Master's Degree in Business Law, Universiti Kebangsaan Malaysia, Malaysia
- Associate Member of The Malaysian Institute of Chartered Secretaries and Administrators

Working experience
Keh is the company secretary of DNeX as well as several subsidiaries of DNeX. Her key responsibilities include advising the Board on matters relating to the constitution of the Company, facilitating compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and maintenance of statutory records.

Keh has more than 10 years working experience in corporate secretarial practice. Prior to working in DNeX, she was with Taliworks Corporation Berhad. She was previously the Joint Company Secretary of Malaysian Industrial Development Finance Berhad and several of its subsidiaries from 2006 to 2011.

Keh has been with DNeX since October 2012.

Wan Ahmad Syatibi Wan Abd Manan

Chief Executive Officer
Dagang Net Technologies Sdn. Bhd.

Gender / Nationality / Age
Male / Malaysian / 45

Date of Appointment
1 January 2016

Academic/Professional Qualification(s)
- Bachelor's Degree in Computer Science, Coventry University, United Kingdom

Working experience
Wan Ahmad leads Dagang Net Technologies Sdn. Bhd., the pioneer in the development of eServices of the Malaysian National Single Window for Trade Facilitation.

He has led assignments in trade strategies and improvement, information systems planning and large scale project management. Part of his impressive credentials include being involved in the ASEAN Single Window for Trade Facilitation, a unique regional initiative that connects and integrates National Single Windows of ASEAN member states to expedite cargo clearance within the context of increased economic integration in the ASEAN region.

Wan Ahmad is well-versed in identifying and assessing the requirements of permit agencies, and putting up recommendations for business re-engineering processes for Permit Issuing Agencies. He effectively managed the roll out of all six core services of the National Single Window.

Wan Ahmad has been with DNeX since 1997 when he joined Dagang Net as Systems Executive in Security & Quality Management.

Chong Yoke Ching

Chief Executive Officer
SealNet Sdn. Bhd.
(formerly known as DNeXPORT Sdn. Bhd.)

Gender / Nationality / Age
Female / Malaysian / 52

Date of Appointment
1 April 2015

Academic/Professional Qualification(s)
- Bachelor's Degree in Business Administration, Universiti Kebangsaan Malaysia, Malaysia

Working experience
Chong drives DNeX's growth and market innovation initiatives on platforms which harness business efficiency within the trade facilitation sector. In her current role, Chong leads a team of experienced staff to venture into the B2B eCommerce initiative to complement and leverage on the Group's current trade facilitation business.

Chong's depth of experience in trade facilitation spans more than 20 years. She is the subject matter expert in trade facilitation and was instrumental in the setup of Malaysia's National Trade Facilitation Resource Centre. Equally important, she successfully managed the implementation of National Single Window. services for the Government of Malaysia, and was key in the systems roll out for the logistics community in Port Klang, Subang Airport, Free Trade Zone for Malaysia Airports Berhad (Sepang) and Electronic Fund Transfer. Chong had earlier on rolled out MyPorts, a service providing free content and information services for the port communities; and an electronic platform for Electronic and Communication Products for SIRIM Berhad.

Chong has been with DNeX since 1991 and has held a succession of product development and business creation roles within the Group.

PROFILE OF SENIOR MANAGEMENT

Zaridan Ridzuan

Chief Executive Officer
DNeX Solutions Sdn. Bhd.

Gender / Nationality / Age
Male / Malaysian / 40

Date of Appointment
1 January 2015

Academic/Professional Qualification(s)
- Bachelor's Degree in Accounting & Finance, University of Western Australia, Australia
- Certificate of Investor Relations (CIR), Investor Relations Society, United Kingdom

Working experience
Zaridan drives the Company's business development strategy to deliver solutions that encompass conceptualisation of enterprise network, including WAN & LAN implementation, and designing and deploying highly reliable wireless solutions to keep people and businesses seamlessly connected. With business development experience spanning the region, particularly tapping on opportunities in the Indo-China region, Zaridan also oversees the Company's operations and management including business processes, operations and manpower planning.

Earlier, he was DNeX's Head of Corporate Development responsible for the strategic development of DNeX Group's annual targets and business plans, monitoring of corporate performance and adding value via cross-business initiatives by providing assurance through independent and objective review of internal controls, governance and risk management activities.

In the same role, Zaridan also led the Group's investor relations efforts. Zaridan has been with DNeX since 2004.

Mohd Ismail Khan Wazir Khan

Chief Executive Officer
DNeX Telco Services Sdn. Bhd.

Gender / Nationality / Age
Male / Malaysian / 35

Date of Appointment
15 May 2017

Academic/Professional Qualification(s)
- Bachelor's Degree in Marketing with Multimedia, Multimedia University, Malaysia

Working experience
As CEO of DNeX Telco Services Sdn. Bhd., Ismail oversees the development and effective implementation of overall business strategies within the company. He is instrumental in the business setup of DNeX Telco and its successful marine telecommunication cable installation project implementation in the Southeast Asian region.

Ismail started his business ventures in 2008 with ZKZ Technologies Sdn. Bhd., an Information Technology company specialising in network security, software development, and advanced SMART solutions, where he is the Executive Director until today. The company has won contracts in New Zealand and Singapore, prior to shifting its focus onto the local market.

His success in the IT field led Ismail to venture into marine services industry in 2012, where he founded ZKZ Euphoria Sdn. Bhd., a ship brokering and marine spread services company. He serves the company as its Managing Director and has since won contracts with PETRONAS, Exxon, Shell and Sapura Kencana, to name a few. In 2015, Ismail further diversified his portfolio by delving into the agriculture industry through ZKZ Agrotani Sdn. Bhd., a company he founded that is focused on research and development of agricultural based products and businesses.

Nuraslina Zainal Abidin

Chief Executive Officer
Genaxis Group Sdn. Bhd.

Gender / Nationality / Age
Female / Malaysian / 44

Date of Appointment
26 January 2018

Academic/Professional Qualification(s)
- Bachelor's Degree in Food and Science Technology, Universiti Sains Malaysia, Malaysia
- Six Sigma and Lean Sigma provider certification, the American Society of Quality (ASQ) and the International Association of Six Sigma Certification (IASSC)
- Certified Lead Assessor for ISO 9001, 14001, and 1800
- Certified HACC Implementer and Assessor

Working experience
Nuraslina's experience spans 15 years in transforming and optimising business process performance of major organisations and conglomerates, such as UEM Sunrise, PLUS, UEM Group, and CIMB Berhad. She also redesigned new best practices and processes that helped MNCs such as Volvo Cars Malaysia and British American Tobacco to become ISO-certified organisations.

Notably, she led numerous government's strategic transformational initiatives, including redesigning and reengineering of over 200 processes of Royal Malaysian Customs Department ("RMCD") for implementation of the uCustoms system. She has also advised the project sponsors to the Integrated Government Financial and Accounting Management System ("iGFMAS"), the Government's largest transformation initiative thus far, on its implementation approach, strategy, and change request management.

Nuraslina is also Chief Executive Officer of Innovation Associates Consulting Sdn. Bhd., in which role she is currently responsible to manage and oversee the implementation of the iGFMAS project.

Her contributions and achievements has garnered her several recognitions, including the Women Exporters Development Program 2009 – 2017 (MATRADE), Recognition for Contribution to Malaysia's 5th Position for Trade Across Border 2014 and SME Award for Technology Adoption 2013 (SME).

Mohd Hasery Abu Bakar

Chief Executive Officer
OGPC Sdn. Bhd.

Gender / Nationality / Age
Male / Malaysian / 43

Date of Appointment
1 December 2015

Academic/Professional Qualification(s)
- Bachelor's Degree in Electrical and Electronics Engineering, University of Hertfordshire, United Kingdom
- Master of Business Administration in International Business, University of East London, United Kingdom

Working experience
In his current role, Hasery is responsible for the business expansion and operational enhancements within the OGPC Group.

He had previously served Shell and Baker Hughes and was the pioneer employee of a privately held start-up Oil and Gas company that was involved in the Upstream and Downstream projects predominantly located in the Islamic Republic of Iran, where he served as the company's first representative in Tehran. Prior to joining DNeX, he founded and established Hevilift (M) Sdn. Bhd., an Offshore Helicopter Services company, where he led the company in securing its first contract with Murphy Oil for the "Provision of Helicopter Services" for a five-year plus five-year commitment.

Hasery joined DNeX in July 2014 as the Senior Vice President of Business Development prior to taking up the role as Chief Executive Officer of DNeX Energy Sdn. Bhd. (formerly known as DNeX Petroleum Sdn. Bhd.), in which role he was instrumental in the development and shaping of the Group's businesses in the upstream oil and gas segment, including intensely involved in the share acquisition of Ping Petroleum. In January 2019, he was reassigned to lead OGPC Sdn. Bhd. as Chief Executive Officer of the company.

Wan Azryn Wan Ab Rashid

Chief Executive Officer
DNeX Drilling Tech and Oilfield Services Sdn. Bhd.

Gender / Nationality / Age
Male / Malaysian / 36

Date of Appointment
1 November 2015

Academic/Professional Qualification(s)
- Bachelor's Degree in Engineering (Electrical and Electronics), Universiti Teknologi Malaysia, Malaysia

Working experience
Azryn is primarily responsible in driving and expanding the oilfield service offerings within the Group's energy business line. He works on propelling revenue, profitability and enterprise success across diverse markets via strategic management, business development, employee training, operational standardisation and planning.

Azryn established his engineering career at Schlumberger, and thereafter held business development positions in Transocean Drilling, MaxEnergy Group, and Baker Hughes Drilling Services, where he became the first Malaysian to be appointed as the Product Line Manager/Operations Manager for South East Asia, in which role he successfully turned around the Product Line division into a profitable business within the region.

Prior to joining DNeX in February 2015, Azryn was Baker Hughes' Executive Global Account Director, where he was also named as its top 100 high potential leader worldwide.

Notes:
Save as disclosed above, none of the key senior management has:
(a) any directorship in public companies and listed issuers;
(b) any family relationship with any directors and/or major shareholders of the Company;
(c) any conflict of interests with the Company;
(d) any conviction for offences (other than traffic offences) within the past five (5) years; and
(e) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

GROUP CORPORATE DIRECTORY

INFORMATION TECHNOLOGY & eSERVICES

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(Formerly known as Mycall Gateway Sdn. Bhd.)
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(Formerly known as DNeX Imizu Sdn. Bhd.)
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Website : www.dnex.com.my

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Website : www.dnex.com.my

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Lingkaran Cyberpoint Timur, Cyber 12
63000 Cyberjaya, Selangor
Tel : (03) 8230 6900
Fax : (03) 8230 6969
Email : info@dnex.com.my
Website : www.dnex.com.my

PT Dagang Net Indonesia
The East Tower
35th Floor, Unit 03
Jl. DR Ide Anak Agung Gde Agung
Kav E 3.2
No. 1 Jakarta
12950 Indonesia
Tel : (6221) 5299 4558
Fax : (6221) 5299 4599
Website : www.dagangnet.com

1 Trade (Thailand) Company Limited
19, 4th Floor, Srinakarin Road
Bangna Nuea, Bangna
Bangkok 10260
Thailand
Email : info@dnex.com.my

ENERGY

DNeX Clean Utilities Sdn. Bhd.
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Tel : (03) 2730 0300
Fax : (03) 2713 2966
Email : info@dnex.com.my
Website : www.dnex.com.my

DNeX Energy Sdn. Bhd.
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Tel : (03) 2730 0300
Fax : (03) 2713 2966
Email : info@dnex.com.my
Website : www.dnex.com.my

DNeX Drilling Tech and Oilfield Services Sdn. Bhd.
(Formerly known as DNeX Oilfield Services Sdn. Bhd.)
C3-3-15, Block C3, Solaris Dutamas
No.1 Jalan Dutamas 1
50480 Kuala Lumpur
Tel : (03) 6413 0669
Fax : (03) 6413 0668
Email : info@dnex.com.my
Website : www.dnex.com.my

Forward Energy Generation Ltd.
Level 2, Lot 19
Lazenda Commercial Centre
Phase 3, 87007 Federal Territory of Labuan
Malaysia
Tel : (087) 421 644
Fax : (087) 421 646
Email : info@dnex.com.my

OGPC Sdn. Bhd.
No. 1 & 3, Jalan Riyal U3/37
iParc 3 @ Shah Alam
Seksyen U3, 40150 Shah Alam
Selangor
Tel : (03) 5870 0100
Fax : (03) 5870 0102
Email : info@dnex.com.my
Website : www.ogpc.com.my

OGPC O & G Sdn. Bhd.
No. 1 & 3, Jalan Riyal U3/37
iParc 3 @ Shah Alam
Seksyen U3, 40150 Shah Alam
Selangor
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Fax : (03) 5870 0102
Email : info@dnex.com.my
Website : www.ogpc.com.my

Ping Petroleum Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda
Email : info@dnex.com.my

FINANCIAL CALENDAR

FINANCIAL RESULTS

Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2018.

27 FEBRUARY 2019

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2019.

22 AUGUST 2019

Announcement of the 2018 Annual Report and Corporate Governance Report.

30 APRIL 2019

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2019.

18 NOVEMBER 2019

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2019.

21 MAY 2019

Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2019.

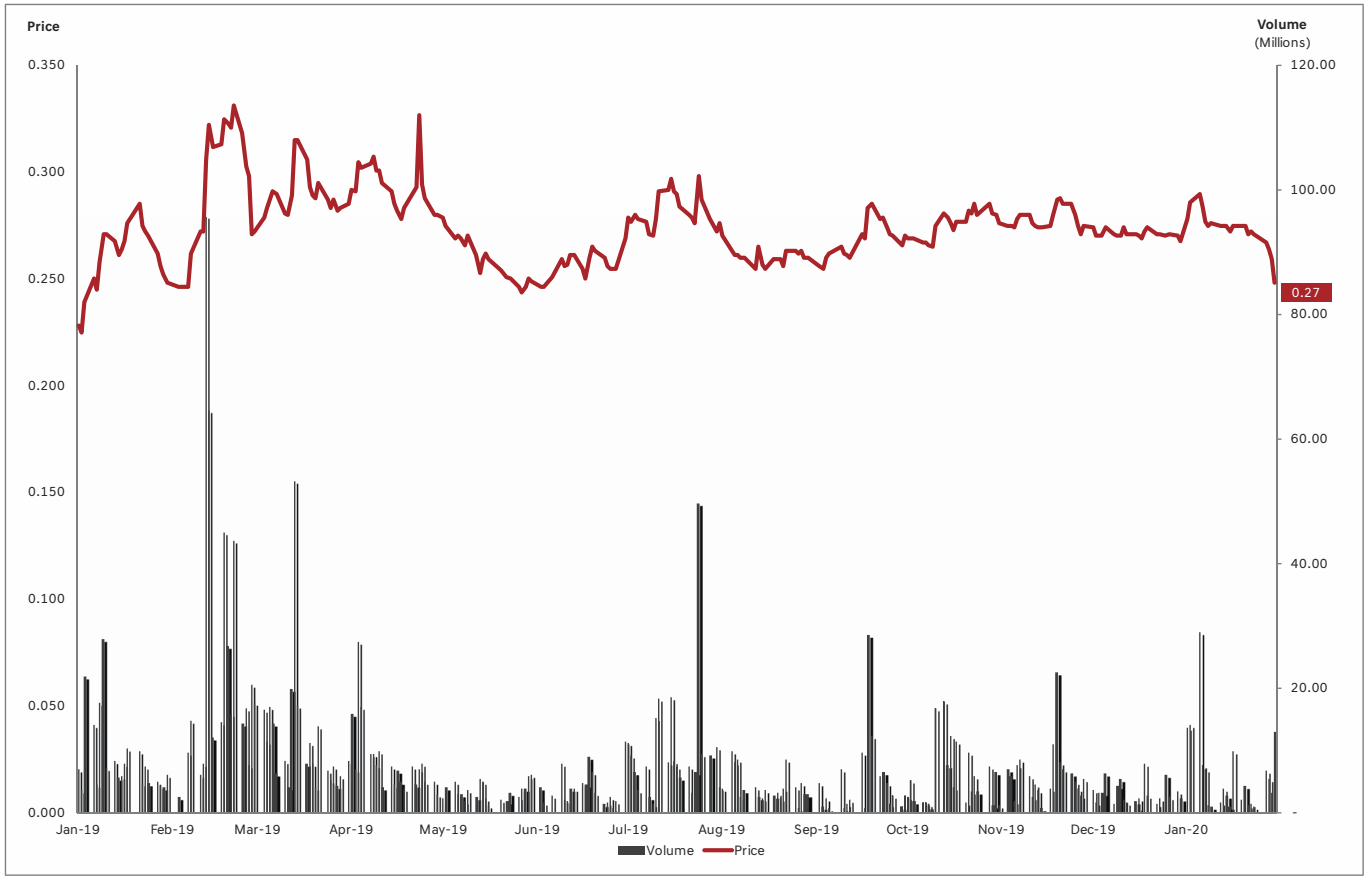
25 FEBRUARY 2020

DECLARATION OF DIVIDEND PAYMENT

Final single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 December 2018, paid on 31 July 2019.

19 JUNE 2019

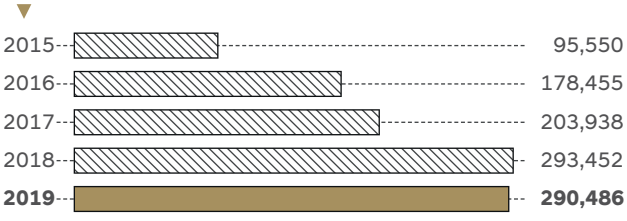
SHARE PERFORMANCE CHART



5-YEAR FINANCIAL HIGHLIGHTS

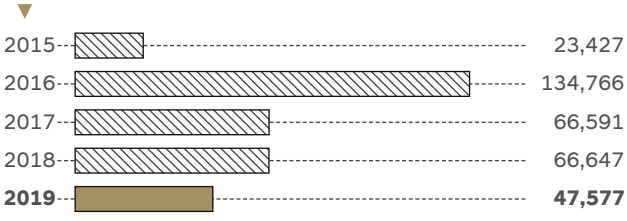
REVENUE

(RM'000)



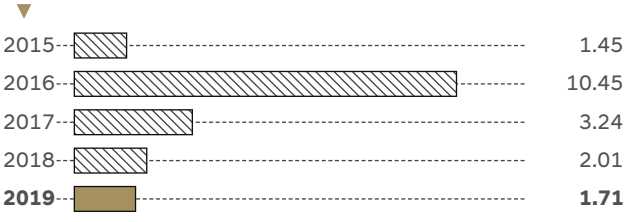
PROFIT BEFORE TAXATION

(RM'000)



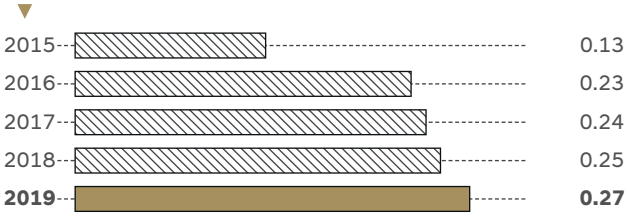
NET EARNINGS PER SHARE

(SEN)



NET ASSETS PER SHARE

(RM)



	2015	2016	2017	2018	**2019**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION RM'000					
Investments	4,172	175,050	179,893	205,540	**219,652**
Other assets	169,117	274,784	322,974	422,528	**409,385**
Total assets	173,289	449,834	502,867	628,068	**629,037**
Share capital	155,049	346,578	353,502	354,322	**354,339**
Reserves	(54,049)	44,464	73,403	100,274	**115,419**
Equity attributable to shareholders of the Company	101,000	391,042	426,905	454,596	**469,758**
Non-controlling interests	(747)	(1,884)	(2,548)	(13,086)	**(4,392)**
Loans and borrowing	20,036	-	20,000	47,575	**66,269**
Other liabilities	53,000	60,676	58,510	138,983	**97,402**
Total equity and liabilities	173,289	449,834	502,867	628,068	**629,037**
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (RM'000)					
Revenue	95,550	178,455	203,938	293,452	**290,486**
Results from operating activities	23,232	18,038	43,872	47,206	**33,566**
Finance costs	(1,449)	(890)	(694)	(3,128)	**(4,485)**
Finance income	1,644	233	1,213	562	**238**
Share of profit of equity-accounted associates	-	117,385	22,200	22,007	**18,258**
Profit before tax	23,427	134,766	66,591	66,647	**47,577**
Zakat	(359)	(450)	(500)	(405)	**(451)**
Tax expense	(7,243)	(14,103)	(10,900)	(14,350)	**(11,629)**
Profit for the year	15,825	120,213	55,191	51,892	**35,497**
Attributable to:					
Owners of the Company	11,226	121,730	56,599	35,345	**30,037**
Non-controlling interests	4,599	(1,517)	(1,408)	16,547	**5,460**
Profit for the year	15,825	120,213	55,191	51,892	**35,497**
FINANCIAL HIGHLIGHTS (RM'000)					
Revenue	95,550	178,455	203,938	293,452	**290,486**
Profit before tax	23,427	134,766	66,591	66,647	**47,577**
Profit for the year after tax	15,825	120,213	55,191	51,892	**35,497**
Profit attributable to owners of the Company	11,226	121,730	56,599	35,345	**30,037**
Financial ratios					
Revenue growth %	10.1	86.8	14.3	43.9	**(1.0)**
Debt/Equity ratio times	0.2	-	0.1	0.1	**0.1**
Net earnings per share sen	1.45	10.45	3.24	2.01	**1.71**
Gross dividend per share sen	-	1.50	0.50	0.50	**-**
Net assets per share RM	0.13	0.23	0.24	0.25	**0.27**
Closing price sen	25.0	25.5	48.5	23.0	**26.5**
Price earnings ratio times	17.2	2.4	15.0	11.4	**15.5**

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Dagang NeXchange Berhad recognises the importance of good corporate governance and is committed to practice high standards of corporate governance throughout the Group.

The Board is pleased to provide the following overview which outlines how the Group has applied the principles and recommendations set out in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") issued by the Securities Commission Malaysia and provisions in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") during the financial year ended 31 December 2019.

This Corporate Governance Overview Statement should be read together with the Corporate Governance Report, which is available on the Company's corporate website at www.dnex.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD COMPOSITION AND RESPONSIBILITIES

1.1 Composition and size of the Board

There were changes in the composition of the Board during the financial year ended 31 December 2019 as follows:

(i) Encik Zainal 'Abidin Abd Jalil retired as Group Managing Director of DNeX on 22 January 2019 upon attaining the retirement age of 60. Subsequently, he was employed as Executive Director, Energy of DNeX for a period of one (1) year from 11 February 2019 to 10 February 2020;
(ii) Encik Mohd Azhar Mohd Yusof was appointed as an Independent Non-Executive Director on 1 August 2019;
(iii) Dato' Rosnah Abd Majid was appointed as an Independent Non-Executive Director on 1 August 2019; and
(iv) Puan Norlila Hassan, an Independent Non-Executive Director, resigned on 31 December 2019.

Notwithstanding the changes, the Company has continued to comply with the MMLR of Bursa Securities whereby at least two (2) directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. With the resignation of Puan Norlila Hassan on 31 December 2019, the Board has ten (10) members comprising six (6) Independent Non-Executive Directors including the Chairman, one (1) Non-Independent Non-Executive Director, one (1) Executive Deputy Chairman and two (2) Executive Directors.

In MCCG 2017, at least half of the Board must comprise of independent directors and, for large companies, there must be a majority of independent directors. The Board composition and size are periodically assessed by the Board through the Nomination and Remuneration Committee.

The Independent Directors which constitute more than one-third (1/3) of the composition of the Board, provide a check and balance in the functioning of the Board and enhance its effectiveness. Their presence is essential in providing unbiased, objective and impartial opinion, advice and judgement to the Board deliberations, mitigating risks of any possible conflict of interest or undue influence from interested parties. All Independent Directors act independently of Management and are not involved in any other relationship with the Group that may impair their independent judgement and decision-making.

The members of the Board are of diverse backgrounds, specialisations and experience which bring a wealth of expertise to the leadership of the Group. The Board has the right mix of skills, experience and knowledge relevant to effectively direct and supervise the Company's business activities and ensure that the interests of all stakeholders are adequately protected. The profile of each Director is set out on pages 34 to 42 of this Annual Report.

1.2 Clear Functions of the Board and Management

The Board is responsible for oversight and overall management of the Group. To ensure the effective discharge of its functions and responsibilities, the Board has established a Discretionary Authority Limits ("DAL") for the Group where specific functions are delegated to the relevant Management. In this regard, the Management is guided by the approved limits of authority as set out in the DAL in carrying out its duties.

Matters reserved for the Board's decision which are expressly set out in the Board Charter and DAL document, ensure that matters of strategic importance or having material impact are escalated to the Board for deliberations and approval. Key matters reserved for the Board's approval include transactions exceeding the limits of authority of the Executive Deputy Chairman, the annual operating plan and budgets, the quarterly financial results, the annual audited accounts, changes in group structure, interim dividends, equity investments/divestments and related party transactions, subject always to compliance with the law and regulations applicable to the Group.

The Board has delegated to the Executive Deputy Chairman, as provided in the DAL, the authority to approve, subject to thresholds, operational and capital expenditure, procurement, business development and business growth, and human resources matters such as staff recruitment, promotion and termination. The DAL sets out the specific approval thresholds for Management decisions and it is periodically reviewed to reflect the expansion/changes within the Group. Any changes to the limits of authority under the DAL will require Board approval.

The responsibilities of the Management include, among others, generating action plans for immediate, short term, medium term and long term periods, organising resources to achieve the Company's goals, directing and setting performance standards that indicate progress towards long-term goals of the Company.

1.3 Division of roles between the Chairman of the Board and Executive Director/Chief Executive Officer ("CEO")

The positions of Chairman of the Board and Executive Director/CEO shall be held by different individuals, and the Chairman must be a non-executive member of the Board. Their roles have been clearly defined to ensure accountability and division of responsibilities.

1.4 Clear Roles and Responsibilities

The Board is responsible for overseeing the management and business affairs, and makes all major policy decisions of the Company. The Board's fundamental approach in this regard is to ensure that the right leadership, strategy and internal controls for risk management are well in place. Additionally, the Board is committed to achieving the highest standards of business integrity, ethics and professionalism across all of the Company's activities. The Board shall provide central leadership to the Company, establish its objectives and develop the strategies that direct the ongoing activities of the Company to achieve these objectives. Directors will apply skill and care in exercising their duties to the Company and are subject to fiduciary duties. Directors shall be accountable to the shareholders of the Company for the Company's performance.

The Board has in place a Board Charter which was formalised on 25 March 2014. The Board Charter serves as a reference and primary induction literature, providing Board members and the Management insight into the function of the Board. The Board Charter contains specific guidance to the Board members on, inter alia, the key values, principles and ethos of the Company, the Board's principal responsibilities, composition of the Board, Directors' qualification standards, matters reserved for the Board, induction of newly appointed Directors and continuing education, annual performance evaluation and the division of roles between the Board and the Management.

The Board practices a clear division of roles and responsibilities between the Chairman, Executive Deputy Chairman, Executive Directors and Non-Executive Directors. The Chairman is responsible for ensuring the effectiveness and conduct of the Board as well as assuming the formal role as the leader in chairing all Board meetings and shareholders' meetings.

The Chairman leads the Board and is responsible to ensure the effective and smooth interaction of the overall Board and individual Directors, both within and outside the Boardroom as well as driving the discussion toward consensus and to achieve closure in every discussion.

The Executive Deputy Chairman's role is to assist the Chairman in carrying out his responsibilities whilst Executive Directors have overall responsibility over the business units and day-to-day management of the Group, Company, organisational effectiveness and implementation of Board policies, strategies and decisions.

Non-Executive Directors play a key supporting role, contributing their skills, expertise and knowledge towards the formulation of the Group's strategic and corporate objectives, policies and decisions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In order to ensure effective discharge of the Board's functions, the Board will assume the following six (6) principal responsibilities:

(a) reviewing, adopting and monitoring the implementation of a strategic plan for the Company and its subsidiaries;
(b) overseeing the conduct of the Group's business and to evaluate whether the business is properly managed. In this respect the Board must ensure that there are objectives in place against which the Management's performance can be measured;
(c) identifying principal risks and ensuring the implementation of appropriate controls and systems to monitor and manage these risks;
(d) ensures succession planning including appointing, training, fixing the remuneration and where appropriate, replacing senior management;
(e) overseeing the development and implementation of a shareholders' communication policy for the Company to ensure effective communication with its shareholders and other stakeholders; and
(f) reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for ensuring compliance with applicable law, regulations, rules, directives and guidelines.

