

Excel**FORCE**  
MSC Berhad  
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# 2020

## ANNUAL REPORT

We Build Awesome  
**DIGITAL PLATFORM**



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## OUR VISION

To be an innovative and high value adding software solution provider



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## OUR MISSION

We continuously strive to increase our technology know-how and capabilities, deepen our domain knowledge & optimise the use of our resources to produce high quality applications and services that expand our market reach, grow our revenue & sustain our profitability

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Nineteenth Annual General Meeting (“**19th AGM**”) of the Company will be conducted on a fully virtual basis through live streaming and Remote Participation and Voting (“**RPV**”) Facilities from the Broadcast venue at **Level 43A, MYEG Tower, Empire City, No.8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan** on **Thursday, 10 June 2021** at **9.30 a.m.** for the transaction of the following businesses:

## AGENDA

### Ordinary Business

- |    |   |                               |
|----|---|-------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.              | <b>Please refer to Note 1</b> |
| 2. | To approve the payment of a final single-tier dividend of 0.50 sen per ordinary share for the financial year ended 31 December 2020.                                    | <b>Ordinary Resolution 1</b>  |
| 3. | To re-elect the following Directors who are retiring pursuant to Clause 105 of the Company’s Constitution and being eligible, have offered themselves for re-election:- |                               |
|    | a) Gan Teck Ban   | <b>Ordinary Resolution 2</b>  |
|    | b) Wong Kok Chau  | <b>Ordinary Resolution 3</b>  |
| 4. | To re-elect Dato’ Sri Ismail bin Ahmad who is retiring pursuant to Clause 114 of the Company’s Constitution and being eligible, has offered himself for re-election.    | <b>Ordinary Resolution 4</b>  |
| 5. | To approve the Directors’ fees amounting to RM624,000.00 for the period from the 19th AGM of the Company up to the 20th AGM of the Company.                             | <b>Ordinary Resolution 5</b>  |
| 6. | To re-appoint Messrs UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.                                      | <b>Ordinary Resolution 6</b>  |

### Special Business

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

- |    |   |                              |
|----|---|------------------------------|
| 7. | <b>Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016</b> | <b>Ordinary Resolution 7</b> |
|----|---|------------------------------|

“**THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016 (“the Act”) and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad (“Bursa Securities”) for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

**8. Proposed Renewal of authority for the Company to purchase its own shares (“Proposed Renewal of Share Buy-Back Authority”) Ordinary Resolution 8**

“**THAT** subject to the Act, the provisions of the Constitution of the Company, the Main Market Listing Requirements (“Listing Requirements”) of Bursa Securities and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- i) the aggregate number of shares purchased or held as treasury shares does not exceed 10% of the total number of issued and paid-up shares of the Company as quoted on Bursa Securities as at the point of purchase;
- ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares be backed by an equivalent amount of retained profits; and
- iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or resell the shares, or transfer the shares or distribute the shares as dividends;

**AND THAT** the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:

- i) the conclusion of the next AGM at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

**AND THAT** the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto.”

9. To transact any other business of the Company for which due notice shall have been given.

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS ALSO HEREBY GIVEN THAT** the Final Single Tier Dividend of 0.50 sen per share under the single-tier system in respect of the financial year ended 31 December 2020, if approved by shareholders at the forthcoming AGM, will be payable on 8 July 2021 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 24 June 2021.

A Depositor shall qualify for entitlement only in respect of:

- a) shares transferred to the Depositor’s Securities Account before 4.30 p.m. on 24 June 2021 in respect of transfer; and
- b) shares bought on Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

BY ORDER OF THE BOARD

**TAN TONG LANG (MAICSA 7045482/ SSM PC NO. 201908002253)**

**THIEN LEE MEE (LS 0009760/SSM PC NO. 201908002254)**

Company Secretaries

Selangor Darul Ehsan

Date: 12 May 2021

## NOTES:

1. The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act, 2016 are meant for discussion only. It does not require shareholders' approval, and therefore, it shall not be put forward for voting.
2. A member entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
4. The Form of Proxy, in the case of an individual, shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.
5. For the purpose of determining a member who shall be entitled to attend the 19th AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 3 June 2021. Only a depositor whose name appears on the Record of the Depositor as at 3 June 2021 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
6. To be valid, the proxy form duly completed and signed must be deposited at the Share Registrar's Office, at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

## EXPLANATORY NOTES TO SPECIAL BUSINESS:

1. The proposed Ordinary Resolution 7 is the renewal of the mandate obtained from the members at the last Annual General Meeting held on 24 June 2020 ("the Previous Mandate"). The Previous Mandate was not utilised and accordingly no proceeds were raised. The proposed resolution 7, if passed, will provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the funding of the Company's future investments projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time, as the Directors may deem fit, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of next Annual General Meeting of the Company.
2. The proposed Ordinary Resolution 8 if passed, will allow the Directors of the Company to exercise the power of the Company to purchase not more than ten percent (10%) of the total number of issued shares of the Company at any time within the time period stipulated in the Listing Requirements. This authority, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next AGM of the Company. Further details are set out in the Statement to Shareholders dated 12 May 2021.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

No notice of nomination has been received to date from any member nominating any individual for election as a Director at the AGM of the Company. There is therefore no individual standing for election as Director, save for the above Directors who are standing for re-election.

Further details of Directors standing for re-election as Directors are set out in their respective profiles which appear in the Board of Directors' Profile of this Annual Report and the details of their interests in the securities of the Company are disclosed in the Analysis of Shareholdings of this Annual Report.

Please refer to Explanatory Note 1 for information relating to general mandate for issue of securities.

# FIVE-YEAR FINANCIAL HIGHLIGHTS

	2016	2017	2018	2019	2020
<b>FINANCIAL PERFORMANCE (RM'000)</b>					
Turnover	22,473	22,918	22,939	22,963	31,386
Profit before Tax	6,975	8,112	7,935	8,290	14,175
Profit for the Financial Year	5,394	6,323	6,657	6,471	10,766
PATANCI	5,630	6,323	6,657	6,471	10,766
<b>KEY STATEMENT OF FINANCIAL POSITION DATA (RM'000)</b>					
Cash and Bank Balances	23,329	21,542	29,813	22,789	22,853
Total Assets	53,057	54,446	58,723	101,433	102,390
Total Liabilities	7,636	7,874	11,521	4,965	9,530
Total Net Tangible Assets	35,669	36,141	36,112	85,151	80,928
Share Capital	20,687	20,744	20,998	89,303	89,303
Equity Attributable to owners of the Company	45,501	46,572	47,202	96,469	92,859
<b>SHARE INFORMATION</b>					
Basic Earnings Per Share (sen) <sup>1</sup>	^1.36	^1.53	^1.61	1.38	1.91
Diluted Earnings Per Share (sen) <sup>2</sup>	#1.05	#1.13	#1.07	1.38	1.91
Dividend Per Share (sen)	2.00	2.50	1.50	1.00	1.50
<b>FINANCIAL RATIOS</b>					
Current Ratio (times)	8.20	5.95	3.17	10.84	6.11
Net Assets Per Share (RM)	0.22	0.11	0.11	0.17	0.15
Return on Equity (ROE) <sup>3</sup>	12%	14%	14%	7%	12%
Dividend Payout Ratio	74%	82%	93%	93%	78%

## Notes:

<sup>1</sup> Earnings per share ("EPS") is computed by dividing the PATANCI by the weighted average number of ordinary shares in issue during the financial year.

<sup>^</sup> Restated to reflect the retrospective adjustment arising from the Share Split which was completed during financial year ended 31 December 2017.

PATANCI represents Profit after Tax and Non-Controlling Interests, being profit attributable to equity holders of the Company.

<sup>2</sup> The diluted earnings per ordinary share is computed by dividing the PATANCI by the weighted average number of ordinary shares in issue during the financial year adjusted for the dilutive effects of all potential ordinary shares in issued at the end of the reporting period.

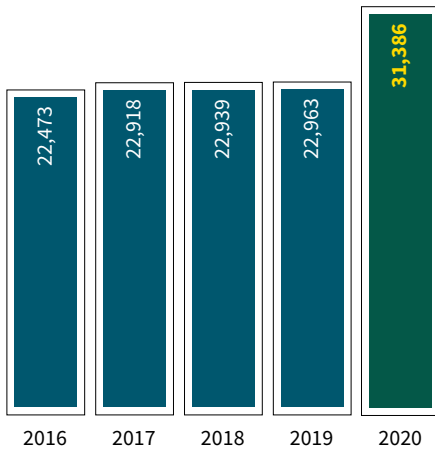
<sup>#</sup> Restated to reflect the effects of full conversion of warrants pursuant to the Share Split which was completed during financial year ended 31 December 2017.

<sup>3</sup> ROE is calculated by dividing the PATANCI by the equity attributable to equity holders of the Company.

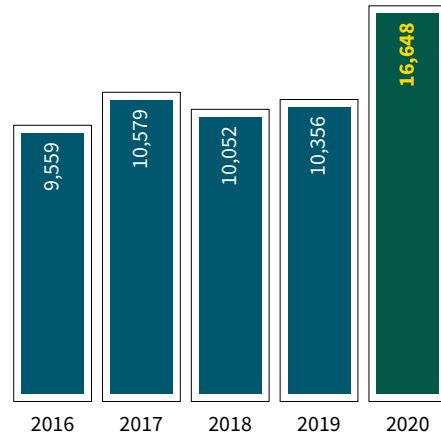
# FIVE-YEAR FINANCIAL HIGHLIGHTS

(CONT'D)

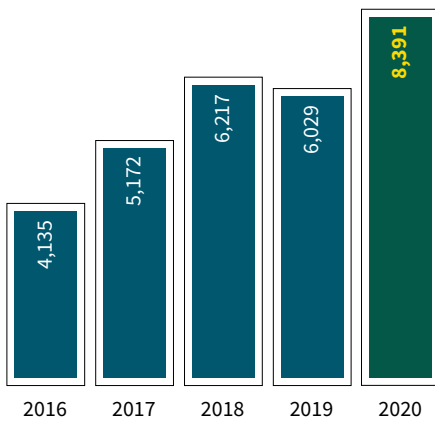
**TURNOVER**  
(RM'000)



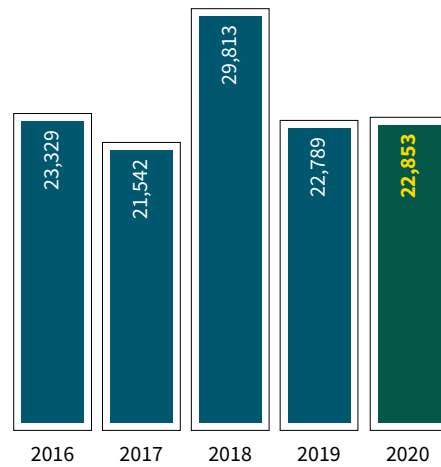
**EBITDA**  
(RM'000)