1.5 Code of Ethics and Whistleblowing Policy

DNeX incorporates a Code of Conduct ("Code"), which requires all officers and employees to observe high standards of business and personal ethics in carrying out duties and responsibilities.

The Code contains policies and guidelines relating to the standards and ethics that all employees are expected to adhere to in the course of their work. It is designed to maintain discipline and order in the workplace among employees of all levels. It also sets out the circumstances in which such employees would be deemed to have breached the Code and the actions that can be taken against them if they do so. As employees and representatives of the Company, or any of its subsidiaries, they must practice honesty and integrity in fulfilling their duties and responsibilities, and comply with all applicable law and regulations.

It is thus the responsibility of all officers and employees to comply with the Code and to report violations or suspected violations thereto. Accordingly, a Whistleblowing Policy has been formulated with a view to provide a mechanism for officers and employees of the Company to report instances of unethical behaviour, actual or suspected fraud or dishonesty or violation of the Company's code of conduct or ethics policy.

The details of the Whistleblowing Policy is available for reference at the Company's website www.dnex.com.my. The Whistleblowing Policy is administered by the Group Human Resource Division and overseen by the Chairman of the Board Audit Committee. Employees and other interested parties are able to report their concerns related to matters covered by the Code to the dedicated whistleblowing email channel at whistle@dnex.com.my.

1.6 Strategies Promoting Sustainability

Sustainability has long been a key driving force in the Group's corporate agenda, ever since the emergence of corporate responsibility in the early 2000s. It is the foundation of the Group's commitment as a responsible corporate citizen in ensuring the sustainable growth of its profits (a commitment to its shareholders), the sustenance of the planet (a commitment to the environment and community), and the sustainable development of its people (a commitment to nurture DNeX's talented employees and those within the community it operates). The details of the Group's sustainability activities including its corporate social responsibility activities are set out on pages 80 to 95 of this Annual Report.

1.7 Access to Information and Advice

The Directors are familiar and aware of their duties and responsibilities as well as the implementation of good corporate governance and compliance practices in the Group.

The Board Members are supplied with the relevant information on a timely basis to enable them to effectively discharge their duties and responsibilities. Board papers were circulated to the Board Members at least three (3) working days prior to the date of the meeting to facilitate the Directors to peruse the board papers and to review the issues to be deliberated at the Board Meeting. Where necessary, relevant senior management and personnel are invited to attend Board meetings to furnish details or clarifications on matters tabled for the Board's consideration.

Both external and internal auditors and/or advisers (including but not limited to the principal adviser for the corporate exercises undertaken by the Group) will be invited to attend Board meetings, if required, to provide additional information or clarification on matters relevant to the agenda of the Board meetings.

All Directors have unrestricted access to the Group and Company's senior management and the services of a qualified company secretary to enable them to discharge their duties effectively. The responsibilities of the company secretary include advising the Board on matters relating to the constitution of the Company, facilitating compliance with the MMLR of Bursa Securities and maintenance of statutory records.

The Directors were kept informed on a quarterly basis on the restriction in dealing with the securities of the Company during the closed period and the internal process for compliance when dealing in securities within and outside the closed period as set out in Chapter 14 of the MMLR of Bursa Securities. In addition, the Directors were given the updates issued by the various regulatory bodies and authorities which may affect the Group and the Company.

In furtherance of their duties, the Directors may, whether collectively as a Board or in their individual capacities, seek independent professional advice on specific matters, at the Company's expense.

1.8 Periodic Review and Publication of Board Charter

The Board Charter is published on the Company's corporate website www.dnex.com.my. It shall be periodically reviewed and updated by the Board as necessary to ensure it remains relevant and effective.

2. STRENGTHEN COMPOSITION

In discharging its duties, the Board is assisted by Board Committees, namely the Nomination and Remuneration Committee, the Audit Committee, the Board Procurement and Tender Committee and the Employee Share Option Scheme Committee.

The Board has delegated specific responsibilities to the Board Committees. Each committee operates under their respective approved terms of reference or By-Laws. The Board Committees observe the same rules of conduct and procedures as the Board, unless otherwise determined by the Board.

2.1 Nomination and Remuneration Committee ("NRC")

There were changes in the composition of the NRC during the financial year ended 31 December 2019 as follows:

(i) Encik Mohd Azhar Mohd Yusof, an Independent Non-Executive Director was appointed as a member of the NRC on 23 August 2019; and
(ii) Puan Norlila Hassan ceased to be Chairman of the NRC upon her resignation as Independent Non-Executive Director of the Company effective 31 December 2019.

The NRC meets as and when required. The NRC met four (4) times during the year under review.

The NRC members and details of attendance of each member at the NRC meetings held during the financial year ended 31 December 2019 are as follows:

Name	Designation	Directorate	Attendance
Norlila Hassan	Chairman	Independent Non-Executive Director	4/4
Rosli Abdullah	Member	Senior Independent Non-Executive Director	4/4
Satria Ahmad	Member	Independent Non-Executive Director	4/4
Mohd Azhar Mohd Yusof	Member	Independent Non-Executive Director	-*

Notes:
* No meeting was held during the period from 23 August 2019 to 31 December 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company has continued to comply with paragraph 15.08A(1) of the MMLR of Bursa Securities whereby its NRC comprise exclusively of Non-Executive Directors.

During the financial year, the NRC had undertaken the following activities:

(a) Annual assessment of the Board's effectiveness, the Board Committees and the contribution of each individual Director;
(b) Reviewed the size and composition of the Board;
(c) Reviewed the extension of employment contract of Executive Director;
(d) Reviewed and assessed the suitability of Dato' Rosnah Abd Majid, and recommended to the Board her appointment as an Independent Non-Executive Director;
(e) Reviewed and assessed the suitability of Encik Mohd Azhar Mohd Yusof, and recommended to the Board his appointment as an Independent Non-Executive Director;
(f) Reviewed the size and composition of the Board Committees, and recommended to the Board on changes in the Board Committees;
(g) Reviewed and recommended the bonus and increment of the staff and senior management to the Board by linking their rewards to corporate and individual performance; and
(h) Recommended the re-election of Directors.

Criteria for Recruitment and Annual Assessment of Directors

Appointment of Directors and Board Diversity

The Board may appoint directors to fill a casual vacancy or as additional Directors after an evaluation process which is carried out by the NRC. All Board appointments shall be approved by the Board upon recommendation by the NRC. The Board, through the NRC, has established a formal and transparent procedure in relation to the assessment of candidates for Board appointments as well as assessing the effectiveness of the Board as a whole, the Committees of the Board and the contributions of each individual Director.

In respect of new Board appointees, the NRC evaluates a potential Board candidate based on established criteria which include:

(a) Education and experience that provides knowledge of business, financial, governmental or legal matters that are relevant to the Company's business or to its status as a publicly owned company;
(b) An unblemished reputation for integrity;
(c) A reputation for exercising good business judgment; and
(d) Sufficient available time to be able to fulfil his or her responsibilities as a member of the Board and of any committees to which he or she may be appointed.

Each Director will have the opportunity to meet the proposed candidate before appointment.

In relation to Board diversity, the Board acknowledges the recommendation of the MCCG 2017 pertaining to the establishment of boardroom gender diversity policy. For a large company will need to comprise at least 30% women directors and included women participation in senior management not only at board level. During the financial year, a new woman Director was appointed, which bring the percentage of women Board members from 22.22% to 27.27%. While the Board has yet to formalise its policies on gender diversity, the Board is committed to provide fair and equal opportunities and nurturing diversity within the Company. The Board, through its NRC will continue to take steps to ensure that suitable women candidates are sought and considered as part of the recruitment exercise. This will be done over time, taking into consideration the present size of the Board, the merit and suitability of women candidates and the evolving challenges to the Company from time to time. The critical attributes of suitable Board candidate include skills, knowledge, expertise and experience, professionalism, character, competence, commitment (including time commitment) and integrity that the candidate shall bring to the Board.

Re-election of Directors

The Company's Constitution provides that an election of Directors shall take place each year. At each annual general meeting ("AGM") one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office provided always that all Directors including Managing Director and Executive Directors shall retire from office once at least in each three (3) years as required by the MMLR but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

The Directors to retire in every year shall be those who, being subject to retirement by rotation, have been longest in office since their last election, but as between Directors of equal seniority, the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot.

Where a person has been appointed as Director either to fill a casual vacancy or as an additional Director, he/she shall hold office only until the conclusion of the next AGM and shall be eligible for re-election at such meeting.

The NRC also makes recommendations to the Board on the re-election of the Directors.

Annual Assessment of Directors

The Board, through the NRC, conducts an annual assessment on its effectiveness, each individual Director and the Board Committees established by the Board.

The Board is assessed in the areas of the Board's roles and responsibilities, structure and composition, conduct, meeting process, interaction and communication with the Management and other stakeholders, as well as the effectiveness of the Chairman.

The Board Committees are assessed in terms of accountabilities and responsibilities and the success of the Committees in achieving its objectives.

The 2019 assessment was carried out in February 2020 through questionnaires sent to each individual director and encompasses an assessment of the performance of the Board as a whole, the Board Committees and individual Directors (via self and peer assessment) as well as the independence of Independent Directors.

2.2 Audit Committee

The Audit Committee Report is set out on pages 74 to 76 of this Annual Report.

2.3 Board Procurement and Tender Committee ("BPTC")

The BPTC was established on 16 December 2013 to oversee the procurement process and contract management of the Group. The BPTC met once during the year under review with full attendance of its members.

Dato' Rosnah Abd Majid, an Independent Non-Executive Director was appointed as a member of the BPTC on 23 August 2019. With the appointment, the composition of the BPTC is as follows:

Name	Designation	Directorate
Datuk Samsul Husin	Chairman	Executive Deputy Chairman
Ang Hsin Hsien	Member	Non-Independent Non-Executive Director
Satria Ahmad	Member	Independent Non-Executive Director
Dato' Rosnah Abd Majid	Member	Independent Non-Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2.4 Employee Share Option Scheme ("ESOS") Committee

The ESOS Committee was established on 23 November 2015 to implement and administer the ESOS in accordance with the provisions of the ESOS By-Laws. The ESOS Committee shall comprise such persons duly appointed and authorised by the Board from time to time.

There were changes in the composition of the ESOS Committee during the financial year ended 31 December 2019 as follows:

(i) Encik Zainal 'Abidin Abd Jalil ceased to be a member of the ESOS Committee upon his retirement as Group Managing Director of DNeX on 22 January 2019; and
(ii) Puan Norlila Hassan ceased to be Chairman of the ESOS Committee upon her resignation as Independent Non-Executive Director of the Company effective 31 December 2019.

With these changes, the composition of the ESOS Committee is as follows:

Name	Designation	Directorate/Position held
Datuk Samsul Husin	Member	Executive Deputy Chairman
Dato' Wong Kam Yin	Member	Executive Director
Zahid Mohammad Sham	Member	Chief People Officer, Group Human Resource
Lim Kek Siang	Member	Chief Financial Officer

The ESOS Committee meets as and when required. No meeting was held during the financial year. Approval on matter requiring the sanction of the ESOS Committee was sought by way of circular resolution.

3. DIRECTORS' REMUNERATION

The remuneration for the Executive Directors link rewards to corporate and individual performances.

Non-Executive Directors are remunerated in the form of directors' fees which are approved annually by the shareholders at AGM and an attendance allowance of RM1,500 for each Board meeting that they attend.

Based on the existing fees structure which was last revised in 2017 and approved by the shareholders at the 49th AGM for the financial year 2019, directors' fees are at RM10,000 per month for the Non-Executive Chairman and RM5,000 per month for each Non-Executive Director.

At Board Committee level, directors' fees are at RM4,000 per month for the Non-Executive Chairman of the Board Audit Committee and RM2,000 per month for each Non-Executive Director who are members of the Board Audit Committee.

Non-Executive Directors who are members of Board Committees are paid attendance allowance for each Committee meeting they attend, at RM1,000 per meeting for the Board Committee Chairman and RM750 per meeting for the members of Board Committee.

In addition to the above, Non-Executive Directors including the Non-Executive Chairman are entitled to medical and hospitalisation coverage.

The details of remuneration for the Directors of DNeX (including their remuneration for services rendered on group basis) during the financial year ended 31 December 2019 are presented in the table below:

(a) Details of the Directors' remuneration (including benefits-in-kind) for each Director during the financial year 2019 are as follows:

Company

	RM'000				
	Salaries	Directors' fees	Allowance and other emoluments	EPF and benefits in kind	Total
Executive Director					
Dato' Wong Kam Yin	380	-	-	133	513
Zainal 'Abidin Abd Jalil	639	-	-	113	752
Datuk Samsul Husin	1,130	-	-	355	1,485
Non-Executive Directors					
Tan Sri Abd Rahman Mamat	-	120	5	-	125
Rosli Abdullah	-	108	14	-	122
Norlila Hassan	-	84	17	-	101
Ang Hsin Hsien	-	84	11	-	95
Satria Ahmad	-	60	10	-	70
Datuk Johar Che Mat	-	69	7	-	76
Dato' Rosnah Abd Majid	-	25	2	-	27
Mohd Azhar Mohd Yusof	-	25	2	-	27
Total	**2,149**	**575**	**68**	**601**	**3,393**

Group

	RM'000				
	Salaries	Directors' fees	Allowance and other emoluments	EPF and benefits in kind	Total
Executive Director					
Dato' Wong Kam Yin	380	-	-	133	513
Zainal 'Abidin Abd Jalil	639	-	-	113	752
Datuk Samsul Husin	1,130	-	-	355	1,485
Non-Executive Directors					
Tan Sri Abd Rahman Mamat	-	120	5	-	125
Rosli Abdullah	-	108	14	-	122
Norlila Hassan	-	84	17	-	101
Ang Hsin Hsien	-	84	11	-	95
Satria Ahmad	-	60	10	-	70
Datuk Johar Che Mat	-	69	7	-	76
Dato' Rosnah Abd Majid	-	25	2	-	27
Mohd Azhar Mohd Yusof	-	25	2	-	27
Total	**2,149**	**575**	**68**	**601**	**3,393**

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(b) Details of the remuneration of key senior management personnel within the Group (including salary, bonus, benefits in-kind and other emoluments) in each successive band of RM50,000 during the financial year 2019, are as follows:

Range of Remuneration	Name of Key Senior Management	Designation
RM50,000 and below	-	-
RM300,001 to RM350,000	Chong Yoke Ching	Chief Executive Officer, SealNet Sdn. Bhd. (formerly known as DNeXPORT Sdn. Bhd.)
RM400,001 to RM450,000	Zaridan Ridzuan	Chief Executive Officer, DNeX Solutions Sdn. Bhd.
RM500,001 to RM550,000	Wan Ahmad Syatibi Wan Abd Manan	Chief Executive Officer, Dagang Net Technologies Sdn. Bhd.
	Mohd Ismail Khan Wazir Khan	Chief Executive Officer, DNeX Telco Services Sdn. Bhd.
RM550,001 to RM600,000	Lim Kek Siang	Chief Financial Officer
	Jasbendarjit Kaur	Chief Technology Officer
RM650,001 to RM700,000	Zahid Mohammad Sham	Chief People Officer
RM750,001 to RM800,000	Wan Azryn Wan Ab Rashid	Chief Executive Officer, DNeX Drilling Tech and Oilfield Services Sdn. Bhd. (formerly known as DNeX Oilfield Services Sdn. Bhd.)
RM800,001 to RM850,000	Mohd Hasery Abu Bakar	Chief Executive Officer, OGPC Sdn. Bhd.
	Nuraslina Zainal Abidin	Chief Executive Officer, Genaxis Group Sdn. Bhd.

4. REINFORCE INDEPENDENCE

4.1 Annual Assessment of Independent Directors

The Board, through the NRC, carries out an annual assessment of the independent directors with the aim of strengthening the role of independent directors to facilitate independent and objective decision making in the company, free from undue influence and bias.

The concept of independence adopted by the Board is in tandem with the definition of an independent director in paragraph 1.01 of the MMLR of Bursa Securities. The key element for fulfilling the criteria is the appointment of an independent director who is not a member of management and who is free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. The Board has also adopted the assessment criteria provided in the corporate governance guide issued by Bursa Securities.

Based on the recommendation of the NRC, the Board is satisfied that our independent non-executive directors have continued to exercise independent judgement and acted in the best interests of the Company and the Company's stakeholders during the financial year.

4.2 Tenure of Independent Director

MCCG 2017 recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to his/her re-designation as a non-independent director.

As at the date of this Statement, none of the Independent Directors of the Company has served the Board for a cumulative term of nine (9) years.

4.3 Chairman to be a Non-Executive Director

The Chairman of the Board, Tan Sri Abd Rahman Mamat has been an Independent Non-Executive Director since his appointment to the Board on 12 December 2013.

5. FOSTER COMMITMENT

5.1 Time commitment

The Directors are aware of the time commitment expected from each of them to attend to matters of the Group generally, including attendance at Board, Board Committee and other types of meetings. The annual Board meeting calendar is planned and agreed with the Directors prior to the commencement of each new financial year.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. The Board meets at least four (4) times a year.

During the financial year 2019, the Board met four (4) times. The Board Committees also convened their respective meetings in accordance with their terms of reference.

Details of the Board meetings convened during the year and the attendance of each member at Board meetings held in 2019 are as follows:-

Name	Directorate	Attendance
Tan Sri Abd Rahman Mamat	Chairman/Independent Non-Executive Director	3/4
Datuk Samsul Husin	Executive Deputy Chairman	4/4
Dato' Wong Kam Yin	Executive Director	4/4
Rosli Abdullah	Senior Independent Non-Executive Director	4/4
Norlila Hassan (resigned on 31 December 2019)	Independent Non-Executive Director	4/4
Ang Hsin Hsien	Non-Independent Non-Executive Director	4/4
Satria Ahmad	Independent Non-Executive Director	4/4
Datuk Johar Che Mat	Independent Non-Executive Director	4/4
Zainal 'Abidin Abd Jalil (appointed on 11 February 2019)	Executive Director	4/4
Dato' Rosnah Abd Majid (appointed on 1 August 2019)	Independent Non-Executive Director	1/2
Mohd Azhar Mohd Yusof (appointed on 1 August 2019)	Independent Non-Executive Director	1/2

In between Board Meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions which contain all relevant information to enable the Board to make informed decisions. All circular resolutions that are approved by the Board are tabled for notation and confirmation at the subsequent Board Meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

5.2 Directors' Training

All Directors had attended and completed the Mandatory Accreditation Programme (MAP) as required by the MMLR of Bursa Securities.

The Board is mindful of the need for directors to attend continuous education programmes to keep them abreast of new developments pertaining to legislations, regulations, current commercial issues and changing commercial risks that may affect business operations and compliance matters. Appropriate training and education programmes are identified and arranged for directors' participation from time to time to further enhance their skills and knowledge, and the Company allocates a dedicated training budget to support the continuous development of the directors.

During the year under review, the Directors have attended and participated in training programmes, seminars, conferences and forums that covered the areas of corporate governance, financial, relevant industry updates and global business developments which they considered as useful in contributing to the effective discharge of their duties as Directors. The development and training programmes attended by the Directors in 2019 are as follows:

Name of Director	Training/Seminar/Conference Attended	Date	Organiser/Co-ordinator
Tan Sri Abd Rahman Mamat	Permodalan Nasional Bhd ("PNB") Leadership Forum 2019	5 March 2019	PNB Research Institute
	(1) 1st Shariah Dialogue Session 2019; and (2) Knowledge Sharing Session: Takeaways from Legal Cases in Islamic Finance	18 March 2019	Malaysian Industrial Development Finance Berhad ("MIDF")
	Luncheon Talk with YB Datuk Sri Saifuddin Nasution Ismail - Dealing with the Rising Cost of Living	3 April 2019	MIDF
	China's Belt and Road Initiatives - Latest Status and Impact on Business	12 April 2019	MIDF
	Audit Committee Conference 2019 - Meeting the New Expectations	15 April 2019	Malaysian Institute of Accountants ("MIA") and The Institute of Internal Auditors Malaysia
	Corporate Governance Case Study Workshop	18 April 2019	Bursa Malaysia
	Bursa Malaysia's Thought Leadership Series on "Leadership Greatness in Turbulent Times: Building Corporate Longevity"	26 June 2019	Bursa Malaysia
	Financial Institutions Directors' Education ("FIDE") Elective Programme: Anti Money Laundering and Counter Financing of Terrorism: Banking Sector	17 July 2019	FIDE Forum
	Dialogue: Key aspects of Fintech and Regulation	19 September 2019	Bank Negara Malaysia ("BNM") and FIDE Forum
	4th Distinguished Board Leadership Series: Digital to the Core	4 October 2019	BNM and FIDE Forum
	International Directors Summit 2019	14 and 15 October 2019	Institute of Corporate Directors Malaysia

Name of Director	Training/Seminar/Conference Attended	Date	Organiser/Co-ordinator
Tan Sri Abd Rahman Mamat (Cont'd)	PNB Corporate Summit 2019 – Rebooting Corporate Malaysia	30 October 2019	PNB
	Half Day Seminar on Related Party Transactions: Conflict of Interest – Implications to the Board of Directors, Audit Committee and Management	18 November 2019	Malaysian Institute of Corporate Governance ("MICG")
	Yayasan Tun Ismail Mohamed Ali (YTI) Memorial Lecture 2019	18 November 2019	PNB and Universiti Tun Abdul Razak
Datuk Samsul Husin	MIA International Accountants Conference 2019	22 and 23 October 2019	MIA
Dato' Wong Kam Yin	Malaysian Investor Relations Association ("MIRA") Evening Talk and Networking: USA China Trade War Its Impact on Business and Consumers in Asean	9 October 2019	MIRA
Rosli Abdullah	Workshop on "Enhancement of Guest Experience at KL International Airport (KUL)"	17 January 2019	Boston Consulting Group
	Workshop on "Proposed Adoption of New Constitution in Place of Existing Memorandum and Articles of Association"	23 January 2019	Skrine
	Airports Council International ("ACI") 11th Annual Airport Economics & Finance Conference & Exhibition	12 to 14 March 2019	ACI
	ProcureCon Asia 2019 - Transforming Procurement Together	9 to 11 July 2019	ProcureCon Asia
	Talk on Directors and Officers Liability Insurance	31 July 2019	Willis Towers Watson
	MIA International Accountants Conference 2019	22 and 23 October 2019	MIA
	Strategic Readiness of CapitaLand Malaysia Mall Trust Board in the Age of Digital Disruption	24 October 2019	CapitaLand Malaysia Mall Trust
	Corporate Governance: Session on Corporate Governance and Anti-Corruption	31 October 2019	Bursa Malaysia and Securities Commission Malaysia
	Audit Oversight Board Conversation with Audit Committees	8 November 2019	Securities Commission Malaysia
Norlila Hassan	Fraud Risk Management - 'Whose Responsibility is it?'	14 November 2019	MICG

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of Director	Training/Seminar/Conference Attended	Date	Organiser/Co-ordinator
Ang Hsin Hsien	Governance Symposium 2019-Building a Governance Eco-System	7 March 2019	MIA
	Future Business Ideas 2019: Business Innovation Re-imagined	24 April 2019	Securities Industry Development Corporation
	Data Driven Decision Workshop	25 April 2019	ASEAN Data Analytics eXchange ("ADAX")
	ASOCIO PIKOM Digital Summit	12 November 2019	PIKOM
Satria Ahmad	Ethics in Procurement – What is your Organisation doing to keep Procurement Ethical?	17 December 2019	MICG
Zainal 'Abidin Abd Jalil	Malaysian Gas Symposium	26 June 2019	Malaysian Gas Association ("MGA")
	MGA Industry Talk – "Outlook on the Malaysian Economy and its Oil and Gas Industry"	14 October 2019	MGA
Datuk Johar Che Mat	MNRB Group Directors' Training on "Shariah Governance of Islamic Finance", "Board Awareness – IFRS17", "Malaysia's Economic and Sovereign Outlook 2019 – Risks, Challenges and Opportunities" and "Malaysia: Insurance Outlook and Trends"	31 March 2019	MNRB Holdings Berhad ("MNRB")
	PNB Leadership Forum 2019 – "Positive Autocracy: A Leadership Model for Industry 4.0"	25 June 2019	MNRB
	FIDE Programme – Module A (Insurance)	4 and 5 July 2019	MNRB
	Malaysia Building Society Berhad ("MBSB") | Islamic Finance : Towards Reaching Greater Heights	21 August 2019	MBSB
	PNB Corporate Summit 2019	30 October 2019	PNB
	12th Malaysian Re CEO Conference 2019	11 to 14 November 2019	Malaysian Reinsurance Berhad
Dato' Rosnah Abd Majid	Mandatory Accreditation Programme	30 and 31 October 2019	The Iclif Leadership and Governance Centre
	Introduction to Corporate Directorship	14 and 15 November 2019	Institute of Corporate Directors Malaysia
Mohd Azhar Mohd Yusof	Mandatory Accreditation Programme	30 and 31 October 2019	The Iclif Leadership and Governance Centre
	Corporate Governance: Session on Corporate Governance and Anti-Corruption	31 October 2019	Bursa Malaysia and Securities Commission Malaysia
	Raising Defences: Section 17A of the Malaysian Anti-Corruption Commission Act 2009	10 December 2019	The Iclif Leadership and Governance Centre

6. UPHOLD INTEGRITY IN FINANCIAL REPORTING

6.1 Compliance with Applicable Financial Reporting Standards

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

The Board is responsible for the quality and completeness of publicly disclosed financial reports. This ensures that shareholders are provided with a balanced and meaningful evaluation of the Company's financial performance, its position and its future prospects, through the issuance of its annual audited financial statements and quarterly financial reports and corporate announcements on significant developments affecting the Company in accordance with the MMLR of Bursa Securities.

The Board is committed to continuously provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects. In order to fulfill the commitments to stakeholders, the Company ensures that the recording and reporting of financial and business information is as fair and accurate as determinable.

6.2 Statement of Directors' Responsibility

The Directors are responsible in ensuring that the financial statements of the Company and its subsidiaries are properly drawn up in accordance with the requirement of the approved financial reporting standards in Malaysia, the MMLR of Bursa Securities and the provisions of the Companies Act, 2016 so as to give a true and fair view of the state of affairs of the Company and its subsidiaries for the financial year then ended.

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

The Statement of Directors' Responsibility in respect of the preparation of the annual audited financial statements of the Group pursuant to Section 251 of the Companies Act, 2016 is set out on pages 98 to 103 of this Annual Report.

6.3 Relationship with Auditors and Independence of External Auditors

Through the Audit Committee, the Board maintains a transparent and professional relationship with the Company's auditors, both external and internal. The Audit Committee met the external auditors twice during the year under review without the presence of the Executive Directors and the Management to allow the Audit Committee and the external auditors to exchange independent views on matters which require the Audit Committee's attention.

The external auditors, Crowe Malaysia PLT, provide an independent opinion, based on audit performed on the financial statements of the Group and report the same to the shareholders of the Company in accordance with Section 266 of the Companies Act 2016. The external auditors also attend each AGM in order to assist in giving clarifications to shareholders on the audited financial statements.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is assisted by the Audit Committee in reviewing the adequacy of the risk management and internal control system of DNeX Group.

The Board acknowledges its responsibility for maintaining a sound system of internal control which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations and to safeguard shareholders' investment and its assets and interests in compliance with the relevant law and regulations as well as the Group's internal financial administration procedures and guidelines. The Statement on Risk Management and Internal Control furnished on pages 70 to 73 of this Annual Report provides an overview on the state of internal controls and level of risks and the effectiveness of risks mitigation plans within the DNeX Group.

Further to this, the external auditors conduct annual statutory audit on the financial statements. Areas for improvement identified during the course of statutory audit by the external auditors are brought to the attention of the Board accordingly.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2. INTERNAL AUDIT FUNCTION

The Board recognises the importance of risk management and is committed in maintaining a sound system of risk management and internal control in its business operations. The internal audit function has been outsourced to Baker Tilly Monteiro Heng Governance Sdn. Bhd. ("Baker Tilly") since March 2014.

Baker Tilly reports directly to the Audit Committee and assists the Audit Committee in discharging its duties and responsibilities. Further details of the activities of the internal audit function are set out on page 76 of this Annual Report.

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

1. CONDUCT OF GENERAL MEETINGS

The AGM is the principal platform of communication with shareholders of the Company. The Annual Report together with the Notice of AGM is sent to registered shareholders within the prescribed period as allowed under the Company's Constitution and the MMLR of Bursa Securities as the case may be.

At the AGM, the Chairman briefed members, corporate representatives and proxies who were present of their right to speak and vote on the resolutions set out in the notice of AGM.

In accordance with the MMLR of Bursa Securities, resolutions set out in the notice of AGM or in any notice of general meeting are voted by poll.

The Board encourages shareholders' participation during question and answer sessions at the AGM and provides sufficient opportunity for shareholders to communicate their concerns. The external auditors are invited to the meeting to provide their professional and independent view to shareholders, if required.

While members of the media are not invited into the AGM meeting hall, a media conference is usually held immediately after the AGM where the Chairman, Executive Deputy Chairman and Executive Directors update media representatives on the resolutions passed and answer questions on matters related to the Group. This approach provides the Company with a more efficient way to address both the shareholders and the media.

2. COMMUNICATION WITH STAKEHOLDERS

The Board acknowledges the need for the Company's shareholders and investors to be informed of all material business and corporate developments concerning the Group in a timely manner. In accordance with the Group's Media and Investor Relations Policy, the Company publishes all material information as required by the regulators via the Bursa LINK as well as other publications such as the Annual Report, quarterly financial reports and media releases. The Company's Investor Relations is discussed in a dedicated segment of this Annual Report on page 77.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board is committed to use its best endeavour to provide accurate and complete information on a timely and even basis to enable shareholders to make informed investment decision.

The Company's website is regularly updated and provides relevant information on the Company's announcements, business, corporate, financial information and annual reports which is accessible to the public.

COMPLIANCE STATEMENT

The Board is committed to achieving a high standard of Corporate Governance throughout the organisation and would endeavour to apply the recommendations of the MCCG 2017.

This Corporate Governance Overview Statement has been approved by the Board of DNeX on 25 February 2020.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

2. AUDIT AND NON-AUDIT FEES

During the financial year, the total audit and non-audit fees incurred by the Company and the Group are as follows:-

	Company (RM'000)	Group (RM'000)
Audit Fees	110	368
Non-Audit Fees	15	115

3. RECURRENT RELATED PARTY TRANSACTIONS

During the financial year 2019, the Company did not enter into any recurrent related party transaction that requires the shareholders' mandate.

4. MATERIAL CONTRACTS

Save as disclosed in the Audited Financial Statements for the year ended 31 December 2019, there were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors, chief executive who is not a director or major shareholders, either still subsisting at the end of the financial year ended 31 December 2019 or entered into since the end of the previous financial year.

5. CONTRACTS RELATING TO LOANS

During the financial year, there were no material contracts relating to loans entered into by the Company and its subsidiaries involving the Directors, chief executive who is not a director or major shareholders.

6. ESOS

The Employees' Share Option Scheme ("ESOS") implemented on 14 September 2016 is the only ESOS in existence during the financial year ended 31 December 2019. During the financial year, a total of 55,000 new ordinary shares were issued and allotted pursuant to the exercise of the ESOS Options.

Brief details on the number of ESOS Options granted, exercised, forfeited and outstanding since commencement on 14 September 2016 to 31 December 2019 are set out in the tables below:-

For the period from 14 September 2016 to 31 December 2017

	Number of Options ('000)	
Description	Grand Total	Directors and Chief Executive
Granted	38,892	7,500
Exercised	(22,481)	(2,500)
Forfeited	(170)	-
Outstanding	16,241	5,000

For the period from 1 January 2018 to 31 December 2018

	Number of Options ('000)	
Description	Grand Total	Directors and Chief Executive
Granted	-	-
Exercised	(2,663)	-
Forfeited	(56)	-
Outstanding	13,522	5,000

For the period from 1 January 2019 to 31 December 2019

	Number of Options ('000)	
Description	Grand Total	Directors and Chief Executive
Granted	-	-
Exercised	(55)	-
Forfeited	(2,550)	(2,250)
Outstanding	10,917	2,750

Percentages of options applicable to Directors and Senior Management under the ESOS during the financial year and since its commencement up to the financial year ended 31 December 2019 are set out below:

	Percentage	
Directors and Senior Management	During the financial year	Since commencement up to 31 December 2019
(i) Aggregate maximum allocation	-	58%
(ii) Actual options granted	-	54%

The Non-Executive Directors of the Company are not eligible to participate in the ESOS.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This statement on risk management and internal control pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. The statement outlines the nature and scope of risk management and internal control system of the Group during the year under review.

RESPONSIBILITIES AND ACCOUNTABILITIES

The Board recognises its overall responsibility for the establishment of a sound risk management and internal control system for the Group and periodically reviews its adequacy and effectiveness. The adequacy and effectiveness of these systems assists in safeguarding the Group's assets, shareholders' investments and stakeholders' interests. Acknowledging that having a sound risk management and internal control system is imperative, the Board has established a governance structure that ensures effective oversight of risks and internal controls within all levels of the Group. Considering the inherent limitations, internal control systems can only provide reasonable, but not absolute, assurance against any material financial misstatement, fraud or losses.

In assessing and monitoring key business risks, the Board governs the Group's level of risk tolerance and risk appetite taking into account the dynamic and challenging business environment and increasing regulatory scrutiny to stay relevant and competitive. The Board partakes in the annual review of the Group's strategic business planning process. The Board probes the Management to ensure they have taken into consideration the varying opportunities and risks in developing the annual strategic business plan and investment proposals. Decisions are made by the Board only after the required information is adequately presented and deliberated to facilitate appropriate oversight and direction of the Group.

The Board is assisted by the Board Audit Committee to ensure independent oversight of internal control and risk management matters. Throughout the financial year, the Audit Committee convene meetings on quarterly basis to review the adequacy and integrity of the Group's:

i. Financial information namely annual audited financial results, Annual audit planning memorandum and Quarterly report on unaudited consolidated financial results;
ii. Risk management report and mitigation action plans for identified risks;
iii. Quarterly reports on internal audit reviews and annual internal audit plan;
iv. Effectiveness of the internal controls systems including compliance to applicable laws, rules and regulations, directives and guidelines through the audit reports issued by the appointed auditor. The committee also review and approve the internal auditor's appointment and the annual internal audit plan and results; and
v. Related Party Transactions and Recurrent Related Party Transactions.

Other Board Committees such as the Nomination and Remuneration Committee, Board Procurement and Tender Committee as well as Employee Share Option Scheme Committee are also established to assist the Board in executing its governance and oversight function as delegated by the Board. These Board Committees have been assigned with clearly defined accountabilities and responsibilities to oversee various key business activities within the Group.

In addressing the material risks within the Group's business environment, the internal control systems however do not apply to our associate companies, which fall within the control of their majority shareholders. Nonetheless, DNeX's interests are served through representation on the Boards of Directors and Senior Management posting to the associate companies as well as through the review of management accounts received. These provide the Board with performance related information to enable informed and timely decision-making on the Group's investments in such companies.

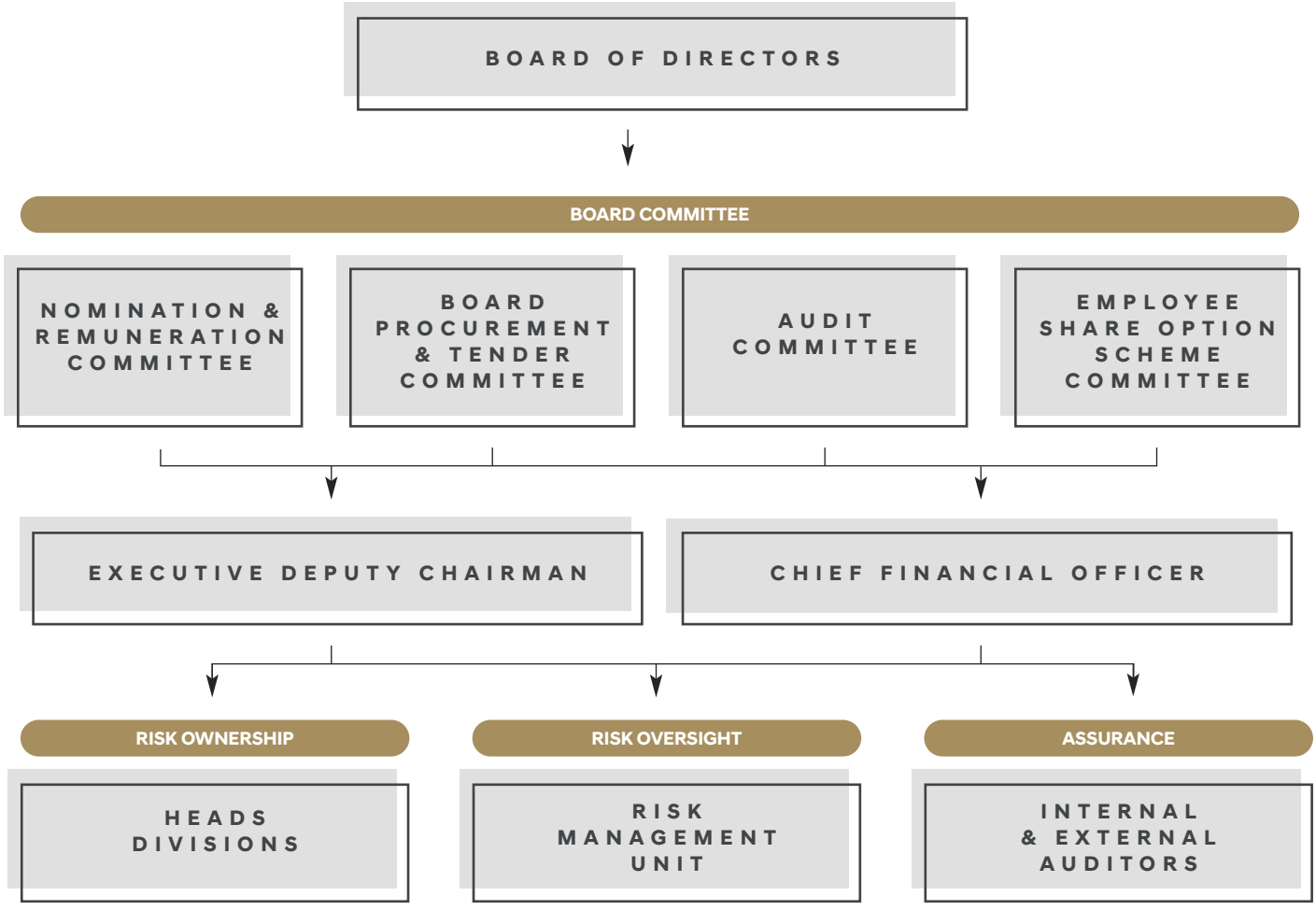
RISK MANAGEMENT

The Board recognises that risk is an inherent part of the Group's business, presenting both threats and opportunities. In order to achieve corporate goals and meet shareholders' expectations, the Board would have to make decisions which will involve some degree of risk. The Group has established an Enterprise Risk Management Framework that is applicable across the Group to facilitate a structured framework approach to risk management to achieve a level of adequate and standard reporting on strategic, financial and operational aspects within the Group.

The Board delegates to the Management the responsibility to effectively identify, evaluate, manage and monitor risks on quarterly basis and review the effectiveness of the Group's internal control systems, taking appropriate and timely corrective actions as required.

Risk Governance

The Group risk management governance structure is illustrated as below:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group has in place a transparent and effective risk governance structure that promotes active involvement of the Board, Audit Committee, the Management team and various lines of defence. This places a uniformed ownership, segregation of duties and accountability of risk management across the Group. The Board and Executive Deputy Chairman ("EDC") oversees and review the strategic level risk management whilst Chief Financial Officer ("CFO") and the respective lines of defence are accountable for the conduct of the Group's business and execute measures and controls to ensure that risks are managed effectively. A Risk Management unit within the Group Finance division is established to maintain a risk register of the Group. The unit on quarterly basis identifies, review and maintain all risk movement and update the risk report for deliberation to Audit Committee. Where representation and input from subsidiary companies are required, management members of subsidiary companies will be invited to attend the quarterly Board and Audit Committee meeting.

Risk Management Approach

At the Group level, inherent risk factors arising from business operations are continuously identified. These identified risk factors are incorporated into the risk register and individually rated as Catastrophic, Major, Moderate, Minor and Insignificant. The rating process is guided by a matrix of likelihood of occurrence and the associated risk impacts, of which both financial and non-financial consequences are duly considered according to the Group's risk appetite. Key features of the Group's risk appetite cover strategic, operational, regulatory, financial, technological and reputational risks.

The approach guides the Management team and CFO on balancing opportunities and risk management amongst others on assessment of investment proposals, asset management risk, working capital and project risk exposures of the Group. Thereafter, risk owners will initiate the treatment plans and measures towards achieving a residual risk that is within the acceptable tolerance and implemented aligned to the Board's approval.

INTERNAL CONTROL SYSTEMS

The Board acknowledges that the internal control systems are embedded within the Group's operating activities and exist for fundamental business environments. Various set of standards, structures and processes have been established by the Board and implemented to carry out effective internal control systems across the Group.

- **Core Values**

  Core values are what define the direction and purpose. The four (4) core values – Lean, Agile, Clean and Enterprising serve as the Group belief system, guiding engagements and relationships with the employees, clients and customers.

  The Group is also committed to upholding a strong culture of integrity and ethical values, as emphasised in the Employee Code of Conduct. The Code applies to Directors and employees. All employees are required to acknowledge that they have read and understood the Code upon commencement of employment. It is updated as and when necessary to ensure that it remains current and relevant in addressing any ethical issues that may arise within the organisation. All employees are required to sign and adhere to the Employee Confidentiality and Non-Disclosure Agreement upon their appointment.

- **Human Resource Management and Talent Development**

  Group Human Resource has throughout the year continue to invest in personal and professional growth of the employees. Employees are equipped with the right skills and receives upskilling programmes that enable efficiency and effectiveness in delivering Group's strategies. Group Human Resource has revisited and improvised the succession planning process flow and framework in order to have an integral talent development who are capable of meeting future organisational needs across the Group.

  Manpower planning requirement is also carried out, mirroring the approved budget planning in order to optimise manpower and increase productivity. Employee training needs are assessed regularly to close any competency gap and performance management is conducted promptly for continuous improvement.

- **Establishment of Policies and Procedures**

  Elements of internal control have been embedded and documented in the form of policies and procedures. A set of Group level policies and procedures complete with clear responsibility and accountability are maintained and accessible to employees via our internal portal. It is continuously reviewed and updated to reflect changes in the business environment or regulatory guidelines.

Delegation of responsibilities and accountability is also formalised through Discretionary Authority Limit ("DAL"). The DAL is another key control document that acts as the Group's governance framework as the Board formally delegates functions and powers to the Management with specific oversight and supervisory functions. Formal limits of authority delegation are assigned to each approving authority within the Group and implemented for planning, executing, controlling and monitoring business operations. The limits of authority are regularly reviewed and enhanced to reflect changes in accountability and Group's risk appetite.

- **Budgeting Forecasting and Performance Management**

  A comprehensive budgeting and forecasting system are in place where each business units is responsible in carrying out a thorough forecasting and analysis as part of the formation of the business units and collectively derives the Group's annual operating and five (5) years period strategic plan. The plans are reviewed by the Management team prior to submission to the Board for approval.

  The Group's business strategic directions in terms of financial and major initiatives are then further reflected in the respective corporate, subsidiaries and support unit Key Performance Indicators (KPIs) with a detailed balanced scorecards target.

  Performance achievements are reviewed by the Management team against the approved and targeted results on a monthly basis allowing timely responses and corrective actions to be taken in consideration of the macroeconomic sentiments and associated business risk. Similar reports and results are also reviewed by the Board on quarterly basis.

- **Role of Auditors**

  For the year under review, the Board and Audit Committee have received independent and objective assurance from both internal and external auditors of the Group. The internal auditor helps the Group by carrying a systematic, disciplined approach to evaluate and improve the internal controls, corporate governance and risk management. Areas for improvement identified during the course of audit are brought to the attention of the Board and Management are followed through the rectification progress accordingly.

  External auditors conduct statutory audit on financial statements. The Audit Committee reviews the Group's quarterly financial results and subsequently reports to the Board for deliberation and approval, prior to submission to Bursa Securities for release to shareholders and stakeholders.

- **Communication and Feedback**

  The Group recognises the importance of timely dissemination of information and has been transparent and accountable to shareholders, stakeholders and general public.

  The Board is committed to ensure that the shareholders and investors are well informed of major developments of the Group through various disclosures and announcement to Bursa Securities including quarterly results, analyst briefings, press releases to media and online investor relations on the company's website. All feedbacks are regularly collated and analysed with appropriate follow up action by Media and Investor Relations and Customer Service Engagement Unit, whom which act as a point of contact to respond on behalf of the Group.

MANAGEMENT COMMITMENT

The Board received assurance from the Executive Deputy Chairman and Chief Financial Officer that to the best of their knowledge, the Group's risk management and internal control system is sound and effective, providing reasonable assurance that the structure and operation of controls are appropriate for the Group's operations. The Board will continue to monitor all major risks affecting the Group and take necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the risk management and internal control systems of the Group.

REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

In accordance with Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and had reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

This statement is made in accordance with a resolution of the Board dated 25 February 2020.

AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 December 2019.

1. COMPOSITION AND ATTENDANCE

There were changes in the composition of the Audit Committee during the financial year ended 31 December 2019 as follows:-

(i) Datuk Johar Che Mat, an Independent Non-Executive Director was appointed as a member of the Audit Committee on 23 August 2019; and

(ii) Puan Norlila Hassan ceased to be a member of the Audit Committee upon her resignation as Independent Non-Executive Director of the Company effective 31 December 2019.

There were four (4) meetings held during the financial year 2019. The Audit Committee members and details of attendance of each member at the Audit Committee meetings held during the financial year ended 31 December 2019 are as follows:-

Name	Designation	Directorate	Attendance
Rosli Abdullah *(Member of the Malaysian Institute of Accountants)*	Chairman	Senior Independent Non-Executive Director	4/4
Norlila Hassan	Member	Independent Non-Executive Director	4/4
Ang Hsin Hsien	Member	Non-Independent Non-Executive Director	4/4
Datuk Johar Che Mat	Member	Independent Non-Executive Director	1/1

The composition of the Audit Committee complies with paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Terms of Reference of the Audit Committee.

2. AUTHORITY

In carrying out its duties and responsibilities, the Audit Committee is vested with the following authority:-

(i) Explicit authority to investigate any matter within its Terms of Reference.

(ii) Equipped with resources required to perform its duties.

(iii) Have full, free and unrestricted access to any information, records, personnel and properties of the Company and any other companies in DNeX Group.

(iv) Have direct communication channels with the external auditors and persons carrying out the internal audit function or activity. Head of Internal Audit should report directly to the Audit Committee.

(v) Obtain external professional advice and secure the attendance of outside parties with relevant experience and expertise, if deemed necessary.

(vi) Convene meetings with external auditors, internal auditors or both without the presence of the Management, whenever deemed necessary.

3. SUMMARY OF THE WORK OF THE AUDIT COMMITTEE

A summary of the work of the Audit Committee in the discharge of its duties and responsibilities for the financial year ended 31 December 2019 is as follows:-

(i) Financial Reporting

(a) Reviewed the DNeX Group's quarterly unaudited financial results and the related announcements before recommendation to the Board of Directors (the "Board") for consideration and approval for release to Bursa Securities. When reviewing the report, the Audit Committee received assurance from the Management that the condensed consolidated interim financial statements were prepared in accordance with Malaysian Financial Reporting Standards 134: Interim Financial Reporting, paragraph 9.22 of the MMLR of Bursa Securities and International Accounting Standards 34: Interim Financial Reporting issued by the International Accounting Standards Board.

(b) The Audit Committee had also reviewed the audited financial statements of the Company and DNeX Group for the financial year ended 31 December 2019 which covers the financial position and performance for the year and ensure that it complied with all disclosures and regulatory requirements and recommended the audited financial statements to the Board for approval.

(c) Reviewed and approved the Report of the Audit Committee for inclusion in the Company's Annual Report.

(d) Reviewed the statement about the state of risk management and internal control of DNeX Group pursuant to paragraph 15.26(b) of the MMLR of Bursa Securities.

(ii) External Audit

(a) Considered the audit fees and re-appointment of Crowe Malaysia PLT as external auditors of the Company and DNeX Group.

(b) Reviewed and approved the external auditors' Audit Planning Memorandum, audit approach and scope of audit work for the year.

(c) Met with the external auditors without the presence of executive Board members and Management to discuss DNeX Group's practices to enhance compliance in all law and regulations imposed by relevant regulatory bodies.

(d) The declaration of independence of the external auditors was noted.

(iii) Internal Audit

(a) Reviewed and approved the Internal Audit Plan for DNeX Group to ensure adequate scope and comprehensiveness of the activities and coverage on auditable entities with significant high risks.

(b) Reviewed the progress of audit assignments carried out in accordance with the Internal Audit Plan for the year 2019.

(c) Reviewed the Internal Audit Reports issued during the year 2019 as follows:-

1. Revenue, purchasing and inventory management cycle and system of Global Market eCommerce Sdn. Bhd. ("GMEC"), a wholly owned subsidiary of Dagang Net Technologies Sdn. Bhd., and Imizu Sdn. Bhd. (formerly known as DNeX IMIZU Sdn. Bhd.) ("Imizu"), a 55% owned subsidiary of GMEC.
2. Business development and project management, and billing and collection of DNeX Telco Services Sdn. Bhd. ("DNeX Telco").
3. Effectiveness of controls for Genaxis Group Sdn. Bhd. ("Genaxis") and Innovation Associates Consulting Sdn. Bhd. in respect to the following business processes:-
   (i) Tendering and contract management; and
   (ii) Billing and collection.

AUDIT COMMITTEE REPORT

4. Effectiveness of controls for Genaxis and IAC in respect to the following business processes:-
   (i) Human Resource Management;
   (ii) Hiring practices;
   (iii) Terminations process;
   (iv) Remuneration and compensation;
   (v) Claims processing; and
   (vi) Contract management.

(d) Reviewed the Follow-up Internal Audit Reports issued during the year 2019 as follows:-
   1. Customer Service Management and Service Level Agreement of Dagang Net.
   2. Billing and collection, and implementation of new billing system of Dagang Net.
   3. Revenue, purchasing and inventory management cycle and system of GMEC and Imizu.
   4. Business development and project management, and billing and collection of DNeX Telco.

(e) Assess the effectiveness of the internal audit functions.

(iv) Risk Management

Reviewed the consolidated risk management report and mitigation action plans for identified risks on a quarterly basis.

(v) Related Party Transactions

Reviewed the related party transactions and recurrent related party transactions entered into by the Company and its subsidiaries on a quarterly basis.

4. INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to an independent professional consultancy firm. The internal audit function is carried out by Baker Tilly Monteiro Heng Governance Sdn. Bhd. since March 2014. It is headed and led by Mr. Kuan Yew Choong, who is a member of the Association of Chartered Certified Accountants (UK), the Institute of Internal Auditors, Malaysia and also, the Malaysian Institute of Accountants. There were a total of three (3) internal auditors, including the Head of the internal audit function, who were deployed by Baker Tilly for the internal audit works performed for DNeX Group during the financial year ended 31 December 2019. All the personnel deployed by Baker Tilly are free from any relationships or conflicts of interest in DNeX Group, which could impair their objectivity and independence during the course of their work.

Baker Tilly reports directly to the Audit Committee and assists the Audit Committee in discharging its duties and responsibilities.

The internal audit function is carried out by Baker Tilly based on the annual audit plan that is reviewed and approved by the Audit Committee. The audit plan includes review of the adequacy of operational controls, risk management and compliance with established policies, procedures, applicable law and regulations and management efficiency. The Audit Committee also reviews the adequacy of the scope, functions, competency and resources of the internal audit function to ensure that it is adequately resourced with competent and proficient internal auditors.

Baker Tilly undertakes the internal audit activities based on Baker Tilly audit methodology which is closely consistent with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

A summary of the work of the internal audit function for the financial year ended 31 December 2019 is as follows:

(i) Prepared the Internal Audit Plan for approval of the Audit Committee.

(ii) Issued Internal Audit Reports to the Audit Committee and Management, identifying weaknesses and issues as well as highlighting recommendations for improvement. Such recommendations were acted upon by Management within agreed timelines.

(iii) Attended all Audit Committee meetings to table and discuss the audit reports and followed up on matters raised.

(iv) Acted on suggestions made by the Audit Committee on concerns over operations or control.

(v) Followed up on management corrective actions on audit issues raised during their course of audit. Determined whether corrective actions taken had generally achieved the desired results.

As at 31 December 2019, the total cost incurred for the internal audit function was RM68,000.00 which relates to personnel cost on audit assignments (excluding out-of-pocket expenses and Sales and Services Tax).

INVESTOR RELATIONS

Dagang NeXchange Berhad is committed to ensuring strong and consistent communications with shareholders and investors in a timely and appropriate manner.

We have established a comprehensive Investor Relations programme that provides insights on the Group's operations, financial performance, corporate developments, and strategy from the senior management team through regular engagement activities.

The programme is spearheaded by Executive Deputy Chairman Datuk Samsul Husin, and supported by the Investor Relations team as well as members of senior management, as and when required.

To promote engagement with members of the investing community, we have organised large group meetings and conference calls locally and internationally. Further to that, we conducted one-on-one meetings and quarterly results briefings to facilitate the discussion on DNeX's quarterly earnings performance and business operations, including addressing any queries from the investment analysts and investors.

As DNeX is one of the public listed companies selected under the Mid and Small Cap ("MidS") Research Scheme, the Group continued to receive independent analyst coverage. The reports are available to the public at www.bursamarketplace.com/mkt/tools/research. To drive media publicity on DNeX, the Group regularly publishes media releases and organises media interviews and media conferences to provide updates on the Group's businesses and developments.

The Investor Relations team also took the initiative to expand the Group's communications platforms to include new corporate social media accounts in Facebook, Instagram, LinkedIn and YouTube under call name DNeX Malaysia to enhance access of information by various stakeholders.

Additionally, we continue to maintain a dedicated Investor Relations portal on our corporate website at www.dnex.com.my to provide timely and accurate information of the Group. The platform offers a wide range of information such as financial results, annual reports, media releases, stock information, disclosures to Bursa Malaysia Securities Berhad, Annual General Meeting information and key contact point for feedbacks and enquiries.

Internally, DNeX's employees continued to be trained to meet Investor Relations best practices via trainings and reading materials provided by the Malaysian Investor Relations Association ("MIRA"), leveraging on the Group's membership.

During the year, DNeX was nominated for multiple award categories at the 2019 Investor Relations Awards organised by MIRA as follows:

- Best Company for Investor Relations (Small Cap)
- Best Investor Relations Professional (Small Cap)
- Best Investor Relations Website (Small Cap)
- Best Quality of Annual Reports / Formal Disclosure (All categories)

DNeX will continue to undertake its Investor Relations efforts with a long-term view of establishing transparency and instilling confidence in investors, allowing investors to make informed and timely investment decisions.

Enhancing Overall Sustainability

We are committed to sustainble, market growing, value-creating solutions by driving productivity, engancing strengths and simplifying costs.

SUSTAINABILITY REPORT

OUR VISION

To be a leading multinational corporation that is trusted for its world class services and expertise

OUR MISSION

We are vibrant talents who are committed to deliver business innovation that creates value for stakeholders

OUR IDENTITY

DNeX is a leading service provider in Malaysia's trade facilitation and energy sector. Established in 1970, our core businesses stem into a myriad of sectors that encompasses a family of specialised companies, each providing customised services, solutions and infrastructures, engineered and led by industry experts. Listed on the Main Market of Bursa Malaysia Securities Berhad, the company currently operates in two business segments – IT & eServices, and Energy.

OUR CORE VALUES

LEAN

We are a performance driven culture that strives to do more with less – creating enduring value for our markets, people and shareholders.

AGILE

We are a merit-based organisation that stays ahead through learning, inclusiveness, and change.

CLEAN

We are committed to the highest standards of business ethics – infusing trust in all business relationship and doing the right thing, even when no one is looking.

ENTERPRISING

We put our imagination to test and continuously invest in disruptive innovative solutions that achieve efficiency for our customers, people and communities.

Through our IT & eServices arm, we offer solutions related to Trade Facilitation, System Integration, Global Halal Services and Financial Technology.

Our Energy arm is involved in providing Drilling & Oilfield services, Equipment and Maintenance services and Upstream Oil & Gas.