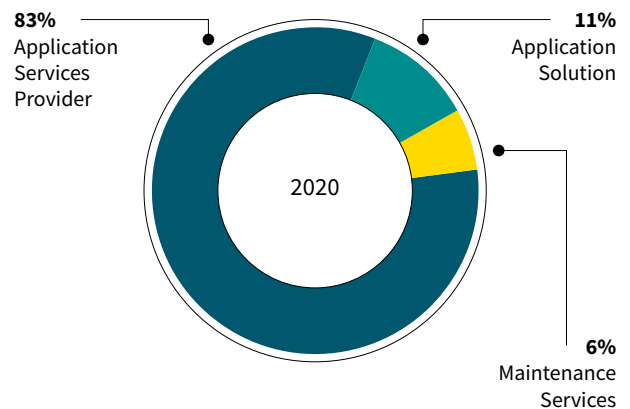
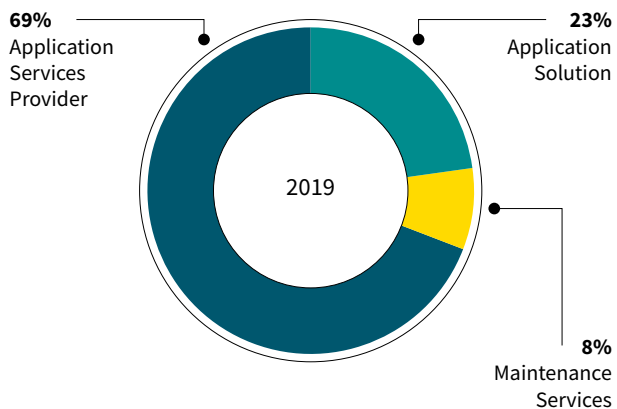
**DIVIDEND PAID & PROPOSED**  
(RM'000)



**CASH & CASH EQUIVALENT**  
(RM'000)



**GROUP SEGMENTAL REVENUE**



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Dr Norraesah binti Haji Mohamad**  
(her alternate, Wong Thean Soon)  
Executive Chairman

**Wong Kok Chau**  
Managing Director

**Gan Teck Ban**  
Executive Director

**Eng Shao Hon**  
Executive Director

**Datuk Mat Noor bin Nawī**  
Independent Non-Executive Director

**Dato' Sri Ismail bin Ahmad**  
(Appointed on 1 July 2020)  
Independent Non-Executive Director

**Pn Mohaini binti Mohd Yusof**  
Independent Non-Executive Director

## AUDIT COMMITTEE

**Datuk Mat Noor bin Nawī**  
Chairman

**Pn Mohaini binti Mohd Yusof**  
**Dato' Sri Ismail bin Ahmad**  
Member

## REMUNERATION COMMITTEE

**Pn Mohaini binti Mohd Yusof**  
Chairman

**Datuk Mat Noor bin Nawī**  
**Dato' Sri Ismail bin Ahmad**  
Member

## NOMINATION COMMITTEE

**Pn Mohaini binti Mohd Yusof**  
Chairman

**Datuk Mat Noor bin Nawī**  
**Dato' Sri Ismail bin Ahmad**  
Member

## COMPANY SECRETARIES

**Tan Tong Lang**  
(MAICSA 7045482 / SSM PC No.  
201908002253)  
**Thien Lee Mee**  
(LS 0009760/SSM PC No.  
201908002254)

## BUSINESS OFFICE

Level 31, MYEG Tower, Empire City,  
No. 8, Jalan Damansara, PJU 8,  
47820 Petaling Jaya,  
Selangor Darul Ehsan.  
Tel: 03-7735 2288 (Hunting line)  
Fax: 03-7735 2289

## REGISTERED OFFICE

Level 5, Block B, Dataran PHB,  
Saujana Resort, Section U2,  
40150 Shah Alam,  
Selangor Darul Ehsan.  
Tel: 03-7890 0638  
Fax: 03-7890 1032

## SOLICITORS

**Cheong Wai Meng & Van Buerle**  
No. 30, 2nd Floor, Jalan USJ 10/1,  
47620 Subang Jaya,  
Selangor Darul Ehsan.  
Tel: 03-5638 7621  
Fax: 03-5638 2313

## AUDITORS

**UHY (AF 1411)**  
Suite 11.05, Level 11,  
The Gardens South Tower,  
Mid Valley City,  
Lingkaran Syed Putra,  
59200 Kuala Lumpur.  
Tel: 03-2279 3088  
Fax: 03-2279 3099

## REGISTRAR

**Boardroom Share Registrars Sdn Bhd**  
11th Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim,  
Seksyen 13,  
46200 Petaling Jaya,  
Selangor Darul Ehsan.  
Tel: 03-7890 4700  
Fax: 03-7890 4670

## PRINCIPAL BANKER

Hong Leong Bank Berhad

## STOCK EXCHANGE LISTING

**Main Market of**  
**Bursa Malaysia Berhad**  
Stock Name: EFORCE Stock  
Code: 0065  
Sector: Technology

## WEBSITE

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

# CHAIRMAN'S STATEMENT



“

On behalf of the Board of Directors, it is my pleasure to present the Annual Report of Excel Force MSC Berhad (“EForce” or “the Group”) for the financial year ended 31 December 2020 (“FYE 2020”).

”

**DATO' DR NORRAESAH BINTI HAJI MOHAMAD**  
Executive Chairman

## THE GROUP ACHIEVED A RECORD PERFORMANCE IN REVENUE AND PROFIT IN FYE 2020.

Group revenue was RM31.4 million, an increase of 37% or RM8.4 million compared to the previous financial year. This was mainly attributed to our Application Service Provider business segment. Bursa Malaysia share trading experienced record daily trading volume and value due to a surge in retail participation. Our stockbroking customers' business activities accordingly grew in FYE 2020.

In addition, through prudent cost management, our profit growth rate registered higher than revenue. The Group's Profit Before Tax (PBT) and Profit After Tax (PAT) increased by 71% and 66% respectively to RM14.2 million and RM10.8 million in value terms.

After a trying year with Covid-19 pandemic, positive signs of economic recovery have become evident, especially as vaccine roll out accelerates in Malaysia and globally. EForce is fortunate to emerge strong despite unfavourable economic situation under the pandemic. The Group will nonetheless constantly monitor and mitigate impacts from the ongoing pandemic that may negate our business, operations and financial performance.

We envisage a strong start to 2021 as our customers implement system enhancements efforts that were deferred. They continue to look to EForce for innovative solutions to meet the evolving needs of their current customers, and new Gen Z and Millennial investors. To this end, the Group is devoting more time and resources into Research and Development to continuously improve our product and service offerings.

The Group believes in adopting sustainable practices in business to benefit our community and society. Our plan for community service under our Corporate Social Responsibility program was disrupted by the pandemic. We have renewed

commitment to enhance efforts to roll out fresh activities in 2021. The focus will be on improving children well-being and providing learning opportunities through technology for the younger generation. The Group understands the importance of environmental, social and governance (ESG) practices and will strive to adopt them progressively.

Another notable development in 2020 was the adoption of Anti-Bribery and Anti-Corruption Framework by EForce. The objective is to strengthen corporate integrity and prevent bribery and corruption. The said Framework sets out the Group's stance against bribery and corruption, with adequate procedures to manage the risks.

In appreciation of our shareholder's continued support, the Board has declared and paid total dividends of RM5.6 million during the current financial year. The Board proposed a final single tier dividend of 0.50 sen per ordinary share subject to shareholders' approval at the forthcoming Annual General Meeting.

The Board wishes to express its appreciation to our valued customers, suppliers, business partners, financiers, government agencies and regulatory authorities for their continued support and confidence in EForce.

Thank you and well done to our management and staff for their contribution to the Group's performance.

Lastly, I would like to express my sincere appreciation to Mr. Lok Choon Hong who served as our Independent Non-Executive Director until his retirement in the last AGM. I would also like to welcome our new independent director, Dato' Sri Ismail bin Ahmad who joined the Board on 1 July 2020.

# MANAGEMENT DISCUSSION AND ANALYSIS

**This Statement contains the Management's discussion and analysis of the business operation and performance of the Group for the financial year ended 31 December 2020. It should be read in conjunction with the audited financial statements of the Group as set out in this Annual Report.**

## BUSINESS REVIEW

EForce is a leading information technology solution provider involved in the development, provision and maintenance of application and system solutions for the financial services industry, specifically the stockbroking companies and investment banks. EForce organises its business activities into three (3) segments. They are:

- (a) **Application Solutions ("AS")**  
- Sales of software applications and product on outright purchase basis.
- (b) **Maintenance Services ("MS")**  
- Provision of maintenance services.
- (c) **Application Services Provider ("ASP")**  
- Provision of application services on monthly recurring fixed and variable charges.

The Group's products include CyberBroker Front Office (for client-server, web and mobile-based stock trading system), CyberBroker Middle Office, CyberBroker Back Office (including Custodian and Nominee System), StockBanking System (including Share Margin Financing System) and Fundamental Analysis System.

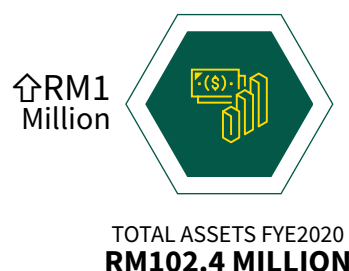
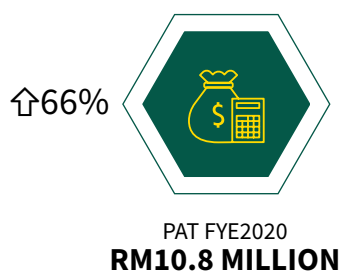
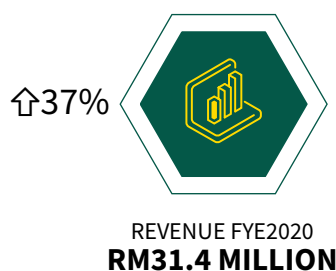
EForce customers demand reliable and stable solutions to fulfil their mission critical role as capital market intermediaries. Over the years, EForce has earned a solid reputation in consistently meeting, and at times, exceeding customers' expectations. The Group collaborates closely with customers to continuously assess their evolving business needs and develop good quality applications to fulfil them.

## REVIEW OF FINANCIAL RESULTS

The Group achieved a record revenue of RM31.4 million in FYE 2020, mainly derived from ASP segment, an increase of RM8.4 million or 37% compared to the previous financial year. Increased retail participation in share trading and volume transacted lifted our revenue performance. Profit before tax (PBT) was also a record at RM14.2 million, higher by RM5.9 million or 71% compared to last financial year, a positive outcome of our prudent cost management.

Profit after tax (PAT) for FYE 2020 stood at RM10.8 million, an increase of RM4.3 million or 66%.

Total assets of the Group stood at RM102.4 million, increase of RM1 million from last year. Total liabilities of the Group stood at RM9.5 million, higher by RM4.5 million compared to 2020 due to higher tax provision and accruals.



# MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

## REVIEW OF OPERATIONS

After the World Health Organisation declared Covid-19 a pandemic in March 2020, the Malaysian government imposed Movement Control Orders (MCO) in its' various forms and regulations to contain the spread of the virus. Like other organisations, the Group had to immediately adapt our operational flow to the new normal of social distancing, minimise face-to-face contacts and employed greater use of technology like video conferencing apps for business continuity.

To ensure the health and safety of our employees, customers and suppliers, the Group shut its office for over 4 months in 2020, with all employees working from home (WFH). When MCO restrictions were eased, we continued to be on high alert and allowed only 50% of total workforce in office at any one time. New standard operating procedures were rapidly rolled out to monitor, track and mitigate any potential infection amongst our employees.

Fortunately, our customers did not encounter any severe and prolonged service disruption as we adapt to the new environment. We remotely supported our customers to increase system capacity and perform technology refresh of servers and hardware, to meet a huge surge in retail trading participation.

We continued to innovate and develop new products and services amidst the pandemic business volatility. The Group collaborated with a broker to develop the industry's first fully digital non face-to-face account opening and on-boarding process for direct account. The objective is to shorten the lead time from application submission to trading for investors as this was a severe business constraint for many brokers in 2020.

The Group had also secured new business for web and mobile share trading platform. This will go live in 2021 and contribute positively to our revenue stream then. We have also secured a new contract to implement the latest generation of our mobile trading system for a customer, also expected to go live in 2021.

EForce continues to focus on innovating and enhancing its product and service offerings to meet customers' needs, and further strengthen its leading position in Malaysia in their area.

The Group closely monitors its cost base. EForce continues to optimise and improve on its resource utilisation, leverage on its deep domain and system knowledge to enhance efficiency in service delivery and troubleshooting. The Group seeks to eliminate non-value adding activities in our application development process and improve time to market new and enhanced applications.

The business performance of the Group's subsidiary company, Instage (MSC) Sdn Bhd continues to improve. There is more demand for outsourcing of public listed companies' investor relation webpages and corporate websites. The Group will continue to capitalise on these opportunities in Malaysia and is concurrently identifying expansion opportunities in overseas market.

The Group incorporated a wholly owned subsidiary company, Xifu Sdn Bhd ("Xifu") in quarter 3 2020. Xifu is a social media platform connecting smart investors to exchange opinion and share ideas across multi asset class and multi product. Xifu has both proprietary and user generated content to meet the information and decision making needs of a new generation of investors

The Group's other subsidiary company, E2 Trade Sdn Bhd, is still dormant and not operational in FYE 2020.

## KEY BUSINESS RISK AND MITIGATION STRATEGIES

Changes to government policies, banking regulations, securities regulations and stockbroking rules impact EForce's business and operational performance. The Group continuously monitors trends in regulatory development, and through regular engagements with brokers, regulators and relevant governmental agencies, the Group can better anticipate risks and formulate responses to changes.

The Group's business operation is highly dependent on the stability and reliability of our application solutions, data centre, network infrastructure and equipment. EForce mitigates the operational and system risk through pre-trading system health check, close monitoring of equipment resource use for preventive actions, regular back up procedures to ensure business continuity, review and fine tune our applications for performance improvement.

Keeping abreast and updated on technology advancement is critical to ensure timely and effective maintenance of our application solutions, and provide quick response to customers when issues arise. EForce mitigate this risk by providing training and exposure to our employees on relevant technology development, and also update on changes in the broking business landscape to ensure our solutions remain current.

# MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

The growing threats of cyber-attack to steal data and deny genuine user access to systems requires timely and effective counter-measures. To mitigate this risk, the Group tracks the latest cybersecurity trends and development, and periodically review its system security settings to strengthen cyber-defences. The Group is also finalising a comprehensive Cyber Security Policy to set a high standard of performance.

The Group adopted a zero-tolerance stance on fraud, bribery and corruption in all forms. In 2020, an Anti-Bribery and Anti-Corruption Framework (ABAC) was established, with policy, code of conduct and ethic clearly articulated and published on our website. The Framework laid out the process and procedures to deal with bribery and corruption risks, and incorporated them into our existing operational workflows.

The detail risk management and internal control are disclosed in Statement on Risk Management and Internal Control (SORMIC) on pages 35 to 38 in this annual report. The framework enables the Board to continuously identify, assess and manage risks that affects the Group.

## FORWARD LOOKING STATEMENT

Green shoots of economic recovery are now visible as vaccine roll out accelerates in Malaysia and globally. Government worldwide continues to introduce fiscal stimulus to jump start the economy, the largest being US\$1.9 trillion package by the new US administration. Central banks worldwide are also committed to loose monetary policies which will keep interest rate low for a long period of time.

Amidst sustained low interest rate environment, the Group believes investors will continue to invest in stocks and other alternative products to grow their asset base. Social media driven stock investment like those by Reddit Wallstreetbet group will gather strength and grow in influence in coming years.

In Malaysia, competition in stockbroking industry is also heating up. In March 2021, iFast Malaysia launched a multi-product platform on which investors can acquire unit trusts, bonds and most importantly, stocks at very low commission rate. It was zero-commission during the 1-month promotional period.

The financial industry landscape is evolving and changing rapidly. There are many more choices of assets now for investors to select and grow their wealth, achieve their financial goals. This translate to more competition for stockbrokers and demands greater innovation and uniqueness in their product and service offering to draw and maintain the attention of investors.

The Group is in close contact with our current and prospective customers to understand their needs, uncover new necessities and help them achieve their business objectives. EForce intends to grow its revenue stream, optimise utilisation of resources for productive gain and improve margin. The Group regularly reviews its resource allocation to ensure our people are concentrating their time and effort on the right activities and get them done right first time.

The Group will look out for good business opportunities with attractive valuation to invest in. The Group is also open to collaborate with potential partners in Malaysia and overseas to explore new business segments that leverages on the Group's technological capability and know-how in mission critical business environment.

## DIVIDEND

The Group had declared and paid RM5.6 million dividends in FYE 2020, totalling 1.0 sen per ordinary share.

EForce proposed a final single tier dividend of 0.5 sen per ordinary share, subject to shareholders' approval in the upcoming Nineteenth (19th) AGM to be held on 10 June 2021. The dividend payout ratio (including the proposed dividend) will be 78% of the Group's profit for the current financial year.

There is no dividend distribution policy as management is of the view that adequate resources must be maintained within the Group for working capital and future expansion needs of the Group. Factors that may influence dividend pay-out includes profitability of the Group, availability of cash balance and adequacy of reserve and economic situation.

# BOARD OF DIRECTORS' PROFILE

## DATO' DR NORRAESAH BINTI HAJI MOHAMAD

Executive Chairman  
Female, Aged 73

Dato' Dr Norraesah binti Haji Mohamad, a Malaysian, was appointed to the Board on 10 February 2017. She is a graduate with a Bachelor of Arts (Hons) Economics from University of Malaya, a Masters in International Economics Relations from International Institute of Public Administration, France and Masters in International Economics and Finance from University of Paris I, Pantheon-Sorbonne, France. She further obtained a PhD (Economics Science) International Economics and International Finance from University of Paris I, Pantheon-Sorbonne, France. She has over forty-three (43) years of working experience in the field of banking, consultancy, telecommunication, international trade and commerce.

She served the Government of Malaysia from 1972 to 1988 for a total of 16 years before leaving the public sector to join the private sector.

In the private sector, she assumed diverse roles between 1989-2003. She was a Managing Director with a consulting firm which provides financial and consulting services. She was appointed as the Chief Representative of Credit Lyonnais Bank in Malaysia and later was appointed as the Chairman of Bank Kerjasama Rakyat Malaysia.

She was appointed as a Senator from October 2005 to February 2008. She is a recipient of several state awards and was conferred the Chevalier de la Legion d'Honneur from French Government in 2004.

She sits on the Board of Directors of Adventa Berhad, MY E.G. Services Berhad and Latitude Tree Holdings Berhad all of which are public companies. She also sits on the Board of Directors of several private limited companies.

She is currently the Chairman of the World Islamic Businesswomen Network of the World Islamic Economic Forum ("WIEF") and sits on its Board of Trustees and is a member of the International Advisory Panel.

## WONG THEAN SOON

Alternate Director to Dato' Dr Norraesah binti Haji Mohamad  
Male, Aged 50

Wong Thean Soon, a Malaysian, was appointed as alternate director to Dato' Dr Norraesah binti Haji Mohamad on the 9 July 2019.

He is a graduate from the National University of Singapore with a Bachelor Degree in Electrical Engineering and has accumulated more than 20 years of experience in the ICT industry with his involvement in designing, implementing and maintenance of communication applications on the Internet in various technology companies, both local and abroad. He commenced his career in the ICT industry in 1995 with Cybersource Pte Ltd, Singapore as co-founder and Executive Director of the company. During his tenure there, he oversaw the development of PictureMail, an integrated graphical e-mail package, which was licensed to Sony, among others. He was also in charge of developing and marketing an additional product, the Global Messaging System, which was licensed to paging operators in the Asian region including EasyCall International of Australia and Lenso Paging of Thailand.

He subsequently founded Tecnochannel Technologies Sdn Bhd in 1997 and formed marketing and manufacturing partnerships with a range of MNCs to develop and market Internet devices, where such devices were successfully marketed in China. He successfully listed Tecnochannel Technologies Sdn Bhd on the American Exchange via the holding company known as MyWeb Inc.com in 1999.

He resigned from the Chief Executive Officer position at Tecnochannel Technologies Sdn Bhd in 2000 and co-founded MYEG Group in the same year. He was one of the pioneering members of MYEG Group and has been instrumental in establishing and managing the operations of MYEG Group. He is currently the Group Managing Director of MY E.G. Services Berhad, a company listed on Bursa Malaysia Securities Bhd. He also sits on the board of several private limited companies.

# BOARD OF DIRECTORS' PROFILE

(CONT'D)

## WONG KOK CHAU

Managing Director  
Male, Aged 52

Wong Kok Chau, a Malaysian, was appointed to the Board on 24 November 2016. He is a member of the Chartered Institute of Management Accountants (CIMA) and the Malaysian Institute of Accountants (MIA).

He started his career with Ernst & Young providing corporate advisory services to business investors. Next, he joined a French based fast-moving consumer goods, BIC, as their Regional Controller for Asia. Kok Chau was a member of the Asian growth strategy execution team.

He was subsequently recruited by Kepner-Tregoe (KT), a US-based training and consulting company as Financial Controller for Asia Pacific. His responsibility included financial and management reporting, treasury, costing, logistic and administration, and managed a team of back office support resources across 6 countries.

Midway in his career with KT, he switched role to be a full time Consultant. He was a key resource in margin improvement and strategy formulation consulting projects, assuming the role of analyst and process consultant. He managed a regional inside sale team, responsible for selling training services and identifying consulting opportunities.

He left KT to establish his own business in Singapore. A Davids & Company (ADC) is a productivity improvement consulting company, focus on increasing the thinking capability of people to solve problems and get the right things done right first time. Amongst the projects he implemented were formulating business direction of a global facilities management company and improving cross functional team communication and coordination of a regional telco.

In EForce, he is responsible to formulate and execute strategic projects for business growth, increase operational efficiency, improve service delivery quality and business development.

On 9 July 2018, Kok Chau was appointed as an independent and non-executive director of MY E.G. Services Berhad. He is also a member of the Audit Committee, Risk Management Committee, and Remuneration Committee of MY E.G. Services Berhad.

## ENG SHAO HON

Executive Director  
Male, Aged 46

Eng Shao Hon, a Malaysian, was appointed to the Board on 2 January 2013. He graduated with a Bachelor Degree in Electrical and Electronic Engineering from Universiti Teknologi Malaysia in 1999. He is a Microsoft Certified Solutions Developer, holding a MCSD certification from Microsoft Corporation in 2003.

Shao Hon started his career in 1999 with Motorola Malaysia as Research & Development (R&D) Software Engineer. He was responsible for the design and development of software for new telecommunication products.

Two years later, he joined EForce as a Senior Software Engineer and subsequently, he was transferred to R&D department to assist in the development of the CyberBroker suite of solutions. He was the solution designer and key person in the development of StockBanking System, where his knowledge and expertise in Share Margin Financing System was applied.

He did not hold any directorship in public companies and listed issuer.

Presently, he is the Chief Technology Officer responsible for research and development function in EForce.