With a cumulative experience spanning 50 years in construction engineering, telecommunications and Information Technology, we are synonymous with Malaysia's National Single Window, a Trade Facilitation system we designed, implemented and operated for the Government of Malaysia for more than 30 years. We continue to exclusively operate and maintain the system for the Government and have earned numerous industry recognitions, including, amongst others, the Industry Excellence Award for eCommerce at the ASEAN Business Excellence Award in the Digital and Technology category.

We pride ourselves on offering effective, workable and commercially realistic solutions to meet our client's requirement. Our reputation for pragmatic services is the result of the emphasis we place on understanding our client's objectives, priorities and requirements. An important element of this is the close working relationship we foster with them – we place a premium on understanding their commercial strategies and goals and defend their competitive edge.

OUR APPROACH

1. Depth of Technological Know-How, Breadth of Technical Expertise

We leverage on the technological expertise of our highly qualified teams of certified engineers and technical analysts, and draw upon our project managers' industry experience with regulatory bodies, promoters and financiers to provide added value in our ideas and input.

2. Domestic and Regional Expertise

Our technology driven experience and problem-solving skills in the industry extend not only to large scale projects in Malaysia, but also to several mission critical assignments internationally in Indonesia, Laos, Myanmar, the United Kingdom, Vietnam and Senegal.

3. Holistic and Integrated Approach

We have extensive experience in engaging, consulting and advising sponsors, intermediaries and end users across the spectrum of projects to devise workable and reliable solutions for our clients. For example, we house our IT infrastructure solutions, application development team and info security services under one roof, so that our clients benefit from a one-stop, full-service facility and seamless delivery of services.

4. Quality Assurance

To ensure consistent quality of service standards, we place emphasis on standard operating procedures in our workflow. This ensures that all deliverables are produced and presented in a timely manner, and documents and advice we provide are reviewed and approved by superiors with relevant expertise and one who is a subject matter expert. We also go to great lengths to preserve data confidentiality to safeguard the interests of our clients.

Sustainability Report

DNEX SUSTAINABILITY REPORT AT A GLANCE

PROFIT

RM290.5 million

2018
RM293.5 million

Revenue

RM474.7 million
1,758,090,478 shares

2018
RM404.3 million
1,758,035,478 shares

Market Capitalisation

RM35.5 million

2018
RM51.9 million

Profit AfterTax

STAKEHOLDERS

NO. OF SHAREHOLDERS
26,810

2018
27,299

CUSTOMERS
>35,000 Users/client

PAYMENT TO VENDORS & SUPPLIERS
RM190.36 million

PLANET & SOCIETY

CampBijak™

Lombok Aid

PEOPLE & WORKPLACE

576
employees

2018
624
employees

Total Employees

238
employees

2018
269
employees

Female

338
employees

2018
355
employees

Male

98
employees

2018
89

Total Hire

44
interns

2018	2017	2016
19 interns	17 interns	5 interns

TOTAL INTERNS

23%

2018
10%

Attrition Rate

41%
female employees

2018	2017	2016
42%	37%	35%

FEMALE EMPLOYEES

5%

2018	2017	2016
8%	12%	11%

WOMEN IN MANAGEMENT POSITIONS

SUSTAINABILITY REPORT

SUSTAINABILITY FRAMEWORK

DNeX's sustainability effort focuses on our management of

Profit

Stakeholders

Planet & Society

People & Workplace

OUR PROFIT

Our profit strategy

1. We build competitiveness for our customers through our products, solutions and services;
2. We identify effective mechanism that maximise productivity, creativity and results;
3. We take the initiative to work with our stakeholders to manage project and reputational risks and identify relevant business trends; and
4. We adhere to the highest compliance standards and promote integrity as one of our core values and code of conduct, which fights corruption and fraud.

Building long term value in the markets where we operate

Across our business units, our core mission is to deliver solutions that enable our customers to operate at peak efficiency and performance. We help customers to automate processes, maximise reliability, increase productivity, reduce waste, and avoid unexpected issues. Similarly, we focus on the same priorities within our own business operations, thus enabling us to shape a future that is sustainable and ideal for our stakeholders and the communities we work within.

Advancing Process Excellence

We believe that business profitability and process excellence go hand in hand in ensuring sustainable business operations, profitability and growth. By establishing operational "best practices" standards on serving our customers and operating the business, our employees will be guided in conforming to our practices on sustainability.

LEADING BUSINESS INNOVATION AND GROWTH

STRENGTHEN BUSINESS PLATFORMS

New Contracts

- DNeX's associate company Ping Petroleum Limited, has signed a rig contract with Stena Spey Services Limited to drill two firm wells in 2019. The first is the Guiollemot A GUA P1 side-track, and the second well is a development well in Avalon field (4 March 2019).
- DNeX's Portable Container System ("PCS") delivered by DNeX is on-going. DNeX, through OGPC Sdn. Bhd. was awarded a contract to supply PCS for petroleum products by Petro Teguh (M) Sdn. Bhd. in 2017. The contract involves designing, engineering, procurement, construction, installation and commissioning of up to 100 units of PCS. The contract also covers maintenance and supply of parts. However, the project initially faced challenges which include site readiness and identifying the right proprietor of the PCS. The contract price of a PCS station ranges from RM450,000 to RM1.5 million depending on the specifications and requirements of the location and the captive market it is designed to serve (13 March 2019).

(Continued next page)

STRENGTHEN BUSINESS PLATFORMS

New Contracts

- DNeX was awarded contract by Johor Port Berhad to design, supply, deliver, test and commission four units of marine loading arms to the port. The contract is valued at RM7.5 million (15 May 2019)
- DNeX, through indirect subsidiary company Innovation Associates Sdn. Bhd., has launched a cloud-based accounting system developed on the Standard Accounting System for Government Agencies ("SAGA") (27 June 2019)
- DNeX, through OGPC Sdn. Bhd., won a contract worth RM11.8 million from PETRONAS Dagangan Bhd for the supply, installation, testing, commissioning and maintenance automatic tank gauging for some 200 PETRONAS stations worldwide (17 July 2019).
- Wholly owned subsidiary Dagang Net received a 2-year contract extension for National Single Window for Trade Facilitation. The contract extension is for a period of two years commencing from 1 September 2019 until 31 August 2021 (24 July 2019).
- Received contract extension from Accountant General's Department Malaysia for an information and communication technology maintenance project through subsidiary company Innovation Associates Consulting Sdn. Bhd. Under the contract, IAC will be responsible for maintenance of hardware, software and network equipment of the integrated Government Financial and Management System ("iGFMAS"), an accrual accounting shared services implementation (2 October 2019).
- Awarded a contract to re-engineer the tax self-assessment system by the Inland Revenue Board of Malaysia in a contract worth RM42.75 million through subsidiary company Innovation Associates Consulting Sdn. Bhd. (19 November 2019)

DRIVE INNOVATION & BUSINESS EFFICIENCY

New Strategies & Products

- Dagang Net Technologies Sdn. Bhd. launched a new eService for cargo clearance via air mode called Pre-Alert Manifest. The eService can facilitate efficient trade documentation processing and cargo movement meant for small imported goods comprising parcels, documents and letters with a total cost, insurance and freight value not exceeding RM500 per consignment, into Malaysia (24 January 2019).
- DNeX, through Dagang Net Technologies Sdn. Bhd. signed a collaborative agreement with LuxTag Sdn. Bhd. to offer eServices based on blockchain technology. Under the agreement, both companies will be developing eServices leveraging on blockchain and digital ledger technology for managing digital assets or digital files that contain such content as text, images and multimedia. This venture forms part of the company's Dagang Net Digital Platform initiative to provide end-to-end, innovative services to empower customers and reinforces business efficiency in the user community (27 February).
- DNeX has signed a Memorandum of Agreement with four universities in Indonesia to implement Dagang Net eSCroll, a blockchain-powered Web application for employers, graduates, universities and training providers to authenticate academic and training certificates. Under the agreement, these universities will be issuing their graduation certificates embedded with Dagang Net eScroll (18 November 2019).
- Export-Import Bank of Malaysia Berhad entered into a collaboration agreement with DNEX, through subsidiary company SealNet Sdn. Bhd., to offer its trade finance and insurance products and services online for the trade facilitation and logistics community. Under the agreement, financial and insurance products and services provided by EXIM Bank will be integrated into the SealNet portal and is expected to go live by mid-2020 (18 December 2019).
- DNeX entered into an agreement with renowned cyber security solutions provider EC-Council International Ltd to offer comprehensive cyber security services to large enterprises in Malaysia. Under the agreement, EC-Council Global Services Sdn. Bhd. ("EGS") will acquire 100% of DNeX Technology Sdn. Bhd., which operates a security Operations Center for major institutions in Malaysia, and conversely, DNeX will acquire a 15% stake in EGS, which offers comprehensive cyber security training, technology and professional services in Malaysia (23 December 2019).

SUSTAINABILITY REPORT

OUR STAKEHOLDERS

At DNeX, we make it our mission to be our client's preferred partner. We strive to be a leader in the industries we are in, and we work to contribute a positive impact on all our stakeholders and create a better future. Our chosen mission: "***We are vibrant talents who are committed to deliver business innovation that creates value for our stakeholders***," highlight our dedication and commitment to continuously and proactively change and offer our stakeholders innovative solutions that adds competitive value.

	Employees	**Customers**	**Shareholders and investment communities**
STAKEHOLDERS			
	Talent retention Employee health & safety Work & workplace satisfaction Matters covered by Code of Conduct, legal issues, accounting or audit matters	Customer satisfaction Consumer data and privacy Business continuity	Business continuity Customer satisfaction Consumer data and privacy
CONCERNS			
	Quarterly Performance Measurement Review Management messages Group-wide LACE (employee recreational programme) activities Whistleblowing channel	Careline, mobile app, live chat Business engagement programmes, roadshows Business continuity plan Customer satisfaction surveys	Analyst briefings Investor relations engagements Annual General Meetings Shareholder updates Quarterly reports
ENGAGEMENT STRATEGY			

AN OVERVIEW OF OUR STAKEHOLDER STRATEGY

	Government and regulators	Business Partners	Suppliers	Media	Society and communities
STAKEHOLDERS					
	Regulatory compliance Customer satisfaction Consumer data and privacy Business continuity	Product quality Innovation Regulatory compliance Consumer data and privacy	Supply chain management Compliance and anti-corruption standards / integrity Customer satisfaction	Innovation Customer satisfaction Consumer data and privacy	Innovation Customer satisfaction Consumer data and privacy
CONCERNS					
	Meetings Performance reports Discussions and brainstorming Business continuity plan	Meetings and training Annual report Signing ceremonies and MOUs	Purchasing and tendering policies Meetings/briefings Vendor evaluation survey	Press releases Media coverage Press conferences, question and answer session	Website Annual report Corporate social responsibility programmes
ENGAGEMENT STRATEGY					

SUSTAINABILITY REPORT

Customer Satisfaction

At DNeX, we engage and serve more than 35,000 customers through our team of experienced and dedicated staff. To ensure that our customer's expectations are met and surpassed, we are constantly working on enhancing our customer experience. We continually invests in employee training to ensure a positive customer experience across all touch points of our operations.

Efforts to improve customer experience

- On-going training programmes for skill enhancements and certification for industry-imperative skills such as Information Technology Infrastructure Library ("ITIL") and Help Desk Certifications.
- Added a new channel for customer service – online chat in 2019, where we are no longer omnichannel in terms of customer service (24 x 7) .
- We further improved our interactive voice response for phone channel with a self-service feature whereby customers may help themselves in regards to billing and registration enquiries.
- Added a self-service feature via Dagangnet portal to ensure improved turn-around time. Through this improvement, customers can perform administrative processes or add on product(s) easily by themselves within 15 minutes.
- We embarked on ISO 18295, a certification of Customer Contact Centre that specifies requirements and guides in-house and outsourced customer contact centres.

Meanwhile, as one of the two appointed service providers for uCustoms, we have also put in a lot of concerted effort to improve customer engagement, and we are pleased to share that 79% of our customers are satisfied, and rated our customer engagement channels as a good platform for information sharing.

As a responsible organisation, we also conduct regular Customer Satisfaction Index survey to measure our customer satisfaction levels with our service delivery, and how satisfied our customers are with our products. In fiscal 2019, our index results showed an improvement, where an average 28% of participants have observed continuous improvements for service delivery and products, and 5% improvement on turn-around time.

As a testament to our dedication and commitment to quality service, we have also retained our Customer Support Management Scheme from SIRIM for 3 years in a row and will continue to ensure improvement efforts are in place.

Customer Privacy and Data Protection

We take our responsibilities in protecting the privacy and security of data entrusted to us very seriously. This includes securing the confidentiality of our customer's personal communications, respecting their permissions and preferences, and protecting and securing other customer information. We have pledged to protect all personal data in respect of commercial transactions that relates directly or indirectly to our customers, which was collected, processed and retained by Dagang Net, under our Privacy Policy. The Privacy Policy was formulated pursuant to the Personal Data Protection Act ("PDPA") 2010 in Malaysia. We are also ISO 27001:2013 certified for Information Security Management System.

Corporate Governance & Whistleblowing Policy

In embracing our vision to be a leading multinational corporation that is trusted for its world class services and expertise, we strive to be an organisation that is not only profitable but also one that stands true to our "Clean" core value, in which we seek to conduct transparent business, and to instil a culture of integrity. Our Board is committed to achieving a high standard of Corporate Governance throughout the organisation and has applied the principles and recommendations of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") issued by the Securities Commission Malaysia and provisions in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). For an overview of our Corporate Governance Overview Statement, please refer to pages 54 to 68 of this Annual Report.

We have also incorporated several policies in managing the operations of the company, such as the Employee Code of Conduct ("Code"), which require all officers and employees to observe high standards of business and ethics in carrying out duties and responsibilities. The complete Employee Code of Conduct can be viewed at http://www.dnex.com.my/about-us/integrity-dnex/corporate-governance/employee-code-of-conduct

In addition, our Whistleblowing policy has been formulated and updated with a view to provide a mechanism for officers and employees of the company to report instances of unethical behaviour, actual or suspected fraud or dishonesty or violation of the Code. The types of malpractices covered under the policy include soliciting or accepting bribe or any illegal gratification, participating in unauthorised financial transactions and breach of fiduciary relationship. Our implementation of the Whistleblowing Policy is also in line with Section 587 of the Companies Act 2016 where provisions have been made to protect Company Officers who make disclosures on breach or non-observance of any requirement of provisions of the Act or on any serious offence involving fraud and dishonesty. This Policy is administered by the Human Group Resource Division and overseen by the Chairman of the Board Audit Committee. The complete Whistleblowing Policy is available on http://www.dnex.com.my/about-us/integrity-dnex/whistleblowing

Business Continuity Plan

As a company that is responsible in managing and operating the National Single Window, it is imperative that we implement a robust and comprehensive Business Continuity Plan ("BCP"), one that also refers to a Crisis Management Plan and a Disaster Recovery Plan. The BCP sets out several possible scenarios as well as guidelines for BCP Training, Awareness and Testing. We conduct BCP tests periodically to ensure that, amongst others – procedures are complete and workable, resources available at the alternative site are usable and ready, and relevant personnel are competent and aware of their responsibilities. At the corporate level, the effectiveness of the framework was tested through communication and full-scaled drills in response to, for example, an electricity supply disruption scenario.

By maintaining a comprehensive BCP, we can ensure the recovery of critical business processes and continuity of its day-to-day business operations amid threats, disasters and calamities.

Supply Chain Management

Our Procurement Unit are guided by the DNeX Purchasing and Tendering Policies and Procedures. As an investment focused company, our Procurement unit mainly source for goods and services for project requirements, information technology, general office management, travel, events, and other miscellaneous items to support our day to day operations. In 2019, DNeX procured goods and services worth RM190.36 million, compared to last year's RM95.8 million.

In line with DNeX Vendor and Contract Management Policies and Procedures, our Procurement Unit conducts an annual DNeX Group Vendor Evaluation online survey to evaluate the vendor services and performance for purchases made within that year. Accordingly, the results from the evaluation determines which vendor will be channelled into, maintained or removed from DNeX's Approved Vendor List.

SUSTAINABILITY REPORT

CampBijak™ Overview

TOTAL ASNAF STUDENTS

37

24
MALE

13
FEMALE

18 years old	1
17 years old	5
16 years old	16
15 years old	12
14 years old	12

PROGRAMME OUTCOMES

Ability to identify problems and find the resources to overcome them

Ability to plan to achieve a goal, and to have the resiliency to see them through despite setbacks

Ability to understand and work effectively with others and to influence them positively
Ability to clearly express one's opinions and intentions in oral and written form

To develop values to foster civic mindedness and a deep capacity for social contributions

OUR PLANET & SOCIETY

Our planet and society strategy

1. We enable our customers to increase energy efficiency, save resources and reduce carbon emissions through digitised technology; and
2. We minimise the environmental impact of our operations through waste reduction initiatives.

Corporate Citizenship

As a company that places high regards for technology and innovation, it follows that our strategy for sustaining communities revolve around supporting the younger generation, promoting affinity to technology-related education, unleashing creativity and entrepreneurship. We find ways to contribute. Our Zakat disbursement covers financial aid for select shelters, maintenance of surau, educational support, assistance for Eid preparations, and helping employees undergoing difficult circumstances.

Our social and environmental commitment also includes support towards humanitarian emergency aid and financial assistance in the wake of natural disasters. In April 2019, DNeX provided assistance towards survivors of earthquakes in Lombok. Called *DNeX Lombok Aid 2019*, the assistance comprises food supplies and basic necessities worth RM50,000 to bring humanitarian relief to affected communities. The aid was presented by DNeX's Executive Deputy Chairman Datuk Samsul Husin to the Governor of Nusa Tenggara Barat in Lombok.

In 2018, the company raised funds to provide aid to survivors of the 2018 earthquake and tsunami in Sulawesi, Indonesia. Dubbed Palu Relief Golf, the event was a collaboration between DNeX and PeJAM, a social alliance of golf enthusiasts from Glenmarie who also pursue community work. We also extend our corporate patronage to arts, culture, and environmental stewardship. In 2017, we hosted Muzik4Humanity, a humanitarian concert aimed at raising funds for programmes organised by Medical Relief Society Malaysia ("MERCY"). Proceeds from the benefit concert were channelled to MERCY's Little Caliph programme in Kandahar, Afghanistan that facilitates provision of nutritional food and education for children affected by conflict.

CampBijak™

Established in 2016, CampBijak™ is DNeX's flagship Corporate Social Responsibility programme designed to support the nation's youth through scientific education and entrepreneurship via fun outdoor camps.

In the year under review, DNeX organised Camp Bijak Perdana Programme, a weekend-designated engagement programme to develop values-driven leaders in schools and communities. The programme infused both leadership and Science, Technology, Engineering and Maths ("STEM") education, in line with Malaysian Education Blueprint (2013 – 2025).

CampBijak™ 2019 SESSIONS

APRIL
Launch Camp
Crime Scene Investigation (CSI)

JUNE
The Faraday Challenge

NOVEMBER
Divergent Camp

Environmental Stewardship

As an integrated technology services company that operates on an extensive know-how, asset-light strategy, we place an emphasis on fully digitised work systems, allowing our customers and stakeholders to minimise environmental impact and carbon footprint.

Waste reduction

- Reduced stationery consumption
- Default printing configuration to reduce paper usage and toner wastage.

Energy and water saving

- Reminders to "Turn Off When Not in Use" for common areas such as the pantry, washroom, meeting rooms, prayer rooms and nursing room to encourage energy and water savings
- Earth Hour during lunch time for 1 week every month
- Cultivating healthy habits to decrease our carbon footprint and utility bills.

Reduce, reuse and recycle

- Recycling non-hazardous waste like paper, newspaper and magazines
- Where disposal is necessary, waste is managed in an environmentally responsible manner, at convenient recycling points within our buildings.

Operational management

- Utilisation of electronic cards for festive greetings
- Minimising travel for meetings
- Leveraging on email and teleconferencing as mode of communication
- Utilising green bags and recycling bins.

We track and compare our utilities consumption between 2018 and 2019 in two offices – Cyberjaya and Bangsar South. Whilst efforts have begun since 2018 to reduce consumption in both offices, Bangsar South office continue to face difficulty in reducing their energy consumption due to its central AC system, as opposed to Cyberjaya office's more effective, split unit AC system. Bangsar South office also housed Dagang Net's Careline centre, which operates 24/7, as well as Innovation Associates Consulting Sdn. Bhd., which routinely work long hours to complete project-based work. We recognise that more work needs to be done in order to generate significant results and will strive to identify corrective and improvement measures to address this issue.

	Cyberjaya (RM)	Bangsar South (RM)	Total Savings (RM)
Electricity	15,258.64	5,453.42	9,805.22
Water	240.94	845.06	604.12
A4 Paper	604.34	4,847.80	4,243.46
Pantry items	50.18	3,459.50	3,509.68

Total savings for utilities consumption in Cyberjaya and Bangsar South offices for FY2019.
Figures in red denotes increase in expenditure

SUSTAINABILITY REPORT

60
TOTAL TRAINING SESSIONS

914
TOTAL TRAINING ATTENDANCE

RM601,794.20
HDRF CLAIMABLE AMOUNT

OUR PEOPLE & WORKPLACE

Our People & Workplace strategy

1. We recruit, train and recompense our people to organise our business effectively;
2. We develop our people's skills and grow their leadership capabilities;
3. We enhance employee performance through employee engagement; and
4. We cultivate social and environmental stewardship through mutual involvement with social enterprises, NGOs, communities and the Government.

Code of Conduct ("Code")

Our people commit and adhere to a set of ethical values through the maintenance of the Code. It sets down the rules for all DNeX officers and employees, enabling them to act in the highest standards of business and personal ethics when carrying out their duties and responsibilities, and maintain discipline and order in the workplace. In summary, the Code:

- is designed to maintain discipline and order in the workplace amongst all employees;
- sets out the circumstances in which such employees would be deemed to have breached the Code and the actions that can be taken against them if they do so; and
- the specific procedures on the application of the policies referred to in the Code spells out in the Company's policies and procedures manual.

Safety & Health

Our workplace's safety and health are overseen by DNeX's Corporate Safety and Health Committee, who works at identifying and improving key areas to work on. They are also responsible in instilling a safe and responsible culture within the organisation, which begins immediately after a new hire joins the company. During this session, new hires are briefed on the relevant safety and health objectives and protocols. This ensures that everyone will play their part in ensuring a safe and healthy working environment.

Under our DNeX Corporate Safety and Health Committee stewardship, we ensure that safety considerations are embedded in all that we do, where every person is entrusted to collectively take ownership in upholding safety. Efforts to raise awareness on Health, Safety, Security and Environment ("HSSE") matters were also instilled within our working culture through several initiatives:

1. **Fire Safety talk (open to all employees)**
   - Cyberjaya (20 March 2019)
   - Bangsar South (21 March 2019)
2. **First Aider Training for 34 employees**
   11 & 12 November 2019
3. **Floor Marshal Training for 32 employees**
   13 & 14 November 2019
4. **Fire Drill**
   Bangsar South (10 November 2019)
   Cyberjaya (18 November 2019)

238
FEMALE EMPLOYEES

338
MALE EMPLOYEES

TOTAL EMPLOYEES

19 576
18 634

TOTAL HIRE

19 98 Males: 60 Females: 48
18 89

TOTAL INTERNS

19 44
18 19
17 17
16 5

ATTRITION RATE

19 22.64%
18 9.7%

In fiscal 2019, regrettably we had to bemoan one road accident involving an employee of Dagang Net Technologies Sdn. Bhd. The employee was on his way back from work when he met with the accident and fractured his arm. While investigations have concluded that there were no elements of recklessness involved, unfortunately accidents still cause distress for families, friends and colleagues, and is a call for us as a company to be further committed in promoting and ensuring a safe working environment for all our employees.

Nurturing Talent & Promoting Growth

DNeX's Group Human Resource ("GHR") is constantly working to promote DNeX as an employer of choice based on competitive wages and benefits, the quality of our workplace, and the opportunities our group of companies provide. We provide equal opportunity in recruitment, career development, promotion, training and rewards for all our employees.

As part of our career development plan, we ensure that our workforce is constantly learning new skills and leadership capabilities by sending and conducting relevant job trainings, seminars and motivational talks. During the year under review, DNeX employees had undergone 37 public training programmes, and participated in 23 in-house training that is designed to help them maintain core competencies and build new capabilities in the area of new technology, innovations and leadership.

We also help our employees focus on clear, aligned and measurable goals, and we do this by conducting midyear planning and performance reviews, and year end performance reviews. This process provides a channel to receive feedback and coaching, and to develop skills and capabilities through the execution of everyone's development plan.

Alongside our aim to offer competitive salary and benefits, we also increased our efforts in identifying and hiring the right talent from the beginning. We seek to attract and employ exceptionally skilled talents who share our values. We do this by adhering to talent acquisition processes to avoid and minimise the occurrence of talent mismatch which could potentially lead to work frustration. Each year, our GHR stepped up its efforts in supporting more fresh graduates by participating and collaborating with colleges, universities and career fairs to increase employer branding and awareness amongst undergraduates, graduates and experienced job seekers. We also collaborate with various universities and colleges for internship programmes to provide a good platform to kick start young talents' career development.

Talent Attrition

In 2019, our entire workforce stands at 576 employees. The number was less than the total of 624 employees in 2018 due to conclusion of contract for project-based personnel as well as new empowered and efficient organisational structure that was implemented during the year under review.

SUSTAINABILITY REPORT

FORMAL SESSIONS

- LEADERSHIP SYMPOSIUM
- TOWNHALLS
- TEAMBUILDING

INFORMAL SESSIONS

- DNeX Bowling Tournament
- DNeX Indoor Games
- DNeX eGames
- DNeX Fun Hunt
- DNeX MasterChef
- DNeX Hiking
- Festive Gatherings

ELIGIBILITY OF DNEX FULL TIME EMPLOYEES

- Employee Share Option Scheme (ESOS)
- Sponsorship of employee engagement activities/team sports
- 100% company paid medical insurance
- Dental and vision care reimbursement
- 2 months fully paid maternity leave
- Merit-based performance bonus
- Remote work when needed
- Hardship allowance where applicable
- Dedicated prayer rooms and ablution area
- Nursing room and sick bay

Employee Engagement

As a company growing at a fast pace, our employees are becoming more mobile, autonomous and less engaged with the defined corporate culture. With this in mind, our GHR Division has increased our employee engagement activities, so that they are constantly engaged and aligned to the Group's vision, mission and goals. We collaborate frequently with them through various activities and provide open platforms on which we share common interests and work together to address any differences. After all, we depend on the commitment of our people to sustain our competitive advantage. In the year under review, DNeX conducted several formal and informal employee engagement sessions.

Whistleblowing channel

DNeX's Whistleblowing Policy has been formulated with a view to provide a mechanism for officers and employees of the Company to report instances of unethical behaviour, actual or suspected fraud or dishonesty or violation of the Company's code of conduct or ethics policy. This Policy is administered by the Group Human Resource Division and overseen by the Chairman of the Board Audit Committee. See "Code of Ethics and Whistleblowing Policy" on page 56 for more information.

Promoting Work Life Balance and Empowering Women

DNeX wants to be an employer of choice, one that promotes business and personal life achievements. We believe that by offering the right support and empowerment to our employees, we are directly embedding human rights and encouraging a healthy work-life balance across all our business. Our working environment is one where all employees are treated with respect, feel safe from discrimination and harassment, and can thrive in a supportive and conducive atmosphere.

Our Group Human Resource strives to create an employer of choice environment within the industry we are in. We offer competitive salary and benefit packages, promotions, transfers, compensation, career mentoring, company sponsored training, tuition assistance, eligibility to fitness amenities, and social and recreational programmes for our employees.

DNeX provides numerous benefits to its employees beyond salary. We are constantly striving to provide our team with commensurable benefits in recognition of their contribution and commitment to their work responsibilities and opportunities to personal growth.

FEMALE EMPLOYEES

19 41.3%
18 42%
17 37%
16 35%

Women In Management Positions

19 5%
18 8%
17 12%
16 11%

FEMALE EMPLOYEES

19 238
18 262

DNeX also believes that women play an important role, socially and economically. By empowering women and promoting gender equality, we can enable communities, economies and businesses, including our own, to prosper. A lack of support during pregnancy and the challenge of balancing childcare with work account for many women's decision to leave paid employment. Some women experience difficulties in returning to work after a career break, while others return to work to find fewer opportunities for promotion and progression versus their male counterparts.

With this in mind, our Group Human Resource undertake special consideration for our female employees to allow them the freedom and empowerment to build the career and life they want, so that they are not hindered by harmful norms and stereotypes. Some of these special considerations include a nursing room in the office, a separate Muslim praying and ablution area, and work from home arrangement when necessary.

In 2019, the percentage of female employees in DNeX is 41.3%, as opposed to 2018's 42.0%. However, female employees in management positions have decreased to 5%. We aspire to bring about further improvements in gender balance and are committed to promoting women at all levels in the company and intend to increase the percentage of women in its top management positions.

WE OFFER SUPPORT FOR OUR FEMALE EMPLOYEES THROUGH:

- Equal work empowerment
- Two months fully paid maternity leave
- A return to work at the same level after maternity leave
- Remote work (where applicable) that allows our employees to work anytime, anywhere as long as business needs are fully met
- A nursing room
- Zero tolerance for sexual or aggressive harassment in the workplace

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FINANCIAL STATEMENTS

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	30,037	5,878
Non-controlling interests	5,460	-
	35,497	5,878

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year under review are disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid a final dividend of 0.5 sen per ordinary share totalling RM8,790,177 in respect of the financial year ended 31 December 2018 on 31 July 2019.

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2019.

Directors of the Company

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

Tan Sri Abd Rahman Mamat (Chairman)
Datuk Samsul Husin
Rosli Abdullah
Ang Hsin Hsien
Satria Ahmad
Datuk Johar Che Mat
Zainal 'Abidin Abd Jalil
Dato' Rosnah Abd Majid (Appointed on 1 August 2019)
Mohd Azhar Mohd Yusof (Appointed on 1 August 2019)
Norlila Hassan (Resigned on 31 December 2019)
Dato' Wong Kam Yin (Ceased to be director on 1 February 2020 upon completion of service contract)

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

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	At 1.1.2019	Bought	Sold	At 31.12.2019
Interests in the Company:				
Datuk Samsul Husin				
- Direct	1,000,000	-	-	1,000,000
- Indirect *	285,056,609	-	-	285,056,609
Zainal 'Abidin Abd Jalil				
- Indirect **	363,676,000	-	-	363,676,000
Datuk Johar Che Mat				
- Direct	5,000	-	-	5,000

* Indirect/deemed interest by virtue of his substantial shareholding in SAAS Global Sdn. Bhd., which in turn holds shares in Censof Holdings Berhad.
** Indirect/deemed interest by virtue of his shareholdings in Arcadia Acres Sdn. Bhd. (360,000,000 ordinary shares).
** Indirect/deemed interest through his spouse, Puan Rusmin Jaafar (3,676,000 ordinary shares).

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

DIRECTORS' INTERESTS (CONTINUED)

	Number of options over ordinary shares			
	At 1.1.2019	Granted	Exercised/ Lapsed	At 31.12.2019
Interests in the Company:				
Datuk Samsul Husin	1,250,000	-	-	1,250,000
Zainal 'Abidin Abd Jalil	2,250,000	-	(2,250,000)	-
Dato' Wong Kam Yin	1,500,000	-	-	1,500,000

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 34 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of the Employee Share Option Scheme ("ESOS").

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the Directors of the Group and of the Company during the financial year are disclosed in Note 34 to the financial statements.

INDEMNITY AND INSURANCE COSTS

During the financial year, Directors and Officers of the Company and its subsidiaries are covered under the Directors and Officers Liability Insurance Policy in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the Policy. The total amount of indemnity coverage and insurance premium paid for the Directors and certain Officers of the Company and of the Group were RM15,000,000 and RM16,122 respectively.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up capital from RM354,322,647 to RM354,339,587 by way of issuance of 55,000 new ordinary shares from the exercise of options under the Company's ESOS at the exercise prices as disclosed in Note 16 to the financial statements which amounted to RM16,940.

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

There were no other changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

EMPLOYEE SHARE OPTION SCHEME

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 27 January 2016. The ESOS is to be in force for a period of five (5) years effective from 25 August 2016.

The details of the ESOS are disclosed in Note 16 to the financial statements.

WARRANTS 2016/2021

The Warrants were constituted by the Deed Poll dated 27 January 2016 ("Deed Poll").

On 1 August 2016, a total of 711,396,809 Warrants were issued by the Company.

The details of the Warrants are disclosed in Note 16 to the financial statements.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and that adequate allowance had been made for impairment losses on receivables, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would further render the amount written off for bad debts, or the additional allowance for impairment losses on receivables in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or in the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

The contingent liability is disclosed in Note 33 to the financial statements. At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

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

SIGNIFICANT EVENTS

The significant events are disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to accept re-appointment.

The auditors' remuneration are disclosed in Note 25 to the financial statements.

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

Datuk Samsul Husin

Rosli Abdullah

Kuala Lumpur,

Date: 25 February 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Assets					
Property, plant and equipment	3	68,299	68,190	68	88
Right-of-use assets	4	5,356	-	509	-
Goodwill	5	60,220	60,220	-	-
Intangible assets	6	41,921	41,933	-	-
Investments in subsidiaries	7	-	-	293,150	273,773
Investments in associates	8	216,112	200,907	-	-
Other investments	9	3,538	4,633	-	-
Deferred tax assets	10	2,340	226	192	-
Total non-current assets		397,786	376,109	293,919	273,861
Inventories	11	1,316	3,021	-	-
Contract assets	12	83,447	76,935	-	-
Trade and other receivables	13	91,003	129,475	561	692
Amount due from subsidiaries	14	-	-	52,928	72,451
Current tax assets		1,086	3,530	-	-
Cash and cash equivalents	15	54,399	38,998	2,759	2,482
Total current assets		231,251	251,959	56,248	75,625
Total assets		629,037	628,068	350,167	349,486
Equity					
Share capital	16	354,339	354,322	354,339	354,322
Warrant reserve	16	5,691	5,691	5,691	5,691
Share option reserve	16	827	831	827	831
Translation reserve	16	(4,696)	(2,264)	-	-
Fair value reserve	16	(734)	(734)	-	-
Retained earnings/(Accumulated losses)		114,331	96,750	(47,194)	(44,282)
Total equity attributable to owners of the Company		469,758	454,596	313,663	316,562
Non-controlling interests	17	(4,392)	(13,086)	-	-
Total equity		465,366	441,510	313,663	316,562
Liabilities					
Deferred tax liabilities	10	7,706	7,524	192	-
Loans and borrowings	18	18,854	17,964	-	-
Lease liabilities	20	2,914	-	228	-
Total non-current liabilities		29,474	25,488	420	-
Contract liabilities	12	5,317	953	-	-
Trade and other payables	19	76,265	124,075	2,296	2,559
Loans and borrowings	18	47,415	29,611	28,000	18,000
Lease liabilities	20	2,913	-	292	-
Amount due to subsidiaries	14	-	-	5,428	12,215
Current tax liabilities		2,287	6,431	68	150
Total current liabilities		134,197	161,070	36,084	32,924
Total liabilities		163,671	186,558	36,504	32,924
Total equity and liabilities		629,037	628,068	350,167	349,486

The notes on pages 111 to 185 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	21	290,486	293,452	6,078	11,542
Cost of sales		(173,109)	(154,033)	-	-
Gross profit		117,377	139,419	6,078	11,542
Sales and marketing expenses		(5,785)	(4,871)	-	-
Administrative expenses		(7,556)	(10,649)	(1,048)	(1,013)
Net (loss)/gain on impairment of financial instruments and contract assets	22	(1,520)	(1,596)	293	10,876
Other operating expenses		(73,497)	(83,314)	(12,538)	(15,647)
Other operating income	23	4,547	8,217	15,691	14,778
Results from operating activities		33,566	47,206	8,476	20,536
Finance costs	24	(4,485)	(3,128)	(2,012)	(519)
Finance income	24	238	562	1,146	2,072
Share of profit of equity-accounted associates, net of tax		18,258	22,007	-	-
Profit before tax	25	47,577	66,647	7,610	22,089
Zakat		(451)	(405)	-	-
Tax expense	26	(11,629)	(14,350)	(1,732)	(3,061)
Profit for the year		35,497	51,892	5,878	19,028
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Fair value changes of equity instruments		-	(734)	-	-
		-	(734)	-	-
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(25)	92	-	-
Share of other comprehensive income of equity-accounted associates		(2,443)	3,867	-	-
		(2,468)	3,959	-	-
Other comprehensive income for the year, net of tax		(2,468)	3,225	-	-
Total comprehensive income for the year		33,029	55,117	5,878	19,028
Profit attributable to:					
Owners of the Company		30,037	35,345	5,878	19,028
Non-controlling interests		5,460	16,547	-	-
Profit for the year		35,497	51,892	5,878	19,028
Total comprehensive income attributable to:					
Owners of the Company		27,569	38,570	5,878	19,028
Non-controlling interests		5,460	16,547	-	-
Total comprehensive income for the year		33,029	55,117	5,878	19,028
Earnings per ordinary share (sen)	27				
- Basic		1.71	2.01		
- Diluted		1.70	1.99		

The notes on pages 111 to 185 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Attributable to owners of the Company								
	Non-distributable					Distributable			
Group	Share capital RM'000	Warrant reserve RM'000	Share option reserve RM'000	Translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2018	353,502	5,691	998	(6,150)	-	72,864	426,905	(2,548)	424,357
Adjustment on initial application of MFRS 9, net of tax	-	-	-	-	-	(4,273)	(4,273)	-	(4,273)
At 1 January 2018, restated	353,502	5,691	998	(6,150)	-	68,591	422,632	(2,548)	420,084
Profit for the year	-	-	-	-	-	35,345	35,345	16,547	51,892
Fair value changes of equity instruments	-	-	-	-	(734)	-	(734)	-	(734)
Foreign currency translation differences for foreign operations	-	-	-	92	-	-	92	-	92
Share of other comprehensive income of equity-accounted associates	-	-	-	3,867	-	-	3,867	-	3,867
Total comprehensive income for the year	-	-	-	3,959	(734)	35,345	38,570	16,547	55,117
Contributions by and distributions to owners of the Company									
- Effect of acquisition of subsidiaries	-	-	-	-	-	-	-	(29,844)	(29,844)
- Effect of disposal of subsidiaries	-	-	-	(73)	-	-	(73)	2,263	2,190
- Share options exercised	820	-	(167)	-	-	-	653	-	653
	820	-	(167)	(73)	-	-	580	(27,581)	(27,001)
Changes in a subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	-	(7,186)	(7,186)	496	(6,690)
Total transactions with owners of the Company	820	-	(167)	(73)	-	(7,186)	(6,606)	(27,085)	(33,691)
At 31 December 2018	354,322	5,691	831	(2,264)	(734)	96,750	454,596	(13,086)	441,510
	Note 16	Note 16	Note 16	Note 16	Note 16			Note 17	

Group	Note	Attributable to owners of the Company: Non-distributable: Share capital RM'000	Warrant reserve RM'000	Share option reserve RM'000	Translation reserve RM'000	Fair value reserve RM'000	Distributable: Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 31 December 2018 /1 January 2019		354,322	5,691	831	(2,264)	(734)	96,750	454,596	(13,086)	441,510
Adjustment on initial application of MFRS 16, net of tax	36	-	-	-	-	-	(115)	(115)	-	(115)
At 1 January 2019, restated		354,322	5,691	831	(2,264)	(734)	96,635	454,481	(13,086)	441,395
Profit for the year		-	-	-	-	-	30,037	30,037	5,460	35,497
Foreign currency translation differences for foreign operations		-	-	-	(25)	-	-	(25)	-	(25)
Share of other comprehensive income of equity-accounted associates		-	-	-	(2,443)	-	-	(2,443)	-	(2,443)
Total comprehensive income for the year		-	-	-	(2,468)	-	30,037	27,569	5,460	33,029
Contributions by and distributions to owners of the Company										
- Issue of shares of subsidiaries to non-controlling interests		-	-	-	-	-	-	-	699	699
- Issue of bonus shares of a subsidiary to non-controlling interests		-	-	-	-	-	(1,735)	(1,735)	1,735	-
- Share options exercised		17	-	(4)	-	-	-	13	-	13
- Dividends to owners of the Company	28	-	-	-	-	-	(8,790)	(8,790)	-	(8,790)
- Dividends paid by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	(980)	(980)
		17	-	(4)	-	-	(10,525)	(10,512)	1,454	(9,058)
Changes in subsidiaries ownership interests that does not result in loss of control		-	-	-	36	-	(1,816)	(1,780)	1,780	-
Total transactions with owners of the Company		17	-	(4)	36	-	(12,341)	(12,292)	3,234	(9,058)
At 31 December 2019		354,339	5,691	827	(4,696)	(734)	114,331	469,758	(4,392)	465,366
		Note 16	Note 16	Note 16	Note 16	Note 16			Note 17	

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

		Attributable to owners of the Company				
			Non-distributable			
Company	Note	Share capital RM'000	Warrant reserve RM'000	Share option reserve RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 January 2018		353,502	5,691	998	(56,643)	303,548
Adjustment on initial application of MFRS 9, net of tax		-	-	-	(6,667)	(6,667)
At 1 January 2018, restated		353,502	5,691	998	(63,310)	296,881
Profit for the year		-	-	-	19,028	19,028
Total comprehensive income for the year		-	-	-	19,028	19,028
Contributions by and distributions to owners of the Company						
- Share options exercised		820	-	(167)	-	653
Total transactions with owners of the Company		820	-	(167)	-	653
At 31 December 2018/1 January 2019		354,322	5,691	831	(44,282)	316,562
Profit for the year		-	-	-	5,878	5,878
Total comprehensive income for the year		-	-	-	5,878	5,878
Contributions by and distributions to owners of the Company						
- Share options exercised		17	-	(4)	-	13
- Dividends to owners of the Company	28	-	-	-	(8,790)	(8,790)
Total transactions with owners of the Company		17	-	(4)	(8,790)	(8,777)
At 31 December 2019		354,339	5,691	827	(47,194)	313,663
		Note 16	Note 16	Note 16		

The notes on pages 111 to 185 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash flows from operating activities				
Dividends received from investees	693	627	14,542	16,543
Management fee received from subsidiaries	-	-	15,687	14,574
Cash receipts from customers	320,787	295,420	-	-
Cash payments to suppliers	(190,363)	(129,683)	-	-
Cash payments to employees and for expenses	(105,420)	(107,043)	(13,505)	(33,257)
Cash flows generated from/(used in) operating activities	25,697	59,321	16,724	(2,140)
Net taxation	(15,461)	(18,659)	(1,339)	(6,425)
Interest and other income received	-	-	1	10
Zakat paid	(462)	(336)	-	-
Net cash generated from/(used in) operating activities	9,774	40,326	15,386	(8,555)
Cash flows from investing activities				
Advances to subsidiaries	-	-	(15,420)	(10,250)
Interest received	238	562	1,145	2,062
Proceeds from disposal of property, plant and equipment	12,776	1,361	-	-
Purchase of property, plant and equipment, and intangible assets	(10,784)	(22,321)	(74)	(54)
Acquisition of investments	(83)	-	-	-
Additional investments in subsidiaries	-	(3,564)	-	-
Increase in investment in a subsidiary by non controlling interests	1,200	-	-	-
Net cash generated from/(used in) investing activities	3,347	(23,962)	(14,349)	(8,242)
Cash flows from financing activities				
Drawdown of loans and borrowings	29,122	32,893	15,000	18,000
Payment of lease liabilities	(3,377)	-	-	-
Proceeds from issuance of shares	196	-	-	-
Proceeds from share options exercised	13	653	13	653
Dividend paid to owners of the Company	(8,790)	-	(8,790)	-
Dividend paid by a subsidiary to non-controlling interests	(980)	-	-	-
Payment of loans and borrowings interests	(3,880)	(3,128)	(1,983)	(519)
Repayment of loans and borrowings principal	(13,713)	(66,656)	(5,000)	-
Increase in pledged deposits and restricted cash	(3,990)	(5,149)	-	-
Net cash (used in)/generated from financing activities	(5,399)	(41,387)	(760)	18,134

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net change in cash and cash equivalents		7,722	(25,023)	277	1,337
Cash and cash equivalents at 1 January		19,670	44,693	2,482	1,145
Cash and cash equivalents at 31 December	(i)	27,392	19,670	2,759	2,482

Notes to the statements of cash flows

i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current				
Restricted and pledged				
- Cash and bank balances	8,962	2,203	-	-
- Deposits with licensed banks	7,318	10,087	-	-
	16,280	12,290	-	-
Unrestricted				
- Cash and bank balances	38,119	26,708	2,759	2,482
- Deposits with licensed banks	-	-	-	-
	38,119	26,708	2,759	2,482
	54,399	38,998	2,759	2,482
Less: Bank overdrafts	(10,727)	(7,038)	-	-
Less: Cash and cash equivalents pledged as security	(16,280)	(12,290)	-	-
	27,392	19,670	2,759	2,482

NOTES TO THE FINANCIAL STATEMENTS

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

Registered office and principal place of business
Dagang Net Tower
Block 10 (A&B) Corporate Park, Star Central,
Lingkaran Cyberpoint Timur, Cyber 12,
63000 Cyberjaya, Selangor

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

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 25 February 2020.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

During the current financial year, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
MFRS 16 Leases
IC Interpretation 23 Uncertainty Over Income Tax Treatments
Amendments to MFRS 9: Prepayment Features with Negative Compensation
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRS Standards 2015 – 2017 Cycles

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group's financial statements, except as follows:

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an investor and its Associate or Joint Venture	Deferred

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

(b) Basis of measurement

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

(c) Functional and presentation currencies

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

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation of uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements, other than as follows:

(i) Revenue

The Group's contract for the implementation of National Single Window ("NSW") will be ending in August 2021. Thus, there can be no assurance that the Group will be able to continue to enjoy similar level of revenue when the NSW contract expires.

(ii) Impairment of goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 5 to the financial statements.

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

(iii) Impairment of property, plant and equipment, right-of-use assets, intangible assets and investments in associates

The Group determines whether its property, plant and equipment, right-of-use assets, intangible assets and investments in associates are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount such as discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of property, plant and equipment, right-of-use assets, intangible assets and investments in associates as at the reporting date are disclosed in Notes 3, 4, 6 and 8 to the financial statements respectively.

(iv) Impairment of contract assets and trade receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all contract assets and trade receivables. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of contract assets and trade receivables. The carrying amounts of contract assets and trade receivables as at the reporting date are disclosed in Notes 12 and 13 to the financial statements respectively.

(v) Impairment of non-trade receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgements in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amount due from subsidiaries as at the reporting date are disclosed in Notes 13 and 14 to the financial statements respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations

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

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

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

(v) Associates

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(v) Associates (continued)

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

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

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

(vi) Non-controlling interests

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

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

(vii) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

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

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising from acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the date of the transactions.

The income and expenses of foreign operations in hyperinflationary economies are translated to RM at the exchange rate at the end of the reporting period. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the end of the reporting period.

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

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

(c) Financial instruments

(i) Recognition and initial measurement

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

(a) Amortised cost

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

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

(b) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

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

(ii) Equity investments

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

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

Financial assets (continued)

(c) Fair value through profit or loss

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

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

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

Financial liabilities

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

(a) Fair value through profit or loss

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

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

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

(b) Amortised cost

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iii) Derecognition

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

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

(ii) Subsequent costs

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

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(iii) Depreciation

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

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

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

• Buildings	50 years
• Office renovations	5 - 10 years
• Plant and machinery	3 - 8 years
• Motor vehicles	5 years
• Office equipment, furniture and fittings	5 - 10 years
• Computer equipment	3 - 10 years

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

(e) Leases

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated, i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

Current financial year

(i) Definition of a lease

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

Current financial year (continued)

(ii) Recognition and initial measurement

(a) As a lessee

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

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

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

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

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

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

(b) As a lessor

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

Current financial year (continued)

(iii) Subsequent measurement

(a) As a lessee

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

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

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

(b) As a lessor

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

Previous financial year

As a lessee

(i) Finance lease

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

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Operating lease

Leases, where the Group or the Company did not assume substantially all the risks and rewards of ownership were classified as operating leases and the leased assets were not recognised in the statement of financial position.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets

(i) Goodwill

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

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets, comprises licences and customer bases, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(v) Amortisation

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

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives of capitalised development costs, software and licence are 3 - 6 years respectively.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is determined on the first-in, first-out method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

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

(h) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note (2)(j)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts, pledged deposits and restricted cash.

(j) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

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

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

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

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment (continued)

(i) Financial assets (continued)

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 investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

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

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

(ii) Other assets

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment (continued)

(ii) Other assets (continued)

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

(k) Equity instruments

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

(i) Issue expense

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

(l) Warrants

Amount allocated in relation to the issuance of warrants are credited to the warrant reserve which is non-distributable. The warrant reserve is transferred to the share capital account upon the exercise of the warrants and the warrant reserve in relation to the unexercised warrants at the expiry of the warrant period will be transferred to the retained earnings.

(m) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits (continued)

(iii) Share-based payment transactions

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

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

The fair value of the employee share options is measured using a binomial option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends and risk-free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(iv) Termination benefits

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

(n) Provisions

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

(o) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to a customer. An asset is transferred when (or as) the customer obtains control of the asset.

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue and other income (continued)

(i) Revenue (continued)

(a) Sale of customised equipment

Revenue from sale of customised equipment is recognised at a point in time in the period in which the customer accepts the delivery of the goods.

Contracts that bundle the design, sale and installation of customised equipment are recognised as a single performance obligation as the design and installation includes significant integration services. Revenue is recognised progressively in proportion to the stage of completion determined by reference to technical milestones.

(b) Sale of merchandise goods

Revenue from sale of merchandise goods is recognised at a point in time in the period in which the customer accepts the delivery of the goods.

(c) Rendering of services

Contracts from services that comprises multiple deliverables represents a combined output for which the customer has contracted for that are substantially the same and that have the same pattern of transfer to the customer and are therefore recognised as a single performance obligation. The Group recognises revenue from the rendering of services over time, using an output method determined by surveys of works performed to measure progress towards complete satisfaction of the services.

Otherwise, revenue from rendering of services is recognised at a point in time upon performance of services, such services include the services rendered from National Single Window and its related contracts.

(d) Rental of equipment

Rental of equipment is recognised in profit or loss on a straight-line basis over the term of the lease.

(e) Subscriptions

Subscription fees are recognised over the period that access to the required services is being provided.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iii) Lease income

Lease income from sub-lease property is recognised in profit or loss on a straight-line basis over the term of the lease as other income.

(iv) Management fee

Management fee is recognised at a point in time when services are rendered.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue and other income (continued)

(v) Interest income

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

(p) Borrowing costs

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

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

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

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

(q) Income tax

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

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise warrants and share options granted to employees.

(s) Operating segments

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

(t) Contingent liabilities

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

(u) Government grants

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related expenses which they are intended to compensate for. These grants are presented as other operating income in profit or loss.

(v) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market 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. However this basis does not apply to share-based payment transactions.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Fair value measurements (continued)

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Office renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
At 1 January 2018	24,542	8,163	6,544	30,924	1,655	4,137	45,516	11,592	133,073
Acquisitions through business combinations	-	1,014	566	-	1,375	454	1,053	54	4,516
Disposal of a subsidiary	-	-	-	-	-	(1)	(4)	-	(5)
Additions	-	-	147	-	-	172	857	11,834	13,010
Disposals	-	-	-	(11,194)	-	(6)	(51)	-	(11,251)
Written off	-	-	(336)	-	-	(3)	-	-	(339)
Reclassifications	-	-	5	11,354	-	38	-	(11,397)	-
Adjustment	-	-	-	-	-	-	-	3,000	3,000
At 31 December 2018, as previously reported	24,542	9,177	6,926	31,084	3,030	4,791	47,371	15,083	142,004
Adjustment on initial application of MFRS 16	-	-	-	-	(682)	-	-	-	(682)
At 1 January 2019, as restated	24,542	9,177	6,926	31,084	2,348	4,791	47,371	15,083	141,322
Additions	-	-	466	233	-	323	1,367	5,413	7,802
Disposals	-	-	-	-	(968)	(5)	(15)	-	(988)
Written off	-	-	-	(8,415)	-	(19)	(829)	(159)	(9,422)
Reclassifications	(589)	589	6,362	-	-	-	-	(6,362)	-
Adjustment	-	-	-	-	-	-	-	(383)	(383)
At 31 December 2019	23,953	9,766	13,754	22,902	1,380	5,090	47,894	13,592	138,331

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)	Freehold land RM'000	Buildings RM'000	Office renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment loss									
At 1 January 2018									
Accumulated depreciation	-	999	4,708	11,015	920	2,539	42,803	-	62,984
Accumulated impairment loss	-	-	-	4,810	-	-	-	-	4,810
	-	999	4,708	15,825	920	2,539	42,803	-	67,794
Acquisitions through business combinations	-	133	439	-	890	413	889	-	2,764
Disposal of a subsidiary	-	-	-	-	-	(1)	(4)	-	(5)
Depreciation charge	-	201	515	2,394	379	373	2,502	-	6,364
Disposals	-	-	-	(2,812)	-	(6)	(37)	-	(2,855)
Written off	-	-	(245)	-	-	(3)	-	-	(248)
At 31 December 2018, as previously reported									
Accumulated depreciation	-	1,333	5,417	10,597	2,189	3,315	46,153	-	69,004
Accumulated impairment loss	-	-	-	4,810	-	-	-	-	4,810
	-	1,333	5,417	15,407	2,189	3,315	46,153	-	73,814
Adjustment on initial application of MFRS 16	-	-	-	-	(439)	-	-	-	(439)
At 1 January 2019, as restated									
Accumulated depreciation	-	1,333	5,417	10,597	1,750	3,315	46,153	-	68,565
Accumulated impairment loss	-	-	-	4,810	-	-	-	-	4,810
	-	1,333	5,417	15,407	1,750	3,315	46,153	-	73,375
Depreciation charge	-	202	1,072	2,369	206	413	2,582	-	6,844
Disposals	-	-	-	-	(920)	-	(12)	-	(932)
Written off	-	-	-	(3,597)	-	(19)	(829)		(4,445)
Impairment loss written off	-	-	-	(4,810)	-	-	-	-	(4,810)
At 31 December 2019	-	1,535	6,489	9,369	1,036	3,709	47,894	-	70,032
Carrying amounts									
At 1 January 2018	24,542	7,164	1,836	15,099	735	1,598	2,713	11,592	65,279
At 31 December 2018	24,542	7,844	1,509	15,677	841	1,476	1,218	15,083	68,190
At 31 December 2019	23,953	8,231	7,265	13,533	344	1,381	-	13,592	68,299

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Total RM'000
Cost				
At 1 January 2018	207	75	89	371
Additions	-	2	52	54
At 31 December 2018/1 January 2019	207	77	141	425
Additions	-	5	69	74
Transfer to a subsidiary	-	-	(10)	(10)
At 31 December 2019	207	82	200	489
Accumulated depreciation				
At 1 January 2018	104	74	87	265
Depreciation charge	51	1	20	72
At 31 December 2018/1 January 2019	155	75	107	337
Depreciation charge	52	1	38	91
Transfer to a subsidiary	-	-	(7)	(7)
At 31 December 2019	207	76	138	421
Carrying amounts				
At 1 January 2018	103	1	2	106
At 31 December 2018	52	2	34	88
At 31 December 2019	-	6	62	68

(a) The freehold land and buildings of the Group amounting to approximately RM23,105,000 (2018: RM23,238,000) have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 18 to the financial statements.

(b) Included in the property, plant and equipment of the Group at the end of the previous reporting period were certain motor vehicles and other office equipment with total carrying amounts of RM314,000, which were acquired under finance lease terms. These assets had been pledged as security for the related finance lease liabilities of the Group as disclosed in Note 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

4. RIGHT-OF-USE ASSETS

Group	Motor vehicles RM'000	Buildings RM'000	Total RM'000
At 1 January 2019	243	7,890	8,133
Additions	-	190	190
Depreciation charge	(121)	(2,846)	(2,967)
At 31 December 2019	122	5,234	5,356

Analysed by:

	RM'000
Cost	9,538
Accumulated depreciation	(4,182)
	5,356

Company	Building RM'000	Total RM'000
At 1 January 2019	-	-
Additions	800	800
Depreciation charge	(291)	(291)
At 31 December 2019	509	509

Analysed by:

	RM'000
Cost	800
Accumulated depreciation	(291)
	509

(a) The Group leases certain office buildings, warehouses and motor vehicles of which the leasing activities are summarised below:

(i) Office buildings and warehouses

The Group has leased certain office buildings and warehouses that run between 1 year to 8 years, with an option to renew the lease after that date. The Group is allowed to sublease the office buildings and warehouses.