# BOARD OF DIRECTORS' PROFILE

(CONT'D)

## GAN TECK BAN

Executive Director  
Male, Aged 55

Gan Teck Ban, a Malaysian, was appointed to the Board on 2 January 2013. He graduated with a Diploma in Computer Studies from Informatics Computer Centre in 1990. He obtained the MCSD certification from Microsoft Corporation in 2003.

He began his career with Wise Industries Sdn. Bhd., a rubber glove manufacturer as an Information Technology Supervisor where he was responsible for the maintenance of office computer hardware.

Thereafter, he joined Rapid Computer Centre Sdn. Bhd., a company involved in development of educational software, as Software Specialist, and was later promoted to Technical Specialist. His responsibilities include managing a software team, project planning and management.

In 1997, he joined EForce as Senior Programmer. He was involved in a number of software and system developments.

He did not hold any directorship in public companies and listed issuer.

In 2005, he was promoted as Customer Service Manager. His responsibilities included managing a support team, liaise with various departments for resource planning and project implementation in EForce.

He is now Head of Sales and Business Development, responsible for formulating marketing plan, product and proposal presentation, secure new business and maintain good relationship with customers.

## DATUK MAT NOOR BIN NAWI

Independent Non-Executive Director  
Male, Aged 66

Datuk Mat Noor bin Nawawi, a Malaysian, was appointed to the Board of the Company on 27 September 2019. He is a graduate with a Bachelor of Science (Resource Economics) from University Putra Malaysia and Master of Science (Policy Economics) from University of Illinois, Urbana-Champaign, USA.

Datuk Mat Noor bin Nawawi had served with the Government of Malaysia for over 30 years where he started his career in the Malaysian civil service in 1981 as an Agriculture Economist at the Federal Agriculture Marketing Authority (FAMA) before joining Economic Planning Unit (EPU), Prime Minister's Department in 1983. He had since continued to serve the EPU in various capacities and his last position was the Deputy Director General I, EPU, prior to joining Ministry of Finance (MOF) in October 2011.

He was the Deputy Secretary General, Treasury (Systems & Controls) in MOF and later became the Deputy Secretary General, Treasury (Policy) at the MOF, a position he held since 16 November 2012. He then retired from the Malaysian civil service on 6 June 2015.

On 1 October 2015, Datuk Mat Noor was appointed as Chairman of Export-Import Bank of Malaysia Berhad (EXIM Bank) and retired on 31 September 2018. Currently, he is the Chairman of Carrier International Sdn Bhd. He also sits on the Board of PDX.com Sdn Bhd, Cuscapi Berhad and Megah Perkasa Security Services.

He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of EForce.

# BOARD OF DIRECTORS' PROFILE

(CONT'D)

## MOHAINI BINTI MOHD YUSOF

Independent Non-Executive Director  
Female, Aged 55

Mohaini binti Mohd Yusof, a Malaysian, was appointed to the Board of the Company on 18 June 2019. Mohaini graduated from the University of Technology MARA with a Degree in Mass Communications (Journalism) in 1989.

She started her career as an Executive in the Lion Group of Companies from 1989 to 1996. She later joined Malaysian Resources Corporation Berhad (MRCB) from 1996 and later became the General Manager, Head of Corporate Communications at MRCB until 2018. She has moved on and set up her own consultancy company. Currently, she is the consultant for a retail brand.

She has more than 29 years of experience in strategic communications, branding, crisis management, media management, events, advertising, publications, Government relations, corporate social responsibilities and social media. She has helped to create the branding of Media Prima Berhad and several brands for MRCB Group. She has been actively involved in the GLC Disaster Response Network (GDRN).

Mohaini is also an Independent Non-Executive Director of Cuscap Berhad.

She is the Chairman of Nomination Committee and Remuneration Committee and a member of Audit Committee of EForce.

## DATO' SRI ISMAIL BIN AHMAD

Independent Non-Executive Director  
Male, Aged 65

Dato' Sri Ismail bin Ahmad, a Malaysian, was appointed to the Board of the Company on 1 July 2020. He is a graduate with Bachelor of Science (Agriculture), Universiti Putra Malaysia and Masters of Business Administration, University of Hull, United Kingdom.

He started his career as a diplomatic and administrative officer. He has more than 35 years of experience in public service, in 1991 he works as Assistant Secretary for Economic Planning Unit, in 1988 he is Deputy Registrar for National Institute of Public Service (INTAN), in 2006 he is the Senior Director of Ministry of Domestic Trade, Co-operation and Consumer Affairs and in 2013 he is the Director General of Road & Transport Department.

He did not hold any directorship in public companies and listed issuer.

He is a member of Audit Committee, Nomination Committee and Remuneration Committee of EForce.

### Other information in respect of all Directors

1. Save as disclosed above, none of the Directors have any family relationship with any director and/or major shareholder of the Company.
2. None of the Directors have any conflict of interest with the Company.
3. None of the Directors have been convicted for offences other than traffic offences, if any, within the past 5 years.
4. None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# KEY SENIOR MANAGEMENT PROFILE

**The Management team is headed by the Managing Director, Mr. Wong Kok Chau. He is assisted by Mr. Eng Shao Hon, Mr. Gan Teck Ban and the following key senior management.**

## WONG GUAN BOON

Head, Customer Service  
Male, Aged 46

Wong Guan Boon, a Malaysian, joined EForce in 1999. He holds an Advance Diploma in Computer Engineering.

He started his career as a Hardware Engineer with Excel Force Sdn Bhd and experience in technical support and marketing role. He was also involved in a number of sales and implementation of EForce's products including Internet stock trading system, Equities Back Office System, Trader Information System, Professional Trading Platform - BTX, Public Display System and StockBanking systems to customers in Malaysia, Indonesia, Singapore, Thailand and Vietnam.

Currently, he is the Head of Customer Service, responsible to oversee the customer service and support team, task to improve customer support service level and monitor functionalities of hardware and software.

## NICHLAS KIM SOON SENG

Head, Research and Development  
Male, Aged 38

Nichlas Kim Soon Seng, a Malaysian, joined EForce on 23 August 2005. He graduated with a Bachelor of Computer Engineering degree from Iowa State University, Ames where he specialised in microcontrollers, digital systems, computer organisation and design.

After graduation, he started his career with EForce as software developer. He played an instrumental role in the development of Custodian and Nominees System, Cyberstock Trading Solution for customers in Malaysia, Vietnam and Indonesia.

Nichlas was also closely involved in the development of Back Office System and responsible for building new HTML5 based multi-platform Cyberstock Trading Solution. Most recently, he led the development of an insurance product comparison portal.

Currently, he is responsible on product research and development together with Chief Technology Officer in EForce and also involved in daily operation and possessed additional responsibility on managing one of our clients as Project Manager, notably in Foreign Shares Trading platform enhancement.

## WONG BOON LEONG

Head, System Design and Quality Assurance  
Male, Aged 41

Wong Boon Leong, a Malaysian, joined EForce on 23 August 2005 as a Software Developer. He graduated with Bachelor of Information Systems Engineering degree from Universiti Tunku Abdul Rahman. He is also a Project Management Professional (PMP) certified practitioner.

Throughout his 14 years with EForce, he has held various positions such as System Analyst, Project Manager and Head of System Design. He has vast overseas and local projects experience, engaging with our clients from stock trading, banking and insurance industries. Boon Leong helps them to fulfill not just their business needs but gain competitive advantages by leveraging on IT systems and products.

Currently he is responsible for system design and quality assurance function.

## ALICIA CHAN SAU HSIA

Head, Human Resources and Administration  
Female, Aged 46

Alicia Chan Sau Hsia, a Malaysian, was appointed as the Manager of Human Resources and Administration in 2012.

She graduated with a Bachelor of Management (Marketing) from the University of South Australia. She also obtained professional certificate in Human Resources Management.

Prior to joining EForce, she was attached to several large corporations with operational roles in retail, service and human resources management. She has more than 15 years of experience in human resources and administration with over 10 years of experience at managerial level. She is experienced in recruitment, compensation and benefits, training and development, payroll management and in initiating Corporate Social Responsibility.

Currently as Head of Human Resources and Administration, she is responsible in formulating and implementing human resources strategy and productivity, aligning them to the organisation's aspirations and objectives. She also assists in creating balance amongst people, work environment and performance.

# KEY SENIOR MANAGEMENT PROFILE

(CONT'D)

## **LIEW KEAN FATT**

Head, Finance  
Male, Aged 53

Liew Kean Fatt, a Malaysian, joined EForce on 15 May 2013 as Finance Manager.

He completed his Chartered Accountancy qualification with the Association of Chartered Certified Accountants (ACCA) and subsequently admitted as member of ACCA in 2000. He is a member of the Malaysian Institute of Accountants (MIA) and member of Chartered Taxation Institute of Malaysia (CTIM).

Prior to joining EForce, he worked in various industries, including manufacturing, share broking house, trading and travel agency. He joined MBP Malaysia Sdn. Bhd. (MBP) in 1995, a wholly owned subsidiary of Sime Darby Berhad (SDB), a multi-national company, involved in manufacturing of road construction product. Thereafter, he worked in another subsidiary of SDB, Sime Darby Travel Sdn Bhd (SDT) as Accounts Executive, upon completion of his ACCA qualification, he has promoted to Finance Manager position. In SDT, he was responsible for operation of finance department, prepare monthly financial report and variance analysis report. He was also involved in the preparation of consolidated financial statements, management budget and treasury management.

Currently, he is the Head of Finance, his responsibilities include overseeing the operation of finance and accounts functions, preparation of financial reporting, quarterly interim financial report, annual report, risk management report and treasury management of the Group as well as ensuring compliance to the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

### **Conflict of Interest**

None of the key senior management have any conflict of interest with the Company.

### **Conviction of Offences**

None of the key senior management has been convicted of any offences (other than ordinary traffic offences, if any) within the past five (5) years.

### **Family Relationship**

None of the key senior management has family relationship with any Directors or major shareholders of the Company.

### **Other directorship in public companies and listed issuers**

None of the key senior management hold any directorship in public companies or listed issuers.



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# SUSTAINABILITY STATEMENT

(CONT'D)

## COMMUNITY

Due to movement control order and social distancing requirement, the Group did not carry out any physical on-site community service as part of our Corporate Social Responsibility (CSR) program in the year 2020.

Instead, EForce made monetary donation to following needy community:-

NAME OF ORGANISATION	PRINCIPLE ACTIVITY
<b>The National Cancer Society of Malaysia</b>	NCSM is the first not-for-profit cancer organisation in Malaysia that provides education, care and support services for people affected by cancer.
<b>Yayasan Chow Kit</b>	Yayasan Chow Kit is a local NGO connecting volunteers and corporates to community projects and community needs.
<b>Hospis Malaysia</b>	Hospis Malaysia is a charitable organisation providing professional community palliative care to those with life-limiting illnesses (such as cancer, AIDS, organ failure or progressive neurological conditions.)
<b>Spastic Children's Association of Selangor and Federal Territory (SCAS &amp; FT)</b>	SCAS & FT is a one-stop centre which provides a complete range of services for persons with Cerebral Palsy. Children are admitted as young as possible, or as soon as they are diagnosed with cerebral palsy. There is no exit age and services are FREE OF CHARGE.
<b>Shelter Home for Children</b>	This is a registered welfare organisation for abused, abandoned, neglected or at-risk children.

In the coming years, the Group will focus on the theme of "Education, Technology and Children" for our CSR engagement. EForce will design targeted assistance on its own or in collaboration with NGOs to help under-privileged children get ahead in education through technology.