(ii) Motor vehicles

The Group has leased certain motor vehicles under hire purchase arrangements with lease terms ranging from 1 year to 7 years. At the end of the lease term, the Group has the option to purchase the assets at an insignificant amount. The leases bear effective interest rates ranging from 2.60% to 2.90% and are secured by the leased assets.

(b) The comparative information is not presented as the Group and the Company have applied MFRS 16 using the modified retrospective approach.

5. GOODWILL

	Group	
	2019 RM'000	2018 RM'000
Cost		
1 January	63,820	49,740
Acquisitions through business combinations	-	15,716
Disposal of a subsidiary	-	(1,636)
31 December	63,820	63,820
Accumulated impairment loss		
1 January	3,600	-
Impairment loss	-	3,600
31 December	3,600	3,600
Carrying amounts		
1 January	60,220	49,740
31 December	60,220	60,220

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:

	Group	
	2019 RM'000	2018 RM'000
OGPC Sdn. Bhd. and OGPC O & G Sdn. Bhd. ("OGPC Group")	44,504	44,504
Genaxis Group Sdn. Bhd. and Innovation Associates Consulting Sdn. Bhd. ("Genaxis Group")	15,716	15,716
	60,220	60,220

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

5. GOODWILL (CONTINUED)

(b) An impairment loss of RM3,600,000 was recognised in the previous financial year on OGPC Group in "other operating expenses" line item of the statement of profit or loss and other comprehensive income after determining the recoverable amount of the cash-generating unit.

The Group has assessed the recoverable amounts of goodwill allocated and determined that no additional impairment is required. The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:

	Average Gross Margin		Average Growth Rate		Discount Rate		Terminal Growth Rate	
	2019	2018	2019	2018	2019	2018	2019	2018
OGPC Group	33.00%	33.00%	5.00%	5.00%	9.90%	8.29%	0%	0%
Genaxis Group	15.00%	28.00%	6.90%	5.00%	10.00%	14.74%	0%	0%

The key assumptions represent management's assessment based on past operating results and management's expectations of market conditions and assessment of future trends derived from both external and internal sources.

Management has determined the average gross profit margin and weighted average growth rate based on past performance and its expectation of market development. The discount rate used are computed based on the weighted average cost of capital of the industries that the Group operates in.

(c) Sensitivity to changes in assumptions

The management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the goodwill to be materially higher than its recoverable amount other than as disclosed below:

Following the Genaxis Group cash-generating unit, the above estimate is particularly sensitive in the following area:

- An increase in 1.2 percentage point in the pre-tax discount rate used would have resulted in an impairment loss of approximately RM727,000.

6. INTANGIBLE ASSETS

Group	Software in progress RM'000	Software RM'000	Development expenditure RM'000	Licence and others RM'000	Total RM'000
Cost					
At 1 January 2018	3,432	17,323	315	48,106	69,176
Additions	4,093	500	-	4,718	9,311
Adjustment	(1,000)	-	-	-	(1,000)
At 31 December 2018/1 January 2019	6,525	17,823	315	52,824	77,487
Additions	11,171	634	-	-	11,805
Written off	-	(73)	-	-	(73)
Reclassification	(7,028)	7,028	-	-	-
Adjustment	(76)	-	-	-	(76)
At 31 December 2019	10,592	25,412	315	52,824	89,143
Accumulated amortisation and impairment loss					
At 1 January 2018					
Accumulated amortisation	-	15,173	315	8,808	24,296
Accumulated impairment loss	-	192	-	-	192
	-	15,365	315	8,808	24,488
Amortisation for the year	-	1,495	-	9,571	11,066
At 31 December 2018/1 January 2019					
Accumulated amortisation	-	16,668	315	18,379	35,362
Accumulated impairment loss	-	192	-	-	192
	-	16,860	315	18,379	35,554
Amortisation for the year	-	2,222	-	9,519	11,741
Written off	-	(73)	-	-	(73)
Accumulated amortisation	-	18,817	315	27,898	47,030
Accumulated impairment loss	-	192	-	-	192
At 31 December 2019	-	19,009	315	27,898	47,222
Carrying amounts					
At 1 January 2018	3,432	1,958	-	39,298	44,688
At 31 December 2018	6,525	963	-	34,445	41,933
At 31 December 2019	10,592	6,403	-	24,926	41,921

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

6. INTANGIBLE ASSETS (CONTINUED)

Company	Software RM'000
Cost	
At 1 January 2018/31 December 2018/1 January 2019/31 December 2019	9
Accumulated amortisation	
At 1 January 2018/31 December 2018/1 January 2019/31 December 2019	9
Carrying amounts	
At 1 January 2018/31 December 2018/1 January 2019/31 December 2019	-

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
At cost		
Unquoted shares	338,545	319,168
Less: Impairment loss	(45,395)	(45,395)
	293,150	273,773

The movements in the allowance for impairment losses of investments in subsidiaries during the financial year were:

	Company	
	2019 RM'000	2018 RM'000
At 1 January/31 December	45,395	45,395

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ country of incorporation	Principal activities	Effective ownership interest 2019 %	Effective ownership interest 2018 %
Information Technology				
Dagang Net Technologies Sdn. Bhd.	Malaysia	Development, management and provision of business to government (B2G) e-commerce and computerised transaction in trade facilitation services.	100	100
DNeX RFID Sdn. Bhd.*	Malaysia	Research and development, design, manufacturing and trading of radio-frequency technology.	51	51
Global eCommerce Limited *~	Federal Territory of Labuan, Malaysia	Yet to commence business.	51	100
DNeX Telco Services Sdn. Bhd. *	Malaysia	Providing of services for infrastructure works for telecommunication industry.	51	51
Global Market eCommerce Sdn. Bhd. *	Malaysia	Dealing in the business for online marketing and e-market place.	100	100
Imizu Sdn. Bhd.** *(formerly known as DNeX Imizu Sdn. Bhd.)*	Malaysia	Trading, dealing in any manner whatsoever in all type of drinking water and beverages on retail as well as on wholesale basis in Malaysia or elsewhere.	55	55
SealNet Sdn. Bhd. * *(formerly known as DNeXPORT Sdn. Bhd.)*	Malaysia	Providing technical consultancy, implementation, training, maintenance and technical support services related to eBusiness and the operation of business to business (B2B) eCommerce portal.	80	80
DNeX GIS Sdn. Bhd.***	Malaysia	Yet to commence business.	41	41
Genaxis Group Sdn. Bhd.*	Malaysia	Providing consultancy and advisory in computer hardware, software, peripherals and other IT based products.	51	51

* *The subsidiaries interest are held under Dagang Net Technologies Sdn. Bhd.*
** *The subsidiary's interest is held under Global Market eCommerce Sdn. Bhd.*
*** *The Subsidiary's interest is held under Sealnet Sdn. Bhd. (formerly known as DNeXPORT Sdn. Bhd.)*
~ *This subsidiary was audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.*

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows (continued):

Name of subsidiary	Principal place of business/ country of incorporation	Principal activities	Effective ownership interest 2019 %	Effective ownership interest 2018 %
Information Technology				
Innovation Associates Consulting Sdn. Bhd.****#	Malaysia	Providing advisory and consultancy services in relation to strategy, business improvement, computers, telecommunication and information technology.	31	31
DNeX VMS Sdn. Bhd.*	Malaysia	Yet to commence business.	51	51
PT Dagang Net Indonesia*##	Indonesia	Yet to commence business.	99	99
DNeX Solutions Sdn. Bhd.	Malaysia	Providing expertise in IT project management and consultancy, supply of (ICT) hardware equipment, maintenance and asset management.	100	100
DNeX Technology Sdn. Bhd.	Malaysia	Providing IT solutions, cyber security, managed services and supply of computer hardware, software and peripherals.	100	100
DNeX Capital Sdn. Bhd. *(formerly known as MyCall Gateway Sdn. Bhd.)*	Malaysia	Intended for Trust, funds or similar entity not elsewhere classified.	100	100
Energy				
DNeX Energy Sdn. Bhd.	Malaysia	Investment holding in upstream oil and gas exploration and production.	100	100
Forward Energy Generation Ltd~	Federal Territory of Labuan, Malaysia	Design, develop, construct, operation and maintenance of power plant.	100	100
DNeX Drilling Tech and Oilfield Services Sdn. Bhd. *(formerly known as DNeX Oilfield Services Sdn. Bhd.)*	Malaysia	Involved in oil and gas oilfield services including supplies of products and equipment.	98	80

* *The subsidiaries interest are held under Dagang Net Technologies Sdn. Bhd.*
**** *The subsidiary's interest is held under Genaxis Group Sdn. Bhd.*
\# *Although the Company owns less than half of the voting power in Innovation Associates Consulting Sdn. Bhd., the Company controls this subsidiary by virtue of an agreement with the other investors of Genaxis Group Sdn. Bhd.. Consequently the Company consolidate its investment in this subsidiary.*
\#\# *Not audited by member firms of Crowe Malaysia PLT.*
~ *This subsidiary was audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.*

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows (continued):

Name of subsidiary	Principal place of business/ country of incorporation	Principal activities	Effective ownership interest 2019 %	Effective ownership interest 2018 %
Energy				
OGPC Sdn. Bhd.	Malaysia	Sale of oil and gas related equipment, provision of engineering and technical support services for the oil and gas industry.	100	100
OGPC O & G Sdn. Bhd.*****	Malaysia	Sale of oil and gas related equipment, provision of engineering and technical support services for the oil and gas industry.	100	100
DNeX Clean Utilities Sdn. Bhd.@	Malaysia	Yet to commence business.	100	100

***** *The subsidiary's interest is held under OGPC Sdn. Bhd.*
@ *The subsidiary's interest is held under DNeX Energy Sdn. Bhd.*

The Company assessed the recoverable amount of the investments in the subsidiaries and determined that no additional impairment loss is required as the recoverable amount is higher than the carrying amount. The recoverable amount of the cash-generating unit is determined using the fair value less costs of disposal approach, and this is derived from the net assets position of the respective subsidiaries as at end of the reporting period.

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	2019	2018
NCI percentage of ownership interest and voting interest		
- DNeX RFID Sdn. Bhd.	49.00%	49.00%
- SealNet Sdn. Bhd. (formerly known as DNeXPORT Sdn. Bhd.)	20.00%	20.00%
- DNeX Drilling Tech and Oilfield Services Sdn. Bhd. (formerly known as DNeX Oilfield Services Sdn. Bhd.)	2.50%	20.00%
- DNeX GIS Sdn. Bhd.	59.00%	59.00%
- DNeX Telco Services Sdn. Bhd.	49.00%	49.00%
- Imizu Sdn. Bhd. (formerly known as DNeX Imizu Sdn. Bhd.)	45.00%	45.00%
- DNeX VMS Sdn. Bhd.	49.00%	49.00%
- Genaxis Group Sdn. Bhd.	49.00%	49.00%
- Global eCommerce Limited	49.00%	-
- Innovation Associates Consulting Sdn. Bhd.	69.40%	69.40%
- PT Dagang Net Indonesia	1.00%	1.00%
Carrying amount of NCI (RM'000)	(4,392)	(13,086)
Profit/(Loss) allocated to NCI (RM'000)	5,460	16,547

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information before intra-group elimination

	DNeX RFID Sdn. Bhd.		SealNet Sdn. Bhd. (formerly known as DNeXPORT Sdn. Bhd.)		DNeX Drilling Tech and Oilfield Services Sdn. Bhd. (formerly known as DNeX Oilfield Services Sdn. Bhd.)		Forward Energy Sdn. Bhd. and its subsidiaries	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
As at 31 December								
Non-current assets	3,341	3,789	1,393	217	12,664	15,599	-	-
Current assets	38,041	49,655	4,132	5,261	1,260	17,318	-	-
Non-current liabilities	-	-	(89)	-	(455)	-	-	-
Current liabilities	(36,585)	(50,719)	(1,768)	(2,026)	(11,029)	(45,153)	-	-
Net assets/(liabilities)	4,797	2,725	3,668	3,452	2,440	(12,236)	-	-
Year ended 31 December								
Revenue	8,497	14,833	2,686	2,659	1,746	2,724	-	-
Profit/(Loss) for the year	2,072	405	215	3	(5,299)	(3,665)	-	(584)
Total comprehensive income/(loss)	2,072	405	215	3	(5,299)	(3,665)	-	(584)
Net cash flows generated from/(used in) operating activities	13,314	(7,772)	965	1,399	(880)	(2,353)	-	(602)
Net cash flows used in investing activities	(419)	(1,813)	(1,348)	(2,159)	(21,303)	(10,986)	-	(1)
Net cash flows (used in)/ generated from financing activities	(10,527)	9,573	682	1,070	22,618	13,115	-	603

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information before intra-group elimination (continued)

	DNeX GIS Sdn. Bhd.		DNeX Telco Services Sdn. Bhd.		Imizu Sdn. Bhd. (formerly known as DNeX Imizu Sdn. Bhd.)		DNeX VMS Sdn. Bhd.	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
As at 31 December								
Non-current assets	-	-	6	3	13	16	292	458
Current assets	386	94	16,628	24,773	1,500	4,909	53	51
Current liabilities	(32)	(3)	(21,678)	(23,313)	(7,103)	(7,766)	(883)	(904)
Net assets/(liabilities)	354	91	(5,044)	1,463	(5,590)	(2,841)	(538)	(395)
Year ended 31 December								
Revenue	-	-	19,812	25,301	439	348	-	-
(Loss)/Profit for the year	(137)	(6)	(4,506)	2,114	(2,749)	(2,041)	(144)	(495)
Total comprehensive (loss)/income	(137)	(6)	(4,506)	2,114	(2,749)	(2,041)	(144)	(495)
Net cash flows used in operating activities	(115)	(5)	(2,919)	(3,131)	(1,106)	(3,623)	(6)	-
Net cash flows used in investing activities	(531)	-	(5,932)	(4)	(5)	(23)	-	(500)
Net cash flows generated from/(used in) financing activities	648	5	9,317	3,158	1,114	3,651	10	(500)

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information before intra-group elimination (continued)

	Genaxis Group Sdn. Bhd.		Global eCommerce Limited		Innovation Associates Consulting Sdn. Bhd.		PT Dagang Net Indonesia	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
As at 31 December								
Non-current assets	30,580	21,298	-	-	1,757	1,482	233	-
Current assets	2,475	6,194	450	-	80,381	81,712	201	715
Non-current liabilities	(475)	(447)	-	-	(861)	-	-	-
Current liabilities	(34,204)	(27,092)	(1,501)	-	(57,775)	(73,713)	(89)	-
Net (liabilities)/assets	(1,624)	(47)	(1,051)	-	23,502	9,481	345	715
Year ended 31 December								
Revenue	1,411	1,361	-	-	88,744	89,569	-	-
(Loss)/Profit for the year	(1,577)	(1,453)	(119)	-	12,821	26,236	(388)	-
Total comprehensive (loss)/income	(1,577)	(1,453)	(119)	-	12,821	26,236	(388)	-
Net cash flows (used in)/ generated from operating activities	(5,225)	(2,252)	(126)	-	(10,524)	66,897	(300)	-
Net cash flows (used in)/ generated from investing activities	(2)	(19,355)	(113)	-	(6,813)	3,969	214	-
Net cash flows generated from/(used in) financing activities	5,286	21,920	275	-	9,054	(53,825)	140	-

8. INVESTMENTS IN ASSOCIATES

	Group	
	2019 RM'000	2018 RM'000
At carrying amount		
Unquoted shares		
- outside Malaysia		
- at cost	42,038	41,955
- share of pre-acquisition gain of excess fair value	88,954	88,954
Share of post-acquisition profits	90,896	72,638
Net of dividend received	(1,320)	(627)
Share of post-acquisition other comprehensive income	(4,456)	(2,013)
	216,112	200,907

8. INVESTMENTS IN ASSOCIATES (CONTINUED)

Details of the associates are as follows:

Name of associate	Principal place of business/ country of incorporation	Principal activities	Effective ownership interest 2019 %	Effective ownership interest 2018 %
Ping Petroleum Limited	Bermuda	Exploration, development and production of crude oil and natural gas.	30	30
1Trade (Thailand) Co., Ltd.	Thailand	Providing technical consultancy, implementation, training, maintenance and technical support services related to eBusiness and the operation of business to business (B2B) eCommerce portal.	39	-

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

Group	Ping Petroleum Limited 2019 RM'000	Ping Petroleum Limited 2018 RM'000	1Trade (Thailand) Co., Ltd. 2019 RM'000	1Trade (Thailand) Co., Ltd. 2018 RM'000	Total 2019 RM'000	Total 2018 RM'000
Summarised financial information as at 31 December						
Non-current assets	1,339,066	1,166,101	-	-		
Current assets	206,409	233,258	197	-		
Non-current liabilities	(737,509)	(678,205)	-	-		
Current liabilities	(87,629)	(51,226)	(12)	-		
Net assets	720,337	669,928	185	-		
Year ended 31 December						
Revenue	298,605	315,300	39	-		
Profit for the year	60,832	73,358	17	-		
Reconciliation of net assets to carrying amount as at 31 December						
Group's share of net assets/carrying amount in the statement of financial position	216,021	200,907	91	-	216,112	200,907
Group's share of results for the year ended 31 December						
Group's share of profit for the year	18,250	22,007	8	-	18,258	22,007
Group's share of other comprehensive income	(2,443)	3,867	-	-	(2,443)	3,867
Group's share of total comprehensive income	15,807	25,874	8	-	15,815	25,874
Other information						
Dividend received by the Group	693	627	-	-		

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

9. OTHER INVESTMENTS

	Group	
	2019 RM'000	2018 RM'000
Unquoted shares, at fair value	3,538	4,633

Equity investments designated at fair value through other comprehensive income

(a) The Group designated its investments in unquoted shares to be measured at fair value through other comprehensive income.

(b) The fair value of each investment is summarised below:

	Group	
	2019 RM'000	2018 RM'000
Unquoted shares of entity A	3,538	3,577
Unquoted shares of entity B	-	1,056
	3,538	4,633

(c) During the year, the Group disposed the following investment which is carried at fair value through other comprehensive income because it is no longer in line with the Group's strategy.

Group	Fair value at derecognition RM'000	Cumulative gain on disposal RM'000
Unquoted shares of entity B	1,056	144

10. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) of the Group and the Company are attributable to the following:

	Assets		Liabilities		Net	
Group	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Property, plant and equipment, intangible assets	-	-	(5,592)	(7,524)	(5,592)	(7,524)
Right-of-use assets	-	-	(2,114)	-	(2,114)	-
Lease liabilities	2,114	-	-	-	2,114	-
Provisions	226	226	-	-	226	226
Net deferred tax assets/(liabilities)	2,340	226	(7,706)	(7,524)	(5,366)	(7,298)

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Recognised deferred tax assets/(liabilities) (continued)

Deferred tax assets/(liabilities) of the Group and the Company are attributable to the following: (continued)

	Assets		Liabilities		Net	
Company	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Right-of-use assets	-	-	(192)	-	(192)	-
Lease liabilities	192	-	-	-	192	-
Net deferred tax assets/(liabilities)	192	-	(192)	-	-	-

Movement in temporary differences during the year

	At 1.1.2018 RM'000	Recognised in profit or loss (Note 26) RM'000	Arising from business combinations RM'000	At 31.12.2018 RM'000	Adjustment on initial application of MFRS 16 RM'000	At 1.1.2019 RM'000	Recognised in profit or loss (Note 26) RM'000	At 31.12.2019 RM'000
Group								
Property, plant and equipment, intangible assets	(9,249)	1,925	(200)	(7,524)	-	(7,524)	1,932	(5,592)
Right-of-use assets	-	-	-	-	(2,114)	(2,114)	-	(2,114)
Lease liabilities	-	-	-	-	2,114	2,114	-	2,114
Provisions	-	-	226	226	-	226	-	226
	(9,249)	1,925	26	(7,298)	-	(7,298)	1,932	(5,366)
Company								
Right-of-use assets	-	-	-	-	-	-	(192)	(192)
Lease liabilities	-	-	-	-	-	-	192	192
	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax assets/(liabilities) have not been recognised in respect of the following items:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unutilised tax losses	43,498	24,867	-	-
Unabsorbed capital allowances	6,949	6,157	-	-
Property, plant and equipment, intangible assets	(7,140)	(11,877)	(1)	(47)
Provisions	4,141	9,708	406	406
Others	-	448	-	-
	47,448	29,303	405	359
Unrecognised deferred tax assets	11,388	7,033	97	86

(a) Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be allowable against which the Group and the Company can utilise the benefits.

(b) The comparative figures have been restated to reflect the actual tax losses and capital allowances available to the Group and to the Company.

(c) With effect from year of assessment 2019, the unutilised tax losses in a year of assessment of the Group and the Company can only be carried forward for a maximum period of 7 consecutive years of assessment to be utilised against income from any business source. The unabsorbed capital allowances do not expire under the current tax legislation.

11. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
Trading merchandise in transit	1,207	632
Goods held for resale	109	1,910
Consumables	-	479
	1,316	3,021
Recognised in profit or loss:		
Inventories recognised as cost of sales	38,042	33,945
Write-down to net realisable value	904	-

Due to slow-moving and obsolete consumables, the Group tested the related product line for impairment and also wrote down the related inventories to their net realisable value, which resulted in a loss of RM904,000.

12. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2019 RM'000	2018 RM'000
Contract assets		
Contract assets relating to contracts with customers	83,506	76,985
Less: Impairment loss	(59)	(50)
	83,447	76,935
Contract liabilities		
Contract liabilities relating to contracts with customers	(5,317)	(953)

(a) The contract assets primarily relate to the Group's right to consideration for work completed and services provided on contracts but not yet billed as at the reporting date. The amount will be invoiced within 6 (2018: 6) months.

(b) The contract liabilities primarily relate to the advance consideration received from customers for services, which revenue is recognised overtime during the service provision. The contract liabilities are expected to be recognised as revenue over a period of 9 (2018: 9) months.

(c) Significant changes to contract assets and contract liabilities balances during the period are as follows:

	Group	
	2019 RM'000	2018 RM'000
Contract liabilities at the beginning of the period not recognised as revenue due to change in time frame	953	-
Contract assets at the beginning of the period not transferred to trade receivables due to change in time frame	76,985	18,067
Changes in contract assets due to business combinations during the period	-	49,255
Billings to customer during the financial year	89,219	134,205

13. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade					
Trade receivables		58,318	82,232	-	-
Less: Impairment loss		(5,973)	(7,842)	-	-
		52,345	74,390	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-trade					
Other receivables	13.1	14,844	36,045	539	639
Less: Impairment loss		(2,543)	(2,726)	(407)	(406)
		12,301	33,319	132	233
Deposits	13.2	14,180	14,390	421	428
Prepayments		12,177	7,376	8	31
		38,658	55,085	561	692
		91,003	129,475	561	692

13.1 Included in other receivables of the Group in the previous financial year was a grant receivable of RM2,084,000 from a government agency.

Included in other receivables of the Group in the previous financial year were proceeds receivable of RM12,630,000 from disposal of machineries to a third party.

13.2 Included in deposits of the Group is a cash collateral of RM7,472,847 (2018: RM7,485,447) paid for securing performance bond in related to the hardware, operating and maintenance of the Vehicle Entry Permit and Road Charge (VEP & RC) contracts.

Included in deposits of the Group is a cash deposit of RM3,000,000 (2018: RM3,000,000) paid to a supplier for a maintenance contract.

14. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries consist of the following:

	Company	
	2019 RM'000	2018 RM'000
Amount due from subsidiaries		
- Non-trade	59,301	79,118
Less: Impairment loss	(6,373)	(6,667)
	52,928	72,451
Amount due to subsidiaries		
- Trade	-	(11)
- Non-trade	(5,428)	(12,204)
	(5,428)	(12,215)

The trade amount due to subsidiaries in the previous financial year was subjected to the normal trade terms.

Certain inter-company advances bear interest at 4% (2018: 4%) per annum with no fixed repayment terms.

15. CASH AND CASH EQUIVALENTS

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Deposits with licensed banks	15.1	7,318	10,087	-	-
Cash and bank balances	15.2	47,081	28,911	2,759	2,482
		54,399	38,998	2,759	2,482
Bank overdrafts	18	(10,727)	(7,038)	-	-
Cash and cash equivalents in the statements of financial position		43,672	31,960	2,759	2,482

15.1 Included in deposits with licensed banks of the Group is an amount of RM7,318,000 (2018: RM10,087,000) which is pledged to licensed banks for credit facilities.

15.2 Included in cash and bank balances of the Group is an amount of RM8,962,000 (2018: RM2,203,000) held in a Sinking Fund Account and is pledged to licensed banks for credit facilities.

16. CAPITAL AND RESERVES

	Group and Company Amount 2019 RM'000	Number of shares 2019 '000	Amount 2018 RM'000	Number of shares 2018 '000
Issued and fully paid:				
Ordinary shares				
At 1 January	354,322	1,758,035	353,502	1,755,372
Issuance of new shares pursuant to employee share option scheme	17	55	820	2,663
At 31 December	354,339	1,758,090	354,322	1,758,035

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

Warrant reserve

On 1 August 2016, the warrant reserve arose from the following:

i) a renounceable rights issue of 465,146,809 new ordinary shares together with 465,146,809 free new detachable warrants;

ii) a special issue of 130,000,000 new ordinary shares together with 65,000,000 free new detachable warrants; and

iii) acquisition of certain subsidiaries through issuance of 362,500,000 new ordinary shares together with 181,250,000 free new detachable warrants.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

16. CAPITAL AND RESERVES (CONTINUED)

Warrant reserve (continued)

The salient features of the Warrants are as follows:

i) Each Warrant entitles the registered holder ("Warrant holders") to subscribe for new ordinary shares in the Company at the exercise price of RM0.50, which may be exercised at any time from the date of issuance to the close of business on the market day immediately preceding the date which is the fifth anniversary from the date of the issuance of Warrants which falls on 30 July 2021 ("Exercise Period").

ii) Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.

iii) Warrant holders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and shares allocated and issued upon exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled for any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

iv) The Warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrant holders exercise their warrants for new shares in the Company.

v) The Deed Poll and accordingly the Warrants, are governed by and shall be construed in accordance with the laws of Malaysia.

The movement of the Warrants since the listing and quotation thereof is as follows:

	Entitlement for ordinary shares			
	At 1.1.2019	Issued	Exercised	At 31.12.2019
Number of unexercised Warrants	711,396,809	-	-	711,396,809

The fair value of RM0.008 per Warrant is determined using the Binomial Option pricing model based on the following key assumptions:

Interest rate	3.19%
Expected volatility of the Company's share price	39.85%

Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share option expire, the amount from the share option reserve is transferred to retained earnings.

At an extraordinary general meeting held on 27 January 2016, the Company's shareholders approved the establishment of an Employee Share Option Scheme (ESOS) of up to 5% of the issued and paid-up share capital of the Company, to eligible Directors and employees of the Company and of its subsidiaries ("Eligible Persons"). A total of 38,912,800 ESOS options were offered to Eligible Persons as defined in the ESOS By-Laws to subscribe for new ordinary shares in the Company under its ESOS. On 14 September 2016, the Group granted share options to qualified employees and Executive Directors to purchase shares in the Company.

16. CAPITAL AND RESERVES (CONTINUED)

Share option reserve (continued)

The salient features of the above ESOS are, inter alia, as follows:

i) The ESOS shall be in force for a period of five (5) years from the implementation date of 25 August 2016. The unexercised ESOS will become null and void after the date of expiry on 24 August 2021.

ii) Subject to compliance with the Listing Requirements, guidelines or directives issued by Bursa Malaysia Securities Berhad and/or any of the relevant authorities, the Company may at any time during the duration of the ESOS terminate the ESOS and shall immediately announce to Bursa Malaysia Securities Berhad the effective date, number of ESOS and reasons for the termination.

The options offered to take up unissued ordinary shares and the exercise price is as follows:

Date of offer	Exercise price	Number of options over ordinary shares			
		At 1.1.2019	Exercised	Forfeited	At 31.12.2019
14 September 2016	RM0.245	13,522,614	(55,000)	(2,550,000)	10,917,614

The fair values of the share options granted were estimated using the Binomial Option pricing model, taking into account the terms and conditions upon which the options were granted. The fair values of the share options measured at grant date and the assumptions used are as follows:

Fair value of share options at the grant date	RM0.063
Weighted average ordinary share price	RM0.275
Exercise price of share option	RM0.245
Expected volatility	39.85%
Expected life	5 years
Risk free rate	3.25%
Expected dividend yield	11.13%

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations and the Group's share of associates' foreign currency translation differences whose functional currencies are different from the Group's presentation currency.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity instruments designated at fair value through other comprehensive income until the assets are derecognised or impaired.