## MARKETPLACE

The Group committed to ensure the interest of all our important stakeholders, i.e. shareholders, suppliers, customers and local community are well taken care of. We ensure proper corporate governance practices are in place and they are closely monitored and reviewed on regular basis.

LIST OF STAKEHOLDER	STAKEHOLDER ENGAGEMENT
<b>Customers</b>	Regular meeting with customers, provide stable, cost effective and reliable solution, build up good rapport for mutually beneficial relationship.
<b>Suppliers</b>	Ensure product supplied by the supplier are reliable, high quality and cost effective. Ensure after sales service is available for emergency support.
<b>Shareholders</b>	Conduct Annual General Meeting (AGM). Setup of Investor relations (IR) website for ease of communication.
<b>Local community</b>	Engaged with local NGO to support them with monetary donation for their daily operation expenses, and undertake community service to assist under-privileged children to get ahead in education through technology.

# SUSTAINABILITY STATEMENT

(CONT'D)

## ENVIRONMENT

The Group applies the concept of 3R (Reduce-Recycle-Reuse) and encourages responsible environment protection among employees and stakeholders. The Group supports the Government's effort in adopting appropriate climate change policies in Malaysia.

We ensure a safe and healthy working environment through:

- I. Set policies and procedures to promote workplace health and safety, particularly for Covid-19 pandemic, and reduce accident/injury rates that could affect work performance,
- II. Ensure office security is strictly maintained at all times (e.g. access control, CCTV surveillance, security guards etc.),
- III. Ensure office premises is equipped with relevant fitting and equipment in case of fire (e.g. fire alarms, fire extinguisher, fire proof door, etc.),
- IV. Participate in periodic fire drill exercises conducted by building management.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Director's ("Board") affirms its overall responsibility in ensuring that the highest standard of Corporate Governance is practiced throughout the Group with the objective of protecting and enhancing shareholders' value, and the financial position of the Group.

The Board recognises the importance of good corporate governance and strives to adopt the principles and recommendations of corporate governance throughout the Group in the manner prescribed by the Malaysian Code on Corporate Governance ("MCCG") and Bursa Malaysia Securities Berhad ("Bursa Securities")'s Main Market Listing Requirements ("MMLR").

## PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

1.0 The Company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company.

1.1 The Company is led and guided by an effective Board. All Board members participate in the key issues involving the Group and give independent judgment in the interest of the Group. The Managing Director has primary responsibilities for managing the Group's day-to-day operations and together with the Non-Executives Directors to ensure that the strategies proposed by the management are fully discussed and critically examined, taking into account the long-term interests of the various stakeholders including shareholders, employees, customers, suppliers and various communities in which the Group conducts its business.

The Board is assured of a balanced and independent view at all Board deliberations largely due to the presence of its Non-Executive Directors who are independent from the Management. The Independent Directors are also free from any business or other relationships that could materially interfere with the exercise of their independent judgment. The Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

In addition to the role and function of Non-Executive Directors as stated above, each Director exercises independent judgement on decision making and issues of strategy, performance, resources and standard of conduct.

The Board has assumed the following to ensure the effectiveness of the Board and to discharge its duties and responsibilities:-

- Review and adopt a strategic plan for the Company, address the sustainability of the Group's business;
- Oversee and evaluate the conduct of succession planning for the Group;
- Identify principal business risks faced by the Group and ensure the implementation of appropriate systems to manage these risks;
- Oversee the conduct and operation of the Group's business and evaluate whether business is being managed properly;
- Review the adequacy and integrity of the Group's internal control and management information system;
- Carry out periodic review of the Group's financial statements and operating results and major capital commitment; and
- Review and approve any major corporate proposals, new business venture, or joint venture of the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

### I. BOARD RESPONSIBILITIES (CONT'D)

1.0 The Company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. (Cont'd)

1.2 The Chairman leads the Board and is responsible for the effective performance of the Board. The Chairman ensures that all relevant issues and critical information to facilitate decision making and effective running of the Group's business are included in the periodic meeting agenda.

The roles of the Chairman and the Managing Director and the term of reference of the committees are mentioned in the Board Charter which is made available for reference at Company's website at [www.excelforce.com.my](http://www.excelforce.com.my).

1.3 The position of Chairman and Managing Director are held by different individuals. The Chairman is an Executive member of the Board.

1.4 The Board is supported by suitably qualified and competent Company Secretaries to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of governance best practices. The Company Secretaries are members of Malaysian Institute of Chartered Secretaries Administrators, experienced and competent on statutory and regulatory requirements.

The Company Secretaries carry out the following tasks:-

- (a) Attend and ensure proper conduct and procedures at all Board meetings, Board committee meeting, annual general meeting, extraordinary general meetings and other meetings that require the attendance of the Company Secretaries;
- (b) Ensure that matters discussed at the meetings are properly recorded and minuted;
- (c) Ensure that audited financial statements, quarterly financial results, annual reports, circulars and all relevant announcement are announced to Bursa Securities on a timely manner;
- (d) Ensure that the Company complies with MMLR and the requirements of the relevant authorities;
- (e) Inform and keep the Board updated of the latest enhancement in corporate governance, changes in the legal and regulatory framework, new statutory requirement and best practice;
- (f) Keep the Directors and principal officers informed of the closed period for trading in the Company's securities; and
- (g) Ensure proper record and maintenance of the Company's proceedings, resolutions, statutory records, register books and documents.

1.5 The Board convenes on scheduled meetings quarterly to deliberate and approve the release of the Group's quarterly results. Additional meetings will be convened as and when needed. The agenda and Board papers for each item as well as minutes of previous meetings are circulated prior to the Board meetings to give the Directors sufficient time to deliberate on the issues to be raised at the Board meetings.

Information is provided to the Board in the form of quarterly financial results, progress reports of core business, products developments, regulatory updates, business development, audit report as well as risk management reports.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

### I. BOARD RESPONSIBILITIES (CONT'D)

1.0 The Company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. (Cont'd)

1.5 Upon recommendation by the Management or Board Committee members, the Board will deliberate and discuss on all matters before any decision is to be made. All proceedings of the Board/Board Committee meetings are properly minuted and signed by the Chairman of the meeting.

All Directors have direct and unrestricted access to the advice and services of the Company Secretaries who are qualified and competent. This will ensure that they have unrestricted access of information within the Group. The Directors are also able to receive advice and services from the external auditors and other independent professionals upon their request.

The Board is kept updated on the Company's activities and its operations on a regular basis. The Directors also have access to all reports on the Company's activities, both financial and operational.

External auditors and internal auditors are invited to attend meetings to provide insights and professional views, advice and explanation on matter specify in the meeting agenda. When necessary, senior management team from different department are also invited to participate at the Board meeting to enable all Board members to have equal access to the latest updates and development of the business operation presented by the senior management team.

2.0 There is demarcation of responsibilities between the Board, Board committees and management. There is clarity in the authority of the board, its committees and individual directors.

The Board has a Board Charter which is reviewed periodically and published on the Company's website. The Board Charter was last reviewed on 24 February 2020. The Board Charter clearly identifies;

- (a) the respective roles and responsibilities of the Board, Board committee, individual directors and management; and
- (b) issues and decisions reserved for the Board.

The Board may appropriately delegate its authority to Board committees or management. It should not abdicate its responsibility and should all times exercise collective oversight of the Board committees and management. They should not delegate matters to a committee or management to an extent that would significantly hinder or reduce the Board's ability to discharge its function.

3.0 The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board, management, employees and other stakeholders are clear on what is considered acceptable behavior and practice in the Company.

3.1 The Board recognises the importance of formalising a Code of Conduct, setting out the standard of conduct expected from directors and employees, to engender good corporate behavior.

3.2 The Board encourages employees to report genuine concerns in relation to breach of legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workspace. All complaints or grievance can be channeled to the management or any of the Independent Directors.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

### II. BOARD COMPOSITION

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspective and insights.

4.1 The Board consists of eight (8) members (including one (1) alternate director). There are one (1) Executive Chairman, one (1) Managing Director, two (2) Executive Directors and three (3) Independent Non-Executive Directors. The composition of the Board complies with paragraph 15.02 of the MMLR of Bursa Securities.

The Managing Director and Executive Directors oversee the management of the business and affairs of the Group. They are responsible for evaluating business opportunities and carrying through approved strategic business proposals, implementing appropriate systems of internal accounting and other controls, adopting suitably competitive human resource practices and compensation policies, and ensuring the Group operates within the approved budgets and business direction.

The Independent Non-Executive Directors are independent of management and are free from any businesses or other relationships that could materially interfere with the exercise of independent judgement. They scrutinise the decisions taken by the Board and provide objectivity to the Management.

The Board is made up of Directors with a wide range of skills, experiences and qualifications and they contribute their expertise and knowledge in areas such as accounting, finance, business management and specific industry knowledge which are relevant to the Group's business.

The Board operates in an open environment in which opinions and information are freely exchanged. Therefore, any concerns need not be focused on a single Director as all members of the Board fulfill this role individually and collectively.

The Board collectively views that its current size complies with the MMLR and is effective. The Board will review, from time to time, the need to revise its size and composition of the Board and determine the impact and the effectiveness of any proposed change of its current size.

4.2 The Board noted the MCG's recommendation that the tenure of an independent director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the Board as a non-independent director. In the event the Board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the Board continues to retain the independent director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

The Board holds the view that the ability of an Independent Director to exercise independence is not a function of his length of service as an Independent Director. The suitability and ability of an Independent Director to carry out his roles and responsibilities effectively are very much a function of his caliber, qualification, experience and personal qualities.

4.3 The Board recognises the importance of independence and objectivity in the decision-making process. The Board is committed to ensure that the independent directors are capable to exercise independent judgment and act in the best interest of the Group. The independent directors of the Company fulfill the criteria of "Independent" as prescribed under MMLR. They act independently of management and are not involved in any other relationship with the Group that may impair their independent judgment and decision making.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

### II. BOARD COMPOSITION (CONT'D)

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspective and insights. (Cont'd)

4.4 The appointment of any additional Director is made as and when it is deemed necessary by the existing Board upon recommendation from the Nomination Committee with due consideration given to the mix of expertise and experience required for an effective Board.

The Nomination Committee reviews and assesses the Board composition yearly to ensure that it has balance mixed skills and business experience to contribute to the success of the Group. The assessment is merit based.

4.5 In accordance with the Company's Constitution, all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. At the forthcoming AGM, Mr Gan Teck Ban, Mr Wong Kok Chau and Dato' Sri Ismail bin Ahmad are retiring pursuant to Clause 105 and 114 of the Company's Constitution respectively. Mr Gan Teck Ban and Mr Wong Kok Chau are standing for re-election pursuant to Clause 105 of the Company's Constitution while Dato' Sri Ismail bin Ahmad is standing for re-election pursuant to Clause 114 of the Company's Constitution. Their profiles are set out in the section on Board of Directors' Profile of this Annual Report.

4.6 The Board is supportive of the recommendation of MCGG and recognises the importance of boardroom diversity to the establishment of workforce gender diversity policy. The Board currently has two (2) female directors, which in line towards achieving the Country's aspirational target of achieving 30% representation of women on board.

4.7 The Board used a variety of approaches and sources to ensure that it can identify the most suitable candidates. This may include sourcing from a directors' registry and open advertisement or the use of independent search firm.

Currently, the appointment of candidates for non-executive director position were sourced from recommendation made by the existing Board member, management or major shareholders.

4.8 During the financial year ended 31 December 2020, four (4) Board meetings were held. The summary of attendance at the Board meetings held in the financial year ended 31 December 2020 is as follows: -

Name of Directors	Member Attendance
<b>Executive Directors</b>	
Dato' Dr Norraesah binti Haji Mohamad / her alternate, Mr Wong Thean Soon	4/4
Wong Kok Chau	4/4
Gan Teck Ban	4/4
Eng Shao Hon	4/4
<b>Independent Non-Executive Directors</b>	
Datuk Mat Noor bin Nawi	4/4
Dato' Sri Ismail bin Ahmad (Appointed on 1 July 2020)	1/2
Puan Mohaini binti Mohd Yusof	4/4
Lok Choon Hong (Retired on 24 June 2020)	2/2

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

### II. BOARD COMPOSITION (CONT'D)

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspective and insights. (Cont'd)

4.8 During the financial year ended 31 December 2020, four (4) Board meetings were held. The summary of attendance at the Board meetings held in the financial year ended 31 December 2020 is as follows (Cont'd): -

#### Directors' Training and Continuing Education Programme

All Directors of the Company are encouraged to continuously attend relevant training programmes to enhance their knowledge in line with the ever-changing corporate laws, rules and regulations, especially in the areas of corporate governance and regulatory development, to enable them to discharge their responsibilities effectively.

All the Directors have attended the Mandatory Accreditation Programme ("MAP") as required by Bursa Securities except for Dato' Sri Ismail bin Ahmad which has been granted an Extension of Time from Bursa Securities up to 30 June 2021.

In addition to the MAP prescribed by Bursa Securities, Board members are also encouraged to attend training programme conducted by highly competent professionals that are relevant to the Company's operations and businesses.

Name of Directors	Training Programme
Dato' Dr Norraesah binti Haji Mohamad	<ul style="list-style-type: none"> <li>WBN (Women Business Network) Developing Content Strategy Digital Marketing online workshop</li> <li>Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018</li> <li>WIEF (World Islamic Economic Forum) – iEM Power webinar Cash Flow – Management During A Pandemic</li> <li>WIEF (World Islamic Economic Forum) - SIDC PowerTalk Webinar - Moving Forward: Banking and Capital Market Trends</li> </ul>
Mr Wong Kok Chau	<ul style="list-style-type: none"> <li>Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018</li> <li>Hong Kong Fintech Week 2020 (virtual)</li> </ul>
Mr Gan Teck Ban	<ul style="list-style-type: none"> <li>Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018</li> </ul>
Mr Eng Shao Hon	<ul style="list-style-type: none"> <li>Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018</li> </ul>
Datuk Mat Noor bin Nawī	<ul style="list-style-type: none"> <li>Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018</li> </ul>
Puan Mohaini binti Mohd Yusof	<ul style="list-style-type: none"> <li>Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018</li> </ul>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

### II. BOARD COMPOSITION (CONT'D)

5.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual directors.

The Company conducts an annual assessment to evaluate the effectiveness of the Board and the Board committee as well as the performance of each individual director through the Nomination Committee ("NC"). The NC will evaluate the overall performance rating and implement improvement plan on less performance area.

The NC of the Company comprises exclusively Independent Non-Executive Directors and its current composition is as follows:-

Name of Directors	Position
Puan Mohaini binti Mohd Yusof	Chairman
Datuk Mat Noor bin Nawawi	Member
Dato' Sri Ismail bin Ahmad (appointed on 1 July 2020)	Member

The NC meets at least once a year to carry out the activities as enshrined in its terms of reference, or more frequently as the need arises, at the discretion of the Chairman of the NC.

The NC has access to any form of independent professional advice, information and the advice and services of the Company Secretaries, if and when required, in carrying out its functions.

The Company Secretaries shall record, prepare and circulate the minutes of the meetings of the NC and ensure that the minutes are properly kept and produced for inspection if required. The NC is authorised by the Board to act as follows:

- (a) To review nominations of new directors based on selection criteria such as the incumbent's credential and their skills and contributions required by the Company.
- (b) To ensure that the Board has an appropriate balance of skills, expertise, attributes and core competencies from its member.
- (c) To recommend to the Board the potential directors to fill the seats of the Board Committees.
- (d) To assess annually the effectiveness of the Board, its Committees and the contribution of each Director.
- (e) To review succession plans for members of the Board.
- (f) To recommend training needs to the Directors.

The NC will evaluate the effectiveness of the Board as a whole, including Board Committees and the contribution of each Director annually and properly documented. The performance evaluation process established shall include clear evaluation criteria and communicated to each individual Director. All report shall be gathered and assessed by the NC for the Board's review and approval. The evaluation will be done at least once a year to gauge the effectiveness of the Board's performance, the adequacy of the blend of skill sets and experience of the Board.

During the financial year, the NC held one (1) meeting to carry out its function as stated within the term of reference. The NC reviewed the present composition of the Board and was of the view that the composition of the Board was made up of a balance mixture of skills and professionalism, no additional board member is required for the time being. All Directors have completed the Director's Self-Assessment Form and the Performance Evaluation Sheet (PES) for the assessment of the Board and Board Committees. The NC noted that there were no major issues of concern.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

### II. BOARD COMPOSITION (CONT'D)

5.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual directors. (Cont'd)

Criteria for assessments:-

- (a) Contribution to Interaction, Quality of Input, Understanding of Role, Board Chairman's Role (for individual director assessment)
- (b) Board Structure, Board Operations, Board Roles and Responsibilities, Board Chairman's Role and Responsibilities (for Board assessment)
- (c) Is the committee providing useful recommendations? Do the members have sufficient and relevant expertise in fulfilling their roles? Are committee chairs properly and providing appropriate reporting and recommendations to the Board? (for Board Committee assessment).

The terms of reference of the Nomination Committee can be viewed at the Company's website: [www.excelforce.com.my](http://www.excelforce.com.my) in line with Paragraph 15.08A(2) of MMLR.

### III. REMUNERATION

6.0 The level and composition of remuneration of directors and senior management take into account the Company's desire to attract and retain the right talent in the Board and senior management to drive the Company's long term objectives. The remuneration policies and decisions are made through a transparent and independent process.

6.1 The Remuneration Committee ("RC") of the Company consists of three (3) Independent Non-Executive Directors and its current composition is as follows:

Name of Directors	Position
Puan Mohaini binti Mohd Yusof	Chairman
Datuk Mat Noor bin Nawī	Member
Dato' Sri Ismail bin Ahmad (appointed on 1 July 2020)	Member

The RC held one (1) meeting during the financial year to carry out its function as stated within the term of reference. The details of terms of reference of RC are available for reference at the Company's website at [www.excelforce.com.my](http://www.excelforce.com.my).

6.2 The RC's primary responsibility is to review and recommend the remuneration of Directors to the Board. The Board, as a whole, determines the remuneration of the Directors and the individual Director is required to abstain from discussing his own remuneration.

In the case of Executive Directors, the remuneration scheme is structured based on corporate and individual performance. On the other hand, Non-Executive Directors are remunerated based on their experiences and the level of responsibilities undertaken by the respective Non-Executive Directors concerned.

The RC will make its recommendations to the Board regarding the Company's policy on the staff remuneration by taking into consideration the salary and employment conditions within the industry and benchmarks from comparable companies. The RC strives to be competitive, linking staff rewards with their performance and responsibilities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

### III. REMUNERATION (CONT'D)

6.0 The level and composition of remuneration of directors and senior management take into account the Company's desire to attract and retain the right talent in the Board and senior management to drive the Company's long-term objectives. The remuneration policies and decisions are made through a transparent and independent process. (Cont'd)

6.2 The RC aims to directly align the interests of Directors, senior management and key executives with the interests of shareholders, to improve performance and achieve sustainable growth for the Company in the changing business environment, and to foster a greater ownership culture amongst its senior management and key executives.

7.0 Stakeholders are able to assess whether the remuneration of directors and senior management commensurate with their individual performance, taking into consideration the Company's performance.

The details of the Directors' remuneration comprising remuneration received/receivable from the Company and subsidiary respectively in financial year ended 31 December 2020 are as follows:-

7.1 Aggregate remuneration of Directors categorised into appropriate components are as follows:

Company	Salaries &		Total RM
	Fees RM	Bonus RM	
Executive Directors	300,000	990,781	1,290,781
Non-Executive Directors	191,000	-	191,000
<b>Total</b>	<b>491,000</b>	<b>990,781</b>	<b>1,481,781</b>

Group	Salaries &		Total RM
	Fees RM	Bonus RM	
Executive Directors	300,000	990,781	1,290,781
Non-Executive Directors	191,000	-	191,000
<b>Total</b>	<b>491,000</b>	<b>990,781</b>	<b>1,481,781</b>

7.2 Directors' remuneration are broadly categorised into the following bands:-

Range of remuneration RM	Company Number of Directors		Group Number of Directors	
	Executive	Non-Executive	Executive	Non-Executive
50,000 and below	-	2	-	2
50,001 to 150,000	1	2	1	2
150,001 to 450,000	2	-	2	-
above 450,000	1	-	1	-

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AUDIT COMMITTEE

8.0 There is an effective and independent audit committee. The Board is able to objectively review the audit committee's findings and recommendations. The Company's and the Group's financial statements is a reliable source of information.

8.1 The Audit Committee's ("AC") principal duties include the supervision of the truthfulness and reliability of the Company's financial statements, the effectiveness and adequacy of the Company's internal control as well as risk management system.

The AC comprises exclusively Independent Non-Executive Directors and to ensure the Board is able to review the AC's finding and recommendation independently, the chairman of AC is not the chairman of the Board.

The appointment of the auditors is subject to approval at the general meeting. In making its recommendations to the shareholders on the appointment and re-appointment of auditors, the Board relies on the review and recommendation of the AC.

The Board has established a formal and transparent arrangement with its external auditors to meet their professional requirements. The AC meets with the external auditors to review the rationale of significant judgement, accounting principles and the operating effectiveness of internal controls and business risk management. The auditors have continued to highlight to the AC and the Board matters that require the Board's attention.

8.2 The Board is responsible to prepare financial statements which reflect a true and fair view of the financial position of the Company and of the Group and the financial results of the Company and of the Group for each financial year. The financial statements are prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

In preparing the financial statements, the Board is required to:-

- Adopt suitable accounting policies consistently;
- Make judgments and estimates that are prudent and reasonable;
- Comply with applicable accounting standards;
- Prepare financial statements on a going concern basis unless otherwise stated; and
- Ensure proper keeping of accounting records with reasonable accuracy.

The Board is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and of the Group and to ensure that the financial statements comply with the Companies Act.

The Board is satisfied that in preparing the financial statements of the Company and of the Group for the financial year ended 31 December 2020, the Company and the Group have used appropriate accounting policies and applied them consistently and prudently. The Board is of the opinion that the financial statements are prepared in accordance with all relevant approved accounting standards and have been prepared on a going concern basis.

8.3 The Group practices the cooling off period to safeguard the independence of the audit by avoiding potential threat which may arise when a former key audit partner is in a position to exert significant influence over the audit and preparation of the Company's and of the Group's financial statements.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

### I. AUDIT COMMITTEE (CONT'D)

8.0 There is an effective and independent audit committee. The Board is able to objectively review the audit committee's findings and recommendations. The Company's and the Group's financial statements is a reliable source of information. (Cont'd)

8.4 The AC assesses the suitability, objectivity and independence of the external auditor on an annual basis, the AC establishes policies and procedures that consider among others:

- The competence, audit quality and resource capacity of the external auditor in relation to the audit;
- The nature of the non-audit services rendered and the appropriateness of the level of fees; and
- Obtain written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of the external professional and regulatory requirements.