17. NON-CONTROLLING SHAREHOLDERS' INTERESTS

This consists of the non-controlling shareholders' proportion of share capital and reserves in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

18. LOANS AND BORROWINGS

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current					
Term loans	18.1	18,854	17,664	-	-
Finance lease liabilities	18.2	-	300	-	-
		18,854	17,964	-	-
Current					
Term loans	18.1	3,114	1,478	-	-
Finance lease liabilities	18.2	-	202	-	-
Revolving credits	18.3	28,000	18,000	28,000	18,000
Other bank facilities	18.4	5,574	2,893	-	-
Bank overdrafts	15, 18.5	10,727	7,038	-	-
		47,415	29,611	28,000	18,000
		66,269	47,575	28,000	18,000

18.1 The term loans bore effective interest rates ranging from 5.75% to 7.15% (2018: 5.75% to 7.15%) per annum and are secured by:

(i) a first party legal charge over certain freehold land and buildings as disclosed in Note 3 to the financial statements;

(ii) a corporate guarantee of the Company; and

(iii) a guarantee by a director of the Group to a term loan of RM52,000.

18.2 Finance lease liabilities are payable as follows:

	Group 2019 RM'000	Group 2018 RM'000
Minimum lease payments:		
- not later than 1 year	-	224
- later than 1 year and not later than 5 years	-	358
	-	582
Less: Future finance charges	-	(80)
Present value of lease payments	-	502

The finance lease liabilities in the previous financial year bore effective interest rates ranging from 4.46% to 7.37% per annum and were secured by certain of the Group's motor vehicles and office equipment as disclosed in Note 3 to the financial statements.

18. LOANS AND BORROWINGS (CONTINUED)

18.3 The revolving credits bore effective interest rates ranging from 5.80% to 6.10% (2018: 5.85% to 6.10%) per annum and are secured by a Clean Facility arrangement as the principal instrument.

18.4 Other bank facilities represents invoice financing and import line which bore effective interest rates ranging from 7.05% to 7.15% (2018: 8.49%) per annum and are secured by a marginal deposit and a corporate guarantee of the Company.

18.5 The bank overdrafts bore effective interest rates ranging from 5.50% to 8.35% (2018: 5.50% to 8.35%) per annum and are secured by:

(i) pledges of deposits with licensed banks as disclosed in Note 15 to the financial statements;

(ii) a standing instruction against sinking funds account; and

(iii) a corporate guarantee of the Company.

18.6 Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1.1.2019 RM'000	Adjustment on initial application of MFRS 16 RM'000	Proceeds from drawdown RM'000	Repayment of borrowing principal RM'000	Repayment of borrowing finance charges RM'000	At 31.12.2019 RM'000
Term loans	19,142	-	4,724	(1,898)	-	21,968
Finance lease liabilities	502	(404)	-	(98)	-	-
Revolving credits	18,000	-	15,000	(5,000)	-	28,000
Other bank facilities	2,893	-	9,398	(6,717)	-	5,574
	40,537	(404)	29,122	(13,713)	-	55,542

Group	At 1.1.2018 RM'000	Acquisitions through business combinations RM'000	Proceeds from drawdown RM'000	Repayment of borrowing principal RM'000	Repayment of borrowing finance charges RM'000	At 31.12.2018 RM'000
Term loans	20,000	143	-	(1,001)	-	19,142
Finance lease liabilities	-	763	-	(227)	(34)	502
Revolving credits	-	-	18,000	-	-	18,000
Other bank facilities	-	-	2,893	-	-	2,893
Murabahah revolving facility	-	57,609	-	(57,609)	-	-
	20,000	58,515	20,893	(58,837)	(34)	40,537

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

18. LOANS AND BORROWINGS (CONTINUED)

18.6 Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

Company	At 1.1.2018 RM'000	Proceeds from drawdown RM'000	At 31.12.2018 RM'000	Proceeds from drawdown RM'000	Repayment of borrowing principal RM'000	At 31.12.2019 RM'000
Revolving credits	-	18,000	18,000	15,000	(5,000)	28,000

19. TRADE AND OTHER PAYABLES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Trade					
Trade payables		29,158	35,695	-	-
Non-trade					
Other payables and accrued expenses	19.1	46,880	88,126	2,176	2,428
Interest payable					
- Borrowing		227	254	120	131
		47,107	88,380	2,296	2,559
		76,265	124,075	2,296	2,559

19.1 Included in other payables of the Group is an amount of RM1,087,000 (2018: RM3,473,000) for operating and maintaining the VEP & RC system.

Included in other payables of the Group is an amount of RM7,499,000 (2018: RM17,373,000) for work done on a submarine telecommunication cable installation, repair and maintenance project.

Included in other payables of the Group is an amount of RM10,264,000 (2018: RM16,703,000) owing to related parties, of which are unsecured interest-free advances with no fixed repayment terms.

Included in other payables of the Group in the previous financial year was an amount of RM13,647,000 for a maintenance contract.

Included in other payables of the Group in the previous financial year was an amount of RM4,116,000 for the subcontract of hardware equipment and ICT facilities project.

20. LEASE LIABILITIES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
At 1 January		-	-	-	-
Adjustment on initial application of MFRS 16	36	8,409	-	-	-
At 1 January, restated		8,409	-	-	-
Addition		190	-	800	-
Interest charge		605	-	29	-
Repayment of principal and interest		(3,377)	-	(309)	-
At 31 December		5,827	-	520	-
Analysed:					
Non-current liabilities		2,914	-	228	-
Current liabilities		2,913	-	292	-
		5,827	-	520	-

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

21. REVENUE

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Sale of customised equipment	54,296	48,608	-	-
Sale of merchandise goods	459	2,190	-	-
Rendering of services	222,703	227,398	-	-
Rental of equipment	1,024	2,799	-	-
Subscriptions	12,004	12,457	-	-
Gross dividend income from:				
- subsidiaries	-	-	6,078	11,542
	290,486	293,452	6,078	11,542

(a) The information on the disaggregation of revenue is disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

21. REVENUE (CONTINUED)

(b) The transaction price allocated to the remaining performance obligations under the contract for services rendered over time that are unsatisfied or partially unsatisfied as at the end of the reporting period are summarised below (other than contracts for original periods of one year or less):

	Group				
	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Sale of customised equipment	735	302	311	-	1,348
Rendering of services*	65,175	12,880	6,931	3,849	88,835
Rental of equipment	275	-	-	-	275
Subscriptions*	990	900	-	-	1,890
	67,175	14,082	7,242	3,849	92,348

* The services to be rendered from National Single Window contract and its related services are excluded from the above transaction price allocation.

22. NET LOSS/(GAIN) ON IMPAIRMENT OF FINANCIAL INSTRUMENTS AND CONTRACT ASSETS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Impairment losses during the year:				
- trade receivables	1,680	590	-	-
- other receivables	(169)	1,031	1	-
- contract assets	9	(25)	-	-
Reversal of impairment losses	-	-	(294)	(10,876)
	1,520	1,596	(293)	(10,876)

23. OTHER OPERATING INCOME

Included in other operating income are the following:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Bad debts recovered	-	58	-	-
Gain on disposal of:				
- property, plant and equipment	83	3,356	-	-
- other investments	144	-	-	-
Gain/(Loss) on disposal of subsidiaries	-	1,815	-	(508)
Gain on foreign exchange:				
- realised	477	22	-	1
- unrealised	-	1	-	-
Management fee	-	145	15,687	15,283
Rental income	-	48	-	-
Lease income	128	-	-	-

24. FINANCE COSTS/(INCOME)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Finance charges on:				
Interest expense of financial liabilities that are not at fair value through profit or loss	3,778	3,082	1,581	131
Interest expense on lease liabilities	605	-	29	-
Advances from subsidiaries	-	-	402	388
Others	102	46	-	-
	4,485	3,128	2,012	519
Finance income:				
Investment in deposits placed with licensed banks	(238)	(562)	(1)	(10)
Advances to subsidiaries	-	-	(1,145)	(2,062)
	(238)	(562)	(1,146)	(2,072)

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

25. PROFIT BEFORE TAX

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax is arrived at after charging/(crediting):				
Amortisation of intangible assets	11,741	11,066	-	-
Auditors' remuneration:				
- audit fees				
- Crowe Malaysia PLT	356	354	110	110
- local affiliate of Crowe Malaysia PLT	12	12	-	-
- non-audit fees				
- Crowe Malaysia PLT	115	115	15	15
Bad debts written off	527	16	-	-
Depreciation of property, plant and equipment	6,844	6,364	91	72
Depreciation of right-of-use assets	2,967	-	291	-
Directors' remuneration	3,467	5,253	3,393	5,120
Expenses relating to short-term leases	528	-	430	-
Impairment loss on goodwill	-	3,600	-	-
Inventories written down	904	-	-	-
Personnel expenses:				
- contributions to Employees Provident Fund	7,652	7,182	712	652
- wages, salaries and others	68,481	67,269	5,675	6,669
Property, plant and equipment written off	167	91	-	-
Realised loss on foreign exchange	52	176	-	-
Rental of premises	-	4,070	-	-
Rental of site and equipment	-	663	-	22
Rental of storage and others	-	74	-	37
Unrealised loss/(gain) on foreign exchange	464	(5)	-	-

26. TAX EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Recognised in profit or loss				
Current tax expense				
- Current year	15,404	14,524	2,068	2,000
- (Over)/Underprovision in prior year	(1,843)	1,751	(336)	1,061
Total current tax expense	13,561	16,275	1,732	3,061
Deferred tax expense (Note 10)				
- Current year	(1,932)	(1,925)	-	-
- Underprovision in prior year	-	-	-	-
Total deferred tax expense	(1,932)	(1,925)	-	-
Total tax expense	11,629	14,350	1,732	3,061
Reconciliation of tax expense				
Net profit after tax	35,497	51,892	5,878	19,028
Total tax expense	11,629	14,350	1,732	3,061
Zakat payment	451	405	-	-
Net profit excluding tax and Zakat	47,577	66,647	7,610	22,089
Income tax using Malaysian tax rate of 24% (2018: 24%)	11,418	15,995	1,826	5,301
Income not subject to tax	(955)	(2,595)	(1,417)	(4,532)
Expenses not deductible for tax purposes	3,078	1,049	1,648	1,280
Share of profit of equity-accounted associates	(4,382)	(5,282)	-	-
Tax exempt income due to pioneer status	(73)	(24)	-	-
Effect of unrecognised deferred tax assets	4,355	3,714	11	-
Recognition of previously unrecognised deferred tax assets	-	(300)	-	(49)
Effects of differential in tax rate of subsidiaries	31	42	-	-
	13,472	12,599	2,068	2,000
(Over)/Underprovision of tax expense in prior year	(1,843)	1,751	(336)	1,061
Total tax expense	11,629	14,350	1,732	3,061

A subsidiary of the Group has been granted the MSC Malaysia status. This qualifies the subsidiary for the Pioneer Status incentive under the Promotion of Investments Act 1986. The subsidiary will enjoy full exemption from income tax on its statutory income from pioneer activities from 18 November 2014 to 17 November 2019.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

27. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2019 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2019	**2018**
Profit for the year attributable to owners of the Company (RM'000)	30,037	35,345

	Group	
	2019	**2018**
Weighted average number of ordinary shares (in'000):		
Ordinary shares at 1 January	1,758,035	1,755,372
Effect of new ordinary shares issued	6	1,954
	1,758,041	1,757,326
Basic earnings per ordinary share (sen)	1.71	2.01

Diluted earnings per ordinary share

	Group	
	2019	**2018**
Profit for the year attributable to owners of the Company for diluted earnings per ordinary share computation (RM'000)	30,037	35,345
Weighted average number of ordinary shares for basic earnings per ordinary share (in'000)	1,758,041	1,757,326
Shares deemed to be issued for no consideration:		
- exercise of Warrants*	-	-
- exercise of share options	1,197	15,080
Weighted average number of ordinary shares for diluted earnings per ordinary share computation	1,759,238	1,772,406
Diluted earnings per ordinary share (sen)	1.70	1.99

* The potential conversion of Warrants is anti-dilutive as its exercise price is higher than the average market price of the Company's ordinary shares during the current financial year. Accordingly, the exercise of Warrants has been ignored in the calculation of dilutive earnings per ordinary share.

28. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2019			
Final 2018 ordinary	0.5	8,790	31 July 2019

29. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which represent the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technical expertise and marketing strategies. For each of the strategic business unit, the Executive Deputy Chairman of the Group reviews internal management report at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

(a) Corporate

The Company is an investment holding company. The segment is in provision of corporate services to the entities within the Group.

(b) Information technology

Supply, delivery, installation, testing, commissioning and maintenance of IT hardware, development, management and provision of business to government (B2G) e-commerce and computerised transaction in trade facilitation services, providing of cyber security solutions, managed services, project fulfilment, assets maintenance and contact centres, research and development, design, manufacturing and trading of radio-frequency technology, providing consultancy services in relation to strategy and business improvements and infrastructure works for telecommunication industry.

(c) Energy

Providing upstream oil and gas exploration, production, sale of oil and gas related equipment and services, provision of engineering, technical support and involvement in power plant and energy related business.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Executive Deputy Chairman of the Group. Segment total assets is used to measure the return of assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Executive Deputy Chairman of the Group.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, right-of-use assets and intangible assets other than goodwill.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

29. OPERATING SEGMENTS (CONTINUED)

Business segment 2019	Information Technology RM'000	Energy RM'000	Corporate RM'000	Eliminations RM'000	Consolidated RM'000
Business segments					
Revenue from external customers	230,343	60,143	-	-	290,486
Inter-segment revenue	3,225	-	6,078	(9,303)	-
Total revenue	233,568	60,143	6,078	(9,303)	290,486
Represented by:					
Revenue recognised at a point in time					
- Sale of customised equipment	6,792	45,978	-	-	52,770
- Sale of merchandise goods	833	-	-	(374)	459
- Rendering of services	108,123	11,773	-	(2,256)	117,640
- Subscriptions	6,348	-	-	-	6,348
- Gross dividend income from subsidiaries	-	-	6,078	(6,078)	-
Revenue recognised over time					
- Sale of customised equipment	158	1,368	-	-	1,526
- Rendering of services	105,658	-	-	(595)	105,063
- Rental of equipment	-	1,024	-	-	1,024
- Subscriptions	5,656	-	-	-	5,656
	233,568	60,143	6,078	(9,303)	290,486
By geographical market:					
Domestic	209,814	60,143	6,078	(9,303)	266,732
Indonesia	22,689	-	-	-	22,689
Mongolia	190	-	-	-	190
Singapore	875	-	-	-	875
	233,568	60,143	6,078	(9,303)	290,486

29. OPERATING SEGMENTS (CONTINUED)

Business segment 2019	Information Technology RM'000	Energy RM'000	Corporate RM'000	Eliminations RM'000	Consolidated RM'000
Segment result					
Profit/(Loss) from operations	36,040	(3,073)	8,475	(7,876)	33,566
Finance costs	(2,933)	(145)	(2,012)	605	(4,485)
Finance income	208	29	1,146	(1,145)	238
Share of profit of equity - accounted associates, net of tax	8	18,250	-	-	18,258
Profit before tax	33,323	15,061	7,609	(8,416)	47,577
Zakat					(451)
Tax expense					(11,629)
Net profit after tax					35,497
Attributable to:					
Owners of the Company					30,037
Non-controlling interests					5,460
Profit for the year					35,497
Segment assets	375,972	384,102	350,167	(481,204)	629,037
Segment liabilities	264,230	36,179	36,504	(173,242)	163,671
Capital expenditure	15,083	4,640	74	-	19,797
Depreciation and amortisation	9,402	12,845	382	(1,077)	21,552
Impairment loss:					
- trade, other receivables and contract assets	777	742	1	-	1,520
Reversal of impairment losses	-	-	(294)	294	-
Gain on disposal of other investments	(144)	-	-	-	(144)
Gain on disposal of property, plant and equipment	(33)	(50)	-	-	(83)

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

29. OPERATING SEGMENTS (CONTINUED)

Business segment 2018	Information Technology RM'000	Energy RM'000	Corporate RM'000	Eliminations RM'000	Consolidated RM'000
Business segments					
Revenue from external customers	241,536	51,916	-	-	293,452
Inter-segment revenue	3,381	-	11,542	(14,923)	-
Total revenue	244,917	51,916	11,542	(14,923)	293,452
Represented by:					
Revenue recognised at a point in time					
- Sale of customised equipment	1,350	36,449	-	-	37,799
- Sale of merchandise goods	2,192	-	-	(2)	2,190
- Rendering of services	93,378	2,304	-	(2,784)	92,898
- Rental of equipment	75	1,513	-	-	1,588
- Subscriptions	6,281	-	-	-	6,281
- Gross dividend income from subsidiaries	-	-	11,542	(11,542)	-
Revenue recognised over time					
- Sale of customised equipment	620	10,189	-	-	10,809
- Rendering of services	134,845	250	-	(595)	134,500
- Rental of equipment	-	1,211	-	-	1,211
- Subscriptions	6,176	-	-	-	6,176
	244,917	51,916	11,542	(14,923)	293,452
By geographical market:					
Domestic	218,706	51,812	11,542	(14,923)	267,137
Egypt	370	-	-	-	370
Indonesia	22,160	-	-	-	22,160
Philippines	3,141	-	-	-	3,141
Singapore	540	-	-	-	540
The United States of America	-	104	-	-	104
	244,917	51,916	11,542	(14,923)	293,452

29. OPERATING SEGMENTS (CONTINUED)

Business segment 2018	Information Technology RM'000	Energy RM'000	Corporate RM'000	Eliminations RM'000	Consolidated RM'000
Segment result					
Profit/(Loss) from operations	55,271	(6,183)	20,536	(22,418)	47,206
Finance costs	(2,966)	(1,759)	(519)	2,116	(3,128)
Finance income	289	264	2,072	(2,063)	562
Share of profit of equity-accounted associates, net of tax	-	22,007	-	-	22,007
Profit before tax	52,594	14,329	22,089	(22,365)	66,647
Zakat					(405)
Tax expense					(14,350)
Net profit after tax					51,892
Attributable to:					
Owners of the Company					35,345
Non-controlling interests					16,547
Profit for the year					51,892
Segment assets	384,245	390,187	356,152	(502,516)	628,068
Segment liabilities	273,929	72,230	32,924	(192,525)	186,558
Capital expenditure	16,664	5,603	54	-	22,321
Depreciation and amortisation	4,460	12,898	72	-	17,430
Impairment loss:					
- trade and other receivables	701	895	-	-	1,596
Impairment loss on goodwill	-	3,600	-	-	3,600
Reversal of impairment losses	-	-	(10,876)	10,876	-
Gain on disposal of property, plant and equipment	(1)	(3,355)	-	-	(3,356)

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

29. OPERATING SEGMENTS (CONTINUED)

Geographical segment

No geographical segment information has been prepared as the business operations of the Group are mainly concentrated in Malaysia.

Major customers

The following are major customers with revenue equal to or more than 10% of the Group's revenue:

	Revenue		Segment
	2019 RM'000	2018 RM'000	
Customer A	81,927	83,041	Information Technology
Customer B	34,507	32,846	Information Technology

30. FINANCIAL INSTRUMENTS

30.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Amortised cost ("AC"); and
(b) Fair value through other comprehensive income ("FVOCI")
- Equity instrument designated upon initial recognition ("EIDUIR")

2019	Carrying amount RM'000	AC RM'000	FVOCI - EIDUIR RM'000
Financial assets			
Group			
Other investments	3,538	-	3,538
Trade and other receivables (excluding prepayments)	78,826	78,826	-
Cash and cash equivalents	54,399	54,399	-
	136,763	133,225	3,538
Company			
Trade and other receivables (excluding prepayments)	553	553	-
Amount due from subsidiaries	52,928	52,928	-
Cash and cash equivalents	2,759	2,759	-
	56,240	56,240	-

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.1 Categories of financial instruments (continued)

2019	Carrying amount RM'000	AC RM'000	FVOCI - EIDUIR RM'000
Financial liabilities			
Group			
Trade and other payables	76,265	76,265	-
Loans and borrowings	66,269	66,269	-
	142,534	142,534	-
Company			
Trade and other payables	2,296	2,296	-
Amount due to subsidiaries	5,428	5,428	-
Loans and borrowings	28,000	28,000	-
	35,724	35,724	-

2018	Carrying amount RM'000	AC RM'000	FVOCI - EIDUIR RM'000
Financial assets			
Group			
Other investments	4,633	-	4,633
Trade and other receivables (excluding prepayments)	122,099	122,099	-
Cash and cash equivalents	38,998	38,998	-
	165,730	161,097	4,633
Company			
Trade and other receivables (excluding prepayments)	661	661	-
Amount due from subsidiaries	72,451	72,451	-
Cash and cash equivalents	2,482	2,482	-
	75,594	75,594	-

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.1 Categories of financial instruments (continued)

2018	Carrying amount RM'000	AC RM'000	FVOCI - EIDUIR RM'000
Financial liabilities			
Group			
Trade and other payables	124,075	124,075	-
Loans and borrowings	47,575	47,575	-
	171,650	171,650	-
Company			
Trade and other payables	2,559	2,559	-
Amount due to subsidiaries	12,215	12,215	-
Loans and borrowings	18,000	18,000	-
	32,774	32,774	-

30.2 Net gains and losses from financial instruments

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net gains/(losses) on:				
Equity investments designated at fair value through other comprehensive income	-	(734)	-	-
Financial assets measured at amortised cost	(1,520)	(1,596)	293	10,876
	(1,520)	(2,330)	293	10,876

30.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group or the Company assesses whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables and contract assets that are written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables and contract assets are represented by the carrying amounts in the statement of financial position.

Concentration of credit risk

The exposure of credit risk for receivables and contract assets (excluding prepayments) as at the end of the reporting period by geographical region was:

	Group	
	2019 RM'000	**2018 RM'000**
Domestic	149,281	157,322
Singapore	135	4,343
China	-	12,630
Indonesia	12,857	24,739
	162,273	199,034

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 Credit risk (continued)

Receivables and contract assets (continued)

Recognition and measurement of impairment losses

The following table provides information about the exposure to credit risk and the expected credit losses ("ECLs") for receivables and contract assets (excluding prepayments) which are grouped together as they are expected to have similar risk nature.

	Group		
2019	**Gross-carrying amount RM'000**	**Impairment loss allowances RM'000**	**Net balances RM'000**
Current (not past due)	132,318	276	132,042
31 - 60 days past due	7,817	274	7,543
61 - 90 days past due	5,072	166	4,906
More than 90 days past due	19,963	2,181	17,782
	165,170	2,897	162,273
Credit impaired			
Individually impaired	5,678	5,678	-
	170,848	8,575	162,273
Trade and other receivables	87,342	8,516	78,826
Contract assets	83,506	59	83,447
	170,848	8,575	162,273
2018			
Current (not past due)	135,110	1,478	133,632
31 - 60 days past due	22,780	669	22,111
61 - 90 days past due	889	105	784
More than 90 days past due	43,808	1,301	42,507
	202,587	3,553	199,034
Credit impaired			
Individually impaired	7,065	7,065	-
	209,652	10,618	199,034
Trade and other receivables	132,667	10,568	122,099
Contract assets	76,985	50	76,935
	209,652	10,618	199,034

The movements in the allowance for impairment in respect of receivables and contract assets (excluding prepayments) during the financial year are shown below.

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 Credit risk (continued)

Receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

	Receivables			
	Lifetime ECL RM'000	Credit impaired RM'000	Contract assets RM'000	Total RM'000
Group				
Balance at 1 January 2018	2,386	7,791	75	10,252
Acquisition through business combination	-	241	-	241
Amounts written off	-	(1,471)	-	(1,471)
Net remeasurement of loss allowance	1,117	504	(25)	1,596
Balance at 31 December 2018/1 January 2019	3,503	7,065	50	10,618
Amount written off	(365)	(3,198)	-	(3,563)
Net remeasurement of loss allowance	(300)	1,811	9	1,520
Balance at 31 December 2019	2,838	5,678	59	8,575

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 Credit risk (continued)

Inter-company balances (continued)

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance to the Company in full.

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

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances.

Company	Gross-carrying amount RM'000	Impairment loss allowances RM'000	Net balances RM'000
2019			
Low credit risk	59,301	(6,373)	52,928
Significant increase in credit risk	-	-	-
Credit impaired	-	-	-
	59,301	(6,373)	52,928
2018			
Low credit risk	79,118	(6,667)	72,451
Significant increase in credit risk	-	-	-
Credit impaired	-	-	-
	79,118	(6,667)	72,451

The movement in the allowance for impairment in respect of subsidiaries' loans and advances during the year are as follows:

Company	Lifetime ECL RM'000
Balance at 1 January 2018	17,543
Reversal of impairment losses	(10,876)
Balance at 31 December 2018/1 January 2019	6,667
Reversal of impairment losses	(294)
Balance at 31 December 2019	6,373

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	2 – 5 years RM'000	> 5 years RM'000
2019						
Non-derivative financial liabilities						
Trade and other payables	76,265	-	76,265	76,265	-	-
Loans and borrowings	66,269	5.50 - 8.35	71,876	48,803	13,488	9,585
Lease liabilities	5,827	4.46 - 6.33	6,853	3,318	3,163	372
	148,361		154,994	128,386	16,651	9,957
2018						
Non-derivative financial liabilities						
Trade and other payables	124,075	-	124,075	124,075	-	-
Loans and borrowings	47,575	4.46 - 8.49	53,382	30,806	10,855	11,721
	171,650		177,457	154,881	10,855	11,721
Company						
2019						
Non-derivative financial liabilities						
Trade and other payables	2,296	-	2,296	2,296	-	-
Amount due to subsidiaries	5,428	-	5,428	5,428	-	-
Loans and borrowings	28,000	5.80 - 6.10	28,000	28,000	-	-
Lease liabilities	520	4.27	540	309	231	-
	36,244		36,264	36,033	231	-
2018						
Non-derivative financial liabilities						
Trade and other payables	2,559	-	2,559	2,559	-	-
Amount due to subsidiaries	12,215	-	12,215	12,215	-	-
Loans and borrowings	18,000	5.85 - 6.10	18,000	18,000	-	-
	32,774		32,774	32,774	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

30.6.1 Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in the currency other than the functional currency, Ringgit Malaysia ("RM"). The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro, British Pound Sterling, ("GBP"), Indonesian Rupiah ("IDR") and Singapore Dollar ("SGD").

Risk management objectives, policies and processes for managing the risk

The Group does not have a fixed policy to hedge its sales and purchases via forward contracts. However, the exposure to foreign currency risk is monitored from time to time by management.

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period are as follows:

	Denominated in					
2019 Group	**USD RM'000**	**Euro RM'000**	**GBP RM'000**	**SGD RM'000**	**IDR RM'000**	**Total RM'000**
Balances recognised in the statement of financial position						
Other investments	3,538	-	-	-	-	3,538
Trade and other receivables	17,745	2,105	875	135	31	20,891
Cash and cash equivalents	2,994	-	-	-	53	3,047
Trade and other payables	(8,772)	(4,094)	(1,969)	(2)	(3)	(14,840)
Net exposure	15,505	(1,989)	(1,094)	133	81	12,636

	Denominated in				
2018 Group	**USD RM'000**	**Euro RM'000**	**GBP RM'000**	**SGD RM'000**	**Total RM'000**
Balances recognised in the statement of financial position					
Other investments	4,633	-	-	-	4,633
Trade and other receivables	42,967	-	-	224	43,191
Cash and cash equivalents	104	-	3	-	107
Trade and other payables	(23,090)	(701)	(1,682)	-	(25,473)
Net exposure	24,614	(701)	(1,679)	224	22,458

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.6 Market risk (continued)

30.6.1 Foreign currency risk (continued)

Exposure to foreign currency risk (continued)

Company	Denominated in USD	
	2019 RM'000	2018 RM'000
Balances recognised in the statement of financial position		
Cash and cash equivalents	14	13
Net exposure	14	13

Currency risk sensitivity analysis

A 10% (2018: 10%) strengthening of Ringgit Malaysia against the following currencies at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, remained constant.

	Group Profit or loss		Company Profit or loss	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
USD	(1,178)	(1,871)	(1)	(1)
Euro	151	53	-	-
GBP	83	128	-	-
SGD	(10)	(17)	-	-
IDR	(6)	-	-	-

A 10% (2018: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

30.6.2 Interest rate risk

The Group's and the Company's investments in fixed rate debt securities and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.6 Market risk (continued)

30.6.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	2 – 5 years RM'000	> 5 years RM'000
Group					
2019					
Fixed rate instruments					
Deposits with licensed banks	2.95 - 3.35	7,318	7,318	-	-
Lease liabilities	4.46 - 6.33	(5,827)	(2,913)	(2,690)	(224)
		1,491	4,405	(2,690)	(224)
Floating rate instruments					
Loans and borrowings	5.50 - 8.35	(66,269)	(47,415)	(9,870)	(8,984)
Company					
Fixed rate instruments					
Lease liabilities	4.27	(520)	(292)	(228)	-
Floating rate instruments					
Loans and borrowings	5.80 - 6.10	(28,000)	(28,000)	-	-
Group					
2018					
Fixed rate instruments					
Deposits with licensed banks	2.95 - 3.35	10,087	10,087	-	-
Loans and borrowings	4.46 - 7.37	(502)	(202)	(300)	-
		9,585	9,885	(300)	-
Floating rate instruments					
Loans and borrowings	5.50 - 8.49	(47,073)	(29,409)	(7,250)	(10,414)

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.6 Market risk (continued)

30.6.2 Interest rate risk (continued)

Exposure to interest rate risk (continued)

	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	2 – 5 years RM'000	> 5 years RM'000
Company					
2018					
Floating rate instruments					
Loans and borrowings	5.85 - 6.10	(18,000)	(18,000)	-	-

Interest rate risk sensitivity analysis

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant:

	Group Profit or loss		Company Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
2019				
Floating rate instruments	(504)	504	(213)	213
2018				
Floating rate instruments	(358)	358	(137)	137

30.6.3 Other price risk

Equity price risk arises from the Group's investments in quoted equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the quoted equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors.

Equity price risk sensitivity analysis

The Group does not have investments in quoted equity securities at the end of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group										
2019										
Financial assets										
Other investments:										
- unquoted shares	-	3,538	-	3,538	-	-	-	-	3,538	3,538
Financial liabilities										
Loans and borrowings	-	-	-	-	-	(66,269)	-	(66,269)	(66,269)	(66,269)
2018										
Financial assets										
Other investments:										
- unquoted shares	-	4,633	-	4,633	-	-	-	-	4,633	4,633
Financial liabilities										
Loans and borrowings	-	-	-	-	-	(47,575)	-	(47,575)	(47,575)	(47,575)
Company										
2019										
Financial liabilities										
Loans and borrowings	-	-	-	-	-	(28,000)	-	(28,000)	(28,000)	(28,000)
2018										
Financial liabilities										
Loans and borrowings	-	-	-	-	-	(18,000)	-	(18,000)	(18,000)	(18,000)

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.7 Fair value information (continued)

Level 2 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2018: no transfer in either directions).

31. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratio at the end of the reporting period are as follows:

	Group	
	2019 RM'000	**2018 RM'000**
Total loans and borrowings	66,269	47,575
Lease liabilities	5,827	-
Less: Cash and cash equivalents (Page 110)	(27,392)	(19,670)
Net debt	44,704	27,905
Total equity	465,366	441,510
Debt-to-equity ratio	0.10	0.06

There were no changes in the Group's approach to capital management during the financial year.

32. COMMITMENTS

	Group	
	2019 RM'000	**2018 RM'000**
Capital commitments:		
Property, plant and equipment		
Authorised and contracted for within one year	18	7,825

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

33. CONTINGENT LIABILITY

On 10 July 2018, the Malaysia Competition Commission ("MyCC") issued a notice of proposed decision ("Proposed Decision") pursuant to Section 36 of the Competition Act 2010 ("the Act") against a subsidiary of the Company, Dagang Net Technologies Sdn. Bhd. ("Dagang Net"). The Proposed Decision is pursuant to the investigation on alleged infringement for engaging in conduct which amounts to an abuse of its dominant position in breach of Section 10(1) of the Act read with Section 10(2)(c) and Section 10(3) of the Act.

In the Proposed Decision, the MyCC proposed to impose a financial penalty of RM17,397,695, being the maximum allowable penalty pursuant to Section 40(4) of the Act. The Directors of the Company believe, based on legal advice, that the Proposed Decision can be successfully defended and therefore no provision is required to be made in the financial statements.

34. RELATED PARTIES

Identities of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Subsidiary companies				
Management fee income	-	-	15,687	15,283
Dividend income	-	-	6,078	11,542
Purchase of IT products and services	-	-	(32)	(29)
Purchase of other products	-	-	(813)	(217)
Other related parties*				
Secondment of manpower	(164)	(727)	-	-
Training contract charged	(41)	(385)	-	-
Advisory fee	(240)	(194)	-	-
Payroll processing fee	-	(95)	-	-
Purchase of IT products and services	(823)	-	-	-
Management fee income	-	145	-	-
Sales of IT products	-	13	-	-

* The related parties and the Group are subject to common significant influence.

34. RELATED PARTIES (CONTINUED)

Identities of related parties (continued)

The terms and conditions for the above transactions are based on negotiated basis. Significant related party balances of the Group and of the Company are disclosed in Note 14.

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

In addition to their salaries, the Group also voluntarily provided additional Employees Provident Fund (EPF) contributions over the statutory requirement for a significant number of employees.

There are no significant related party transactions of the Group and of the Company and its key management personnel of the Group and of the Company, other than key management personnel compensation as disclosed below:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Key management personnel compensation				
Non-executive Directors				
- Fees	649	638	575	506
- Remuneration	60	68	60	67
- Others	8	23	8	23
Total short-term employee benefits	717	729	643	596
Executive Directors				
- Remuneration	2,149	3,046	2,149	3,046
- Short-term employee benefits				
- EPF	268	561	268	561
- Others	333	917	333	917
Total short-term employee benefits	2,750	4,524	2,750	4,524
Other key management personnel				
- Remuneration	8,818	10,912	1,389	1,888
- Short-term employee benefits				
- EPF	1,430	1,635	247	333
- Others	1,431	1,749	379	532
Total short-term employee benefits	11,679	14,296	2,015	2,753
	15,146	19,549	5,408	7,873

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

35. SIGNIFICANT EVENTS

Significant events during and subsequent to the financial year are as follows:-

(i) On 23 December 2019, the Company entered into a share swap agreement with EC-Council Global Services Sdn. Bhd. ("ECCGS"), EC-Council International Limited and DNeX Technology Sdn. Bhd. ("the Agreement"). Pursuant to the Agreement, the Company shall transfer its total interest in all the issued shares in DNeX Technology Sdn. Bhd. to ECCGS against the issuance of new shares in the capital of ECCGS such that the Company shall hold 15% of all the issued shares in the capital of ECCGS upon the completion of the transaction.

36. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the financial year, the Group adopted MFRS 16.

Definition of a lease

On transition to MFRS 16, the Group elected to apply the practical expedient of which the transactions are leases. The Group applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Where the Group is a lessee, the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 January 2019.

Where the Group is a lessee, the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 January 2019.

At 1 January 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 January 2019; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the lease asset and lease liability under MFRS 117 immediately before that date.

36. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Impacts on financial statements

Since the Group applied the requirement of MFRS 16 retrospectively with the cumulative effect of initial application at 1 January 2019, there are no adjustments made to the prior period presented.

The financial impacts upon the adoption of these accounting standards are summarised below:

Statement of financial position

	At 1 January 2019		
	As previously reported RM'000	MFRS 16 adjustments RM'000	As restated RM'000
Group			
Assets			
Property, plant and equipment	68,190	(243)	67,947
Right-of-use assets	-	8,133	8,133
Deferred tax assets	-	2,114	2,114
Equity			
Retained earnings	96,750	(115)	96,635
Liabilities			
Lease liabilities	-	(8,409)	(8,409)
Loan and borrowings	(47,575)	404	(47,171)
Deferred tax liabilities	-	(2,114)	(2,114)

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 104 to 185 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

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

Datuk Samsul Husin **Rosli Abdullah**

Kuala Lumpur,

Date: 25 February 2020

STATUTORY DECLARATION

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

I, **Lim Kek Siang**, being the Officer primarily responsible for the financial management of Dagang NeXchange Berhad, do solemnly and sincerely declare that the financial statements set out on pages 104 to 185 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 25 February 2020.

Lim Kek Siang

Before me:
Datin Hajah Raihela Wanchik
License No: W 275
Commissioner of Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DAGANG NEXCHANGE BERHAD
(Incorporated in Malaysia)
Company No. 197001000738 (10039-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Dagang NeXchange Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 104 to 185.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DAGANG NEXCHANGE BERHAD (CONTINUED)
(Incorporated in Malaysia)
Company No. 197001000738 (10039-P)

Key Audit Matters (contineud)

Goodwill impairment
Refer to Note 5 to the financial statements

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

As at 31 December 2019, the Group has goodwill of RM60.22 million.
 	
This is an area of focus given the materiality of the Group's goodwill balances and the inherent subjectivity in impairment testing.
 	
The judgements in relation to goodwill impairment relate primarily to the assumptions underlying the calculation of the value in use of the business, being the achievability of the long-term business plans.
	Our procedures included, amongst others:-
	
	• Enquiring of and challenging the management on the key assumptions made, including:
	  • the consistent application of management's methodology;
	  • assumptions in relation to terminal growth in the business at the end of the plan period; and
	  • revenue growth, operating margin and discount rate.
	• Evaluating the reasonableness of management's estimate of expected future cash flows by taking into consideration the past performances of their CGUs;
	▪ Performing sensitivity analysis to assess the impact on the recoverable amount of the CGUs; and
	▪ Reviewing the adequacy of disclosure of goodwill in the financial statements.

Investments in associates
Refer to Note 8 to the financial statements

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Key Audit Matters in relation to Ping Petroleum Limited ("Ping") The Group's 30% interest in Ping is accounted for under the equity method. The Group's share of the profit after taxation from Ping for the financial year ended 31 December 2019 was RM18.25 million and the Group's share of Ping net assets was RM216.02 million as at 31 December 2019. The amounts noted below are those in the Ping financial statements (i.e. on a 100% basis). In the context of our audit of the Group's financial statements, the key audit matters relating to the Group's share of the profits and net assets of Ping are summarised below: i. Revenue recognition Ping's revenue amounted to RM298.61 million for the financial year ended 31 December 2019. Revenue is a presumed fraud risk area in the financial statements. Thus, the risk of material misstatement may be high and a good degree of professional scepticism is necessary.	Ping is a significant associate of the Group and their statutory financial year end is 30 June. We have met with Ping's management and have discussed with them and evaluated the impact on the Group financial statements of the key audit matters relating to Ping. Hence, we performed an audit for the financial year ended 31 December 2019 to address the audit risk areas: • Obtaining an understanding and evaluating the revenue walkthrough process; • Reviewing the crude oil and natural gas contracts and identifying their distinct performance obligations; and • Performing transaction testing on sampling basis and revenue cut-off to support transfer of control of physical delivery of crude oil and gas sales to the customer and upon its acceptance.

Key Audit Matters (contineud)

Investments in associates (contineud)
Refer to Note 8 to the financial statements

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Key Audit Matters in relation to Ping Petroleum Limited ("Ping") (contineud) ii. Impairment of intangible assets and equipment ("upstream assets") The carrying amount of upstream assets as at 31 December 2019 was RM1,257.62 million. These upstream assets relate to the production fields of the Anasuria Cluster, Avalon, and Ranger respectively We focused on this area as the recoverability of the carrying amount of the upstream assets is dependent upon the future cash flows of the business. In view of the long-term oil and gas price outlook, significant degree of management judgement is involved.	• Assessing the indications for impairment by evaluating the financial indicators of Ping such as gross profit, shareholders' equity and net current position.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DAGANG NEXCHANGE BERHAD (CONTINUED)
(Incorporated in Malaysia)
Company No. 197001000738 (10039-P)

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 scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our 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 subsidiary of which we had not acted as auditors, is disclosed in Note 7 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.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

25 February 2020

Kuala Lumpur

Chan Kuan Chee
02271/10/2021J
Chartered Accountant

LIST OF PROPERTIES

Location	Description	Tenure	Area (sq. feet)	Existing use	Approximate age of building	Fair Value as at 31 December 2019	Date of valuation ("R")/Date of acquisition ("A")
No 24, Jalan Astaka LU8/L Bukit Jelutong, Seksyen U8 40150 Shah Alam Selangor	Shop lot	Freehold	5,184	Occupied	21 years	RM1,409,508	2016 (R)
No 1, Jalan Riyal U3/37 iParc3@Shah Alam 40150 Shah Alam Selangor	Industry lot	Freehold	12,012	Occupied	7 years	RM4,169,661	2016 (R)
No 3, Jalan Riyal U3/37 iParc3@Shah Alam 40150 Shah Alam Selangor	Industry lot	Freehold	7,920	Occupied	7 years	RM3,499,120	2016 (R)
Block 10A & 10B Star Central Corporate Park @ Cyberjaya 63000 Cyberjaya	Corporate Office / Retail Suites	Freehold	36,959	Occupied	3 years	RM22,262,494	2017(A)
Unit 907, Block E, Level 9 Phileo Damansara 1 Off Jalan Damansara 46350 Petaling Jaya Selangor	Office Unit	Freehold	2,167	vacant	14 years	RM842,860	2018(R)
						RM32,183,643	

ISSUED SHARE CAPITAL

AS AT 31 MARCH 2020

The total number of issued shares of the Company as at 31 March 2020 stood at 1,758,090,478 ordinary shares.

The changes in the number of issued shares from 775,244,683 ordinary shares since 8 October 2009 to 1,758,090,478 ordinary shares as at 31 March 2020 are as set out in the table below:-

Date of Allotment	Number of Shares Allotted	Consideration	Total Number of Issued Shares
Up to 08.10.2009			775,244,683
01.08.2016	465,146,809	Rights Issue 3 : 5 at an issue price of RM0.21 per share [a]	1,240,391,492
01.08.2016	98,000,000	Special Issue Shares at an issue price of RM0.22 per share [b]	1,338,391,492
01.08.2016	362,500,000	Consideration Shares at an issue price of RM0.24 per share [c]	1,700,891,492
19.08.2016	32,000,000	Special Issue Shares at an issue price of RM0.22 per share [d]	1,732,891,492
03.01.2017	1,500,000	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,734,391,492
13.01.2017	500,000	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,734,891,492
06.03.2017	330,042	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,735,221,534
24.03.2017	6,210,100	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,741,431,634
07.04.2017	1,735,400	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,743,167,034
21.04.2017	1,411,000	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,744,578,034
09.05.2017	1,770,279	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,746,348,313
31.05.2017	2,111,000	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,748,459,313
07.06.2017	1,310,300	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,749,769,613
20.06.2017	1,191,100	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,750,960,713
18.07.2017	976,800	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,751,937,513
07.08.2017	1,202,100	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,753,139,613
20.09.2017	887,700	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,754,027,313

ISSUED SHARE CAPITAL

AS AT 31 MARCH 2020 (CONTINUED)

Date of Allotment	Number of Shares Allotted	Consideration	Total Number of Issued Shares
11.10.2017	385,465	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,754,412,778
10.11.2017	245,100	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,754,657,878
24.11.2017	714,400	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,755,372,278
11.01.2018	133,400	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,755,505,678
06.03.2018	1,833,500	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,757,339,178
13.04.2018	207,200	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,757,546,378
11.06.2018	93,100	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,757,639,478
06.07.2018	70,000	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,757,709,478
07.08.2018	109,000	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,757,818,478
12.10.2018	130,000	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,757,948,478
30.10.2018	66,000	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,758,014,478
20.12.2018	21,000	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,758,035,478
15.11.2019	55,000	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,758,090,478

Notes:-

(a) Issued pursuant to the renounceable rights issue of 465,146,809 new ordinary shares of RM0.20 each in DNeX ("Share(s)" or "DNeX Share(s)") ("Rights Share(s)") together with 465,146,809 new free detachable warrants ("Warrant(s)") at an issue price of RM0.21 per Rights Share on the basis of three (3) Rights Shares together with three (3) Warrants for every five (5) existing DNeX Shares.

(b) 1st tranche special issue shares issued pursuant to the special issue of 130,000,000 Shares ("Special Issue Share(s)") together with 65,000,000 Warrants on the basis of one (1) Warrant for every two (2) Special Issue Shares at an issue price of RM0.22 per Special Issue Share ("Special Issue").

(c) Issued pursuant to the acquisitions of OGPC Sdn. Bhd. and OGPC O & G Sdn. Bhd. satisfied via partial cash consideration of RM83 million and the remaining via issuance of 362,500,000 new DNeX Shares ("Consideration Share(s)") with 181,250,000 Warrants on the basis of one (1) Warrant for every two (2) Consideration Shares issued.

(d) 2nd tranche Special Issue Shares issued pursuant to the Special Issue.

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2020

Total Number of Issued Shares : 1,758,090,478
Issued Share Capital : RM352,662,049.970
Class of Shares : Ordinary Shares
Number of Shareholders : 26,438
Voting Right : 1 vote per Ordinary Share

ANALYSIS BY SIZES

Category	No. of Shareholders		No. of Shares		Percentage (%)	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100 shares	670	7	10,186	192	0.00	0.00
100 to 1,000 shares	4,495	58	3,817,101	50,250	0.22	0.00
1,001 to 10,000 shares	11,402	156	61,176,713	821,933	3.48	0.05
10,001 to 100,000 shares	8,066	138	288,168,256	5,872,800	16.39	0.33
100,001 to less than 5% of issued shares	1,379	64	742,547,643	92,127,851	42.24	5.24
5% and above of issued shares	3	0	563,497,553	0	32.05	0.00
TOTAL	**26,015**	**423**	**1,659,217,452**	**98,873,026**	**94.38**	**5.62**

CLASSIFICATION OF SHAREHOLDERS

Category	No. of Shares	Percentage (%)	No. of Shareholders	Percentage (%)
Individuals	763,431,408	43.42	22,115	83.65
Nominee Companies	919,544,896	52.30	4,173	15.78
Industrial & Commercial Companies	74,490,574	4.24	131	0.50
Government Agencies	296,000	0.02	2	0.01
Banks/Finance Companies	239,600	0.01	9	0.03
Foundation/Investment Trusts/Charities	88,000	0.01	8	0.03
TOTAL	**1,758,090,478**	**100.00**	**26,438**	**100.00**

DIRECTORS' INTERESTS IN SHARES IN THE COMPANY

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Tan Sri Abd Rahman Mamat	0	0.00	0	0.00
Datuk Samsul Husin	1,000,000	0.06	127,056,609*	7.23
Rosli Abdullah	0	0.00	0	0.00
Ang Hsin Hsien	0	0.00	0	0.00
Satria Ahmad	0	0.00	0	0.00
Datuk Johar Che Mat	5,000	0.00	0	0.00
Dato' Rosnah Abd Majid	0	0.00	0	0.00
Mohd Azhar Mohd Yusof	0	0.00	0	0.00
Zainal 'Abidin Abd Jalil	0	0.00	363,676,000**	20.69

Notes:-

* *Indirect/deemed interest by virtue of his substantial shareholding in SAAS Global Sdn. Bhd., which in turn holds shares in Censof Holdings Berhad.*

** *Indirect/deemed Interest through his spouse, Puan Rusmin Jaafar (3,676,000 shares) and by virtue of his shareholdings in Arcadia Acres Sdn. Bhd. (360,000,000 shares).*

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2020 (CONTINUED)

30 LARGEST SHAREHOLDERS AS AT 31 MARCH 2020

No.	Name of Shareholders	No. of Shares	Percentage (%)
1.	BI Nominees (Tempatan) Sdn. Bhd. - Arcadia Acres Sdn. Bhd.	360,000,000	20.48
2.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Censof Holdings Berhad	117,056,609	6.66
3.	Azman Karim	86,440,944	4.92
4.	Annedjma Capital Sdn. Bhd.	55,000,000	3.13
5.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (PHEIM)	40,058,200	2.28
6.	Citigroup Nominees (Asing) Sdn. Bhd. - Exempt An For Citibank New York (Norges Bank 14)	37,676,700	2.14
7.	JF Apex Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Satvinder Singh (Margin)	23,488,500	1.34
8.	Rajinder Kaur A/P Piara Singh	22,000,000	1.25
9.	Khoo Kok Seng	20,734,262	1.18
10.	Maybank Nominees (Tempatan) Sdn. Bhd. - Ling Soon Hing	17,961,600	1.02
11.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Annedjma Capital Sdn. Bhd.	11,374,000	0.65
12.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Censof Holdings Berhad (51401202116B)	10,000,000	0.57
13.	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	9,669,969	0.55
14.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Ng Chai Hock (MY0972)	8,812,600	0.50
15.	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY For DFA Emerging Markets Small Cap Series	7,763,000	0.44
16.	Loo Soon Keat	7,262,700	0.41
17.	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Fong Loong Tuck (CEB)	6,241,100	0.35
18.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Azman Karim	6,000,000	0.34
19.	Wong Kok Sin	5,632,300	0.32
20.	CIMB Group Nominees (Asing) Sdn. Bhd. - Exempt An For DBS Bank Ltd (SFS)	5,560,700	0.32
21.	Cartaban Nominees (Asing) Sdn. Bhd. - Exempt An For Barclays Capital Securities Ltd (SBL/PB)	5,244,800	0.30
22.	Eashwary A/P Mageswaren	5,075,140	0.29
23.	Tan Ah Chong	5,000,000	0.28
24.	Lim Chaur Kuan	4,260,100	0.24
25.	Maybank Nominees (Tempatan) Sdn. Bhd. - Ng Kim Looi	4,000,200	0.23
26.	Liang Chiang Heng	3,689,920	0.21
27.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Kumpulan Wang Persaraan (Diperbadankan) (MYBK AM SC E)	3,300,000	0.19
28.	Muhammad Albashir Abdullah Kok	3,220,000	0.18
29.	Fang Choon Ying	3,052,200	0.17
30.	Er Soon Puay	3,021,600	0.17
	TOTAL	**898,597,144**	**51.11**

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2020 (CONTINUED)

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2020

No.	Name of Shareholders	No. of Shares	Percentage (%)
1.	BI Nominees (Tempatan) Sdn. Bhd. - Arcadia Acres Sdn. Bhd.	360,000,000	20.48
2.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Censof Holdings Berhad	117,056,609	6.66
3.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Censof Holdings Berhad (51401202116B)	10,000,000	0.57
4.	Azman Karim	86,440,944	4.92
5.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Azman Karim	6,000,000	0.34

ANALYSIS OF WARRANT HOLDINGS

AS AT 31 MARCH 2020

Number of Issued Warrants : 711,396,809
Number of Warrants Exercised : 0
Exercise Period : 1 August 2016 to 30 July 2021
Exercise Price : RM0.50 each
Number of Warrant Holders : 5,879
Rights of Warrant Holder: : The Warrants do not entitle the registered holders thereof to any voting rights in any general meeting of the Company until and unless such holders of the Warrants exercise their Warrants for new DNeX Shares.

ANALYSIS BY SIZES

Category	No. of Warrant holders		No. of Warrants		Percentage (%)	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100	31	0	1,602	0	0.00	0.00
100 to 1,000	312	2	206,814	1,600	0.03	0.00
1,001 to 10,000	1,713	19	9,399,594	107,300	1.32	0.01
10,001 to 100,000	2,669	26	114,324,659	1,105,400	16.07	0.16
100,001 to less than 5% of issued Warrants	1,093	14	579,637,320	6,612,520	81.48	0.93
5% and above of issued Warrants	0	0	0	0	0.00	0.00
TOTAL	**5,818**	**61**	**703,569,989**	**7,826,820**	**98.90**	**1.10**

CLASSIFICATION OF WARRANT HOLDERS

Category	No. of Warrants	Percentage (%)	No. of Warrant holders	Percentage (%)
Individuals	475,225,800	66.80	4,496	76.48
Nominee Companies	228,344,409	32.10	1,351	22.98
Industrial & Commercial Companies	3,576,700	0.50	27	0.46
Government Agencies	0	0.00	0	0.00
Banks/Finance Companies	4,249,900	0.60	5	0.08
Foundation/Investment Trusts/Charities	0	0.00	0	0.00
TOTAL	**711,396,809**	**100.00**	**5,879**	**100.00**

DIRECTORS' INTERESTS IN WARRANTS IN THE COMPANY

Name of Directors	Direct Interest		Indirect Interest	
	No. of Warrants	Percentage (%)	No. of Warrants	Percentage (%)
Tan Sri Abd Rahman Mamat	0	0.00	0	0.00
Datuk Samsul Husin	0	0.00	0	0.00
Rosli Abdullah	0	0.00	0	0.00
Ang Hsin Hsien	0	0.00	0	0.00
Satria Ahmad	0	0.00	0	0.00
Datuk Johar Che Mat	0	0.00	0	0.00
Dato' Rosnah Abd Majid	0	0.00	0	0.00
Mohd Azhar Mohd Yusof	0	0.00	0	0.00
Zainal 'Abidin Abd Jalil	0	0.00	0	0.00

ANALYSIS OF WARRANT HOLDINGS

AS AT 31 MARCH 2020 (CONTINUED)

30 LARGEST WARRANT HOLDERS AS AT 31 MARCH 2020

No.	Name of Warrant holders	No. of Warrants	Percentage (%)
1.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Ling Yoke Tek (10MG00001)	12,600,000	1.77
2.	JF Apex Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Rajinder Kaur A/P Piara Singh (Margin)	12,525,100	1.76
3.	Er Soon Puay	10,000,000	1.41
4.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Olivia Lim Shiyun	8,700,000	1.22
5.	Tan Hooi Leong	8,000,000	1.12
6.	Low Teck Lai	6,600,000	0.93
7.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Johnson Hii Chang Hium (E-PDG)	6,002,000	0.84
8.	Piara Singh A/L Anokh Singh	6,000,000	0.84
9.	Chu Leong Lam	5,500,000	0.77
10.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Choy Yang Zhou	5,000,000	0.70
11.	Abdul Razak Mohd Nordin	4,800,000	0.67
12.	W Mohd Sharif Wan Muda	4,500,000	0.63
13.	Maybank Nominees (Tempatan) Sdn. Bhd. - Ooi Tiong Sieng	4,450,000	0.63
14.	Ong Yew Beng	4,400,000	0.62
15.	Fang Choon Ying	4,163,000	0.59
16.	HLIB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Siaw Kok Tong (CCTS)	4,000,000	0.56
17.	Tan Sze Hung	3,812,000	0.54
18.	JF Apex Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Satvinder Singh (Margin)	3,800,000	0.53
19.	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank For Minhat Mion (PB-0J0037)	3,763,000	0.53
20.	Toh Chin Chong	3,700,000	0.52
21.	Maybank Nominees (Tempatan) Sdn. Bhd. - Tan Shu Kiat	3,490,000	0.49
22.	Maybank Nominees (Tempatan) Sdn. Bhd. - Mohamed Suboh Yunus	3,395,000	0.48
23.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Choo Lee Yoong	3,181,800	0.45
24.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Tan Shu Kiat	2,850,000	0.40
25.	Tan Ern Han	2,800,000	0.39
26.	Lim Chaur Kuan	2,769,900	0.39
27.	Zairizam Zakaria	2,659,200	0.37
28.	Wong Ah Yong	2,550,000	0.36
29.	Ching Eng Seong	2,500,000	0.35
30.	Ambank (M) Berhad - Pledged Securities Account For Wong Ah Yong (Smart)	2,500,000	0.35
	TOTAL	**151,011,000**	**21.21**

ERRATA TO THE ANNUAL REPORT 2019

Dear Valued Shareholders of DAGANG NeXCHANGE BERHAD

Reference is made to the Annual Report 2019 of DAGANG NeXCHANGE BERHAD which was submitted to Bursa Malaysia Securities Berhad on 30 April 2020.

We wish to inform that amendments have been made to the following section of the Annual Report 2019, to rectify the inadvertent omission of certain pages as set out below:

- Pages 90 to 95 – Sustainability Report

  These pages were inadvertently missed out from the Annual Report 2019, now reinstated as part of the Sustainability Report.

Save for the abovementioned amendments, all other information in the Annual Report 2019 remains unchanged.

We regret for any inconvenience caused.

Yours faithfully,
DAGANG NeXCHANGE BERHAD

MOHD AZHAR MOHD YUSOF
Executive Director

4 May 2020

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