9.0 The Company make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

9.1 The Group has an Internal Audit Function that is independent of its activities and operations. Further details of the activities of the Internal Audit Function are set out in the Statement on Risk Management and Internal Control of this Annual Report.

The Board emphasises on the adequacy of the internal control system and takes effective approaches to supervise the implementation of related control measures, whilst enhancing operation efficiency and effectiveness, and improving corporate governance, risk assessment, risk management and internal control so as to protect the shareholders' investment and the safety of the Company's assets.

9.2 The Group has established Risk Management Committee of the Management ("RMCM") on 18 January 2018 and is headed by the Managing Director and members are comprise of senior management team. The primary responsibility and purpose of RMCM is to assist the Board in fulfilling its responsibility with respect to evaluating, reviewing and monitoring the Group's risk management framework on an on-going basis. The RMCM reports to AC and the Board in implementing and ensuring effective risk management of the Company.

10.0 The Company has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

The Group has outsourced its internal audit function to an independent consultant firm. The internal audit function covers all material controls including financial, operational and risk management functions.

The internal audit findings are reported to the AC every quarter and the corrective actions are taken by the relevant departments. The AC also decides on internal audit function amongst others;

- Appointment of the internal auditors;
- Scope of work of internal auditors;
- Performance evaluation; and
- Budget.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

### I. COMMUNICATION WITH STAKEHOLDERS

- 11.0 There is continuous communication between the Company and shareholders to facilitate mutual understanding of each other's objectives and expectation. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

The Board believes the dialogue with stakeholders is a necessary and beneficial process as it enables the company to understand stakeholders' concerns and to take these concerns into account when making decisions.

The Company has established an investor relation website to keep our shareholders and investors updated on latest development of the Company. It includes announcements released to Bursa Securities, quarterly financial results and annual reports.

### II. CONDUCT OF GENERAL MEETING

- 12.0 Shareholders are able to participate, engage the Board and senior management effectively and make informed voting decision at general meetings.

The Annual General Meeting ("AGM") remains the principal forum for dialogue with shareholders where they are encouraged to meet the Board to have greater insight into the Groups' operations. The shareholders can participate and raise questions regarding the business operations and financial performance and position of the Company. The Board together with the external auditors and the Company Secretaries will provide feedback and responses to the shareholders' queries.

The Company sends out the Notice of AGM and Annual Report to shareholders at least twenty-eight days before the meeting in line with the Practice 12.1 of the MCCG. In addition, the Notice of AGM and/or Extraordinary General Meeting ("EGM") will be advertised in the newspapers. The Board encourages shareholders to attend the forthcoming AGM and undertakes to answer all questions raised by the shareholders.

All resolutions set out in the notice of general meetings will be carried out by poll voting. The Board will make announcement of the detail results showing the number of votes cast for and against each resolution at general meetings to facilitate greater shareholder participation.

# AUDIT COMMITTEE REPORT

The principal objective of the Audit Committee is to assist the Board to discharge its statutory duties and responsibilities in relation to financial, accounting and reporting responsibilities and to ensure proper disclosure to the shareholders of the Company.

The Audit Committee will ensure that the Management establishes and maintains an effective internal control system including adequacy of resources, qualifications and experience of staff fulfilling the accounting and financial reporting function of the Company.

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2020.

## COMPOSITION AND MEETINGS

The Audit Committee held four (4) meetings during the financial year. The members of the Audit Committee and details of their attendance of the meetings during the financial year ended 31 December 2020 are as follows:

Name of Director	Designation / Directorship	Number of meeting attended
Datuk Mat Noor bin Naw	Chairman of Committee / Independent Non-Executive Director	4/4
Puan Mohaini binti Mohd Yusof	Member of Committee / Independent Non-Executive Director	4/4
Dato' Sri Ismail bin Ahmad (Appointed on 1 July 2020)	Member of Committee / Independent Non-Executive Director	1/2
Lok Choon Hong (Retired on 24 June 2020)	Member of Committee / Independent Non-Executive Director	2/2

## SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee has carried out the work as set out in the terms of reference detailed below:-

- (a) Reviewed the scope of work of the external auditors and audit plans for the year;
- (b) Reviewed with the external auditors the results of the audit, the audit report and the management letter, including management's responses;
- (c) Reviewed the re-appointment of the retiring auditors;
- (d) Reviewed the internal auditors' scope of work;
- (e) Checked with the internal auditors on any findings which require the Committee's attention;
- (f) Reviewed the internal control policy and internal control system;
- (g) Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval; and
- (h) Reviewed the annual financial statements before recommending for approval by the Board.

The terms of reference of the Audit Committee is available at the Company's website at [www.excelforce.com.my](http://www.excelforce.com.my).

## INTERNAL AUDIT FUNCTIONS

The Company has outsourced its internal audit division to an independent professional consulting firm to assist the Audit Committee in discharging their responsibilities and duties. The internal audit functions is to undertake independent regular and systematic reviews of the system of internal controls to provide reasonable assurance that such system continues to operate satisfactory and effectively.

# AUDIT COMMITTEE REPORT

(CONT'D)

## INTERNAL AUDIT FUNCTIONS (CONT'D)

In developing the scope of the internal audit function, the Audit Committee has satisfied that:

- (a) the person responsible for internal audit has relevant experience, sufficient standing and authority to enable him to discharge his functions effectively;
- (b) internal audit has sufficient resources and is able to access information to enable it to carry out its role effectively; and
- (c) the personnel assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively.

The internal audits cover the review of the adequacy of risk management, operational controls, and compliance with established procedures, guidelines and statutory requirements. The details of internal audit functions are disclosed in the Statement on Risk Management and Internal Control in this Annual Report.

During the financial year under review, the internal auditors reviewed and audited the following areas: -

- (a) Gap analysis on Anti-Bribery and Anti-Corruption Framework;
- (b) Internal control environment of Human Resources and Administration;
- (c) Internal control environment of Customer Services; and
- (d) Internal control environment of Management Information Services/Information Technology.

The fee (inclusive of sales and services tax) paid to the professional firm in respect of internal audit function for the financial year ended 31 December 2020 was RM36,888.00.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“the Board”) of the Excel Force MSC Berhad (“the Company”) is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control system of the Company and its subsidiary companies (“the Group”) for the financial year ended 31 December 2020 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad (“MMLR”), Malaysia Code on Corporate Governance (“MCCG”) and as guided by “Statement on Internal Control and Risk Management : Guidelines for Directors of Listed Issuers” (“the Guideline”).

## BOARD RESPONSIBILITY

The Board affirms its overall responsibility for maintaining the Group’s systems of internal controls and risk management to safeguard its investment, the interest of customers, regulators, employees, and the Group’s assets. The Board further recognises its responsibility in reviewing the adequacy and integrity of these systems. The Audit Committee is entrusted by the Board to ensure the effectiveness of the Group’s internal control and risk management system.

Due to the limitations that are inherent in any system of internal control, the system of internal controls can only provide reasonable and not absolute assurance against material misstatement or loss as it is designated to manage rather than eliminate the risk of failure to achieve the Group’s business objectives.

## RISK MANAGEMENT COMMITTEE OF THE MANAGEMENT (“RMCM”)

Risk Management Committee of the Management is established at the management level to assist the Audit Committee (“AC”) and the Board in implementing and ensuring efficient and effective risk management of the Company. RMCM conducts its meeting once every two (2) months and additional meetings may be called at any time as and when necessary. The roles and responsibilities of the committee are defined in the terms of reference of RMCM.

## RISK MANAGEMENT

The Board confirms that there is an on-going process of identifying, assessing and responding to risks for achieving the objectives of the Group for the financial year under review. The process is in place for the financial year under review and up to the date of issuance of the Statement on Risk Management and Internal Control.

The process of risk identification involves reviewing and identifying the possible risk exposure which is arising from both internal and external environment changes and operation conditions. The risk measurement guidelines consist of financial and non-financial qualitative measures of risk consequences based on risk likelihood rating and risk impact rating.

As part of the Risk Management process, a Registry of Risk and the Risk Management Handbook were adopted. The Registry of Risk is maintained to identify principal business risk and update for on-going changes in the risk profile. The Risk Management Handbook summarises risk management methodology, approaches and processes, roles and responsibilities, and various risk management concepts. The responsibility of respective risk owners is to identify and ensure that adequate control systems are implemented to minimise and control the risks faced by the Group.

The management has been embedded the responsibility to manage the risk and internal controls that are associated with the operations of the Group and to ensure compliance with the applicable laws and regulations. Any significant issues and control implemented were discussed at management meetings and quarterly AC meetings.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## INTERNAL AUDIT FUNCTIONS

In accordance with the MCGG, the Group in its efforts to provide an adequate and effective internal control system had appointed Sterling Business Alignment Consulting Sdn Bhd ("Sterling"), an independent consulting firm to review the adequacy and integrity of its system of internal control. Sterling acts as the internal auditors and reports directly to the AC on the quarterly basis.

Sterling reviews and addresses critical business processes, identifies risks associated with the internal control gaps, assesses the effectiveness and adequacy of the existing state of internal control of the Group and recommends possible improvements to the internal control process. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.

The Internal Auditors use the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems. Each quarterly audit is engaged by approximately 2 to 4 audit personnel depending on the areas of the audit. Quarterly audit reports and status reports on follow-up actions were tabled to the AC and Board during its quarterly AC meetings.

The Internal Auditors are free from any relationships or conflicts of interest, which could impair their objectivity and independence of the internal audit function. The Internal Auditors do not have any direct operational responsibility or authority over any of the activities audited. The AC is of the opinion that the internal audit function is effective and able to function independently.

For the financial year ended 31 December 2020, four (4) internal audit reviews had been carried out by Internal Auditors: -

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
January 2020 - March 2020	May 2020	Excel Force MSC Berhad	• Gap analysis on Anti-Bribery and Anti-Corruption Framework
April 2020 - June 2020	August 2020	Excel Force MSC Berhad	• Human Resources and Administration
July 2020 - September 2020	November 2020	Excel Force MSC Berhad	• Customer Services
October 2020 - December 2020	February 2021	Excel Force MSC Berhad	• Management Information Services/ Information Technology

Follow-up status reviews were also carried out to ensure weaknesses identified have been or are being addressed. During the financial year under review, Sterling presented their follow-up status reports on previously reported audited findings in respect of the following functional scopes of the Group:

Reporting Month	Name of Entity	Functional Scopes
May 2020	Excel Force MSC Berhad	• Project Management function reported in November 2019. • System Design and Research and Development function reported in February 2020.
November 2020	Excel Force MSC Berhad	• Human Resources and Administration function reported in August 2020.
February 2021	Excel Force MSC Berhad	• Human Resources and Administration function reported in August 2020. • Customer Service function reported in November 2020.

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## THE KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL SYSTEM INCLUDE:

1. Organisation structure with defined lines of responsibility, authority and accountability;
2. Policies and procedures for key business processes are formalised and documented for implementation and continuous improvements;
3. Quarterly Board meetings and periodical management meetings are held where information is provided to the Board and management covering financial performances and operations;
4. Training and development are provided as and when required by employees with the objective of enhancing their knowledge and competency;
5. Management accounts and reports are prepared regularly for monitoring of actual performance.
6. Board participation at the macro perspective in the performance monitoring of all subsidiary companies under the Group;
7. An internal audit function carries out a quarterly internal audit to ascertain the adequacy of the internal control system and to monitor the effectiveness of operational and financial procedures. The internal audit also reviews and assesses risks faced by the Group and reports directly to the AC;
8. Regular internal audit visits to monitor compliance with policies and procedures to assess the integrity of both financial and non-financial information provided; and
9. Follow-up visits are then subsequently conducted by the internal auditors to ensure proper implementation of agreed action plans by the respective process owners.

## RISK MANAGEMENT FRAMEWORK

The Board recognises that risk management is an integral part of the Group's business operations and that the identification and management of risks will affect the achievement of the Group's business objectives. To this end, the Board has formalised a Risk Management Framework by implementing an on-going process of identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and has taken into account the guidance of the MCCG.

The management of risks in the daily business operation is assigned to the management team and significant risks are identified and related mitigating responses as well as the corresponding internal control measures were deliberated at the AC and Board meeting.

## ASSURANCE FROM MANAGEMENT

The Managing Director and Head of Finance have provided assurance to the Board, to the best of their knowledge and belief, that the Group's risk management and internal control system was operating adequately and effectively in all material aspects, to meet the Group's objectives during the financial year under review until the date of this Statement on Risk Management and Internal Control.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by 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 for the financial year ended 31 December 2020. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3: *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants.

AAPG 3 does not require external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on their review, the external auditor has reported to the Board that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is it factually inaccurate.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## CONCLUSION

For the financial year ended 31 December 2020 and up to the date of approval of this Statement on Risk Management and Internal Control, the Board is of the opinion that the risk management and internal control system currently in place are adequate and effective to safeguard the Group's interests and assets.

For the coming year, the Board will continually assess the adequacy and effectiveness of the Group's system of internal control and to strengthen it, as and when necessary. This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 15 April 2021.

# ADDITIONAL COMPLIANCE INFORMATION

## MATERIAL CONTRACTS

There was no material contract between the Company and its subsidiary companies involving the Directors and major shareholders' interests, either still subsisting at the end of the financial year or entered since the end of the previous financial year.

## STATUTORY AUDIT AND NON-STATUTORY AUDIT FEES

The amount of audit and non-audit fees incurred for the services render by external auditors of the Group for the financial year ended 31 December 2020 are as follows:-

	Group RM	Company RM
Audit fees	57,000	52,500
Non-audit fees	5,000	5,000

## RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE NATURE

Tenancy agreement with MY E.G. Services Berhad for rent of office space located at Level 31, MYEG Tower, Empire City, No. 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya. Details of transaction are as follows:

Term of tenancy : 1 December 2020 to 30 November 2023  
 Monthly rental : RM30,256.20

## UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate proposal during the financial year ended 31 December 2020.

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are development, provision and maintenance of software application solutions for the financial services industry. The principal activities of its subsidiary companies are disclosed in Note 9 to the financial statements.

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

## FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year, attributable to owners of the parent	<u>10,766,107</u>	<u>10,414,493</u>

## RESERVES AND PROVISIONS

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

## DIVIDENDS

Since the end of the last financial year, the Company paid:

	RM
First interim single-tier dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 December 2020 on 23 September 2020	2,796,892
Second interim single-tier dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 December 2020 on 23 December 2020	<u>2,796,892</u>
	<u>5,593,784</u>

At the forthcoming Annual General Meeting, a final single-tier dividend of 0.50 sen per ordinary share in respect of the current financial year will be proposed for the approval of the shareholders. The financial statements for the current financial year do not reflect this proposed dividend. This dividend will be accounted for as an appropriation of retained earnings in the period when it is approved by the shareholders.

## ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

# DIRECTORS' REPORT

(CONT'D)

## TREASURY SHARES

During the financial year, the Company repurchased 21,000,000 ordinary shares of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.39 per share. The total consideration paid for the repurchased, including transaction costs, was RM8,119,858. The repurchased transactions were financed by internal generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 in Malaysia.

As at 31 December 2020, the Company held 56,000,000 treasury shares out of the total 615,378,375 issued ordinary shares. Further relevant details are disclosed in Note 18 to the financial statements.

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## DIRECTORS

The Directors in office since the beginning of the financial year until the date of this report are:

Dato' Dr Norraesah binti Haji Mohamad\*

Wong Thean Soon (Alternate Director to Dato' Dr Norraesah binti Haji Mohamad)

Wong Kok Chau\*

Gan Teck Ban\*

Eng Shao Hon\*

Mohaini binti Mohd Yusof

Datuk Mat Noor Nawi

Dato' Sri Ismail bin Ahmad (appointed on 01.07.2020)

Lok Choon Hong (retired on 24.06.2020)

\* Director of the Company and its subsidiary companies

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 in Malaysia is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

# DIRECTORS' REPORT

(CONT'D)

## DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 31.12.2020
	At 1.1.2020	Bought	Sold	
<b>Interests in the Company</b>				
<b>Direct interests</b>				
Dato' Dr Norraesah binti Haji Mohamad	460,000	-	-	460,000
Wong Thean Soon	36,477,800	41,000,000	6,500,000	70,977,800
Wong Kok Chau	6,000	-	-	6,000
Gan Teck Ban	1,350,000	-	-	1,350,000
<b>Indirect interests</b>				
Wong Thean Soon <sup>(1)</sup>	139,727,400	6,500,000	39,000,000	107,227,400

Note:

<sup>(1)</sup> Deemed interests pursuant to Section 8 of the Companies Act 2016 in Malaysia by virtue of his shareholdings in Asia Internet Holdings Sdn. Bhd., a company incorporated in Malaysia.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 33(c) to the financial statements) by reason of a contract made by the Company or a related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than Director who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business and consultancy fee received/receivable by the Directors as disclosed in Note 33(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## INDEMNITY AND INSURANCE COSTS

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act 2016 in Malaysia.

# DIRECTORS' REPORT

(CONT'D)

## OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of the business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
  - (ii) the result of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## SIGNIFICANT EVENT

The significant event is disclosed in Note 38 to the financial statements.

# **DIRECTORS' REPORT**

(CONT'D)

## **SUBSIDIARY COMPANIES**

The details of the subsidiary companies are disclosed in Note 9 to the financial statements.

## **AUDITORS**

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

The details of auditors' remuneration are disclosed in Note 26 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 15 April 2021.

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**WONG KOK CHAU**

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**ENG SHAO HON**

KUALA LUMPUR

# STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 50 to 119 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 at 31 December 2020 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 dated 15 April 2021.

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**WONG KOK CHAU**

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**ENG SHAO HON**

KUALA LUMPUR

# STATUTORY DECLARATION

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

I, Liew Kean Fatt (MIA Membership No: 16662), being the officer primarily responsible for the financial management of Excel Force MSC Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 50 to 119 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by )  
the abovenamed at Kuala Lumpur in the )  
Federal Territory on 15 April 2021 )

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**LIEW KEAN FATT**

Before me,

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**COMMISSIONER FOR OATHS**

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EXCEL FORCE MSC BERHAD  
(Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Excel Force MSC Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss 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 50 to 119.

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

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

Key Audit Matter	How we addressed the key audit matters
<p><b>Impairment assessment on product development costs</b></p> <p>As at 31 December 2020, the Group recognised product development costs of RM11.93 million and disclosed their assessment for impairment of product development costs in Note 7 to the financial statements.</p> <p>Significant judgement is involved in estimating the recoverable amount, i.e. the present value of future cash flows generated by product development costs. It involves uncertainties and is significantly affected by assumptions used and judgement made regarding estimates of future cash flows including forecasted revenue growth, profit margin of the products and discount rates.</p>	<p>We evaluated management's assessment of whether there was any indication of impairment on product development costs.</p> <p>We assessed the reasonableness of cash flows forecasts and projections by comparison to historical performance and future outlook, as well as discussion with management.</p> <p>We verified the discount rate by comparison to the Group's cost of capital and relevant risk factors.</p> <p>We performed sensitivity analysis by taking into account the historical forecasting accuracy of the Group to test the key assumptions in the impairment model.</p>

EXCEL FORCE MSC BERHAD - ANNUAL REPORT 2020

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EXCEL FORCE MSC BERHAD (CONT'D)  
(Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Information Other than the Financial Statements and Auditors' Report Thereon

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

EXCEL FORCE MSC BERHAD - ANNUAL REPORT 2020

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EXCEL FORCE MSC BERHAD (CONT'D)  
(Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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.

### 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.

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**UHY**

Firm Number: AF 1411  
Chartered Accountants

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**DATUK TEE GUAN PIAN**

Approved Number: 01886/05/2022 J  
Chartered Accountant

KUALA LUMPUR  
15 April 2021

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	2,524,661	2,490,779	2,221,618	2,488,082
Capital work-in-progress	5	-	-	-	-
Right-of-use assets	6	20,760,079	20,096,917	20,760,079	20,096,917
Product development costs	7	11,931,476	11,318,098	10,935,265	10,235,455
Intangible assets	8	-	-	-	-
Investment in subsidiary companies	9	-	-	500,005	500,003
Other investments	10	13,042,200	13,703,850	13,042,200	13,703,850
		<u>48,258,416</u>	<u>47,609,644</u>	<u>47,459,167</u>	<u>47,024,307</u>
<b>Current assets</b>					
Inventories	11	23,992	23,992	23,992	23,992
Trade receivables	12	5,847,912	5,348,287	5,670,613	5,142,026
Other receivables	13	25,405,881	25,658,592	25,463,574	25,639,761
Amount due from subsidiary companies	14	-	-	157,069	763,909
Tax recoverable		-	3,840	-	-
Deposits, cash and bank balances and short-term funds	15	22,853,401	22,789,063	22,125,361	21,729,766
		<u>54,131,186</u>	<u>53,823,774</u>	<u>53,440,609</u>	<u>53,299,454</u>
<b>Total assets</b>		<u>102,389,602</u>	<u>101,433,418</u>	<u>100,899,776</u>	<u>100,323,761</u>
<b>EQUITY</b>					
Share capital	16	89,303,150	89,303,150	89,303,150	89,303,150
Reserves	17	31,117,006	26,606,333	30,589,584	26,430,525
Treasury shares	18	(27,560,666)	(19,440,808)	(27,560,666)	(19,440,808)
<b>Total equity</b>		<u>92,859,490</u>	<u>96,468,675</u>	<u>92,332,068</u>	<u>96,292,867</u>
<b>Non-Current Liability</b>					
Lease liabilities	19	672,117	-	672,117	-
		<u>672,117</u>	<u>-</u>	<u>672,117</u>	<u>-</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables	20	281,762	746,293	255,702	720,233
Other payables	21	5,381,988	2,353,750	5,247,666	2,258,432
Contract liabilities	22	1,625,834	1,385,993	824,018	573,522
Lease liabilities	19	333,200	353,091	333,200	353,091
Tax payable		1,235,211	125,616	1,235,005	125,616
		<u>8,857,995</u>	<u>4,964,743</u>	<u>7,895,591</u>	<u>4,030,894</u>
<b>Total liabilities</b>		<u>9,530,112</u>	<u>4,964,743</u>	<u>8,567,708</u>	<u>4,030,894</u>
<b>Total equity and liabilities</b>		<u>102,389,602</u>	<u>101,433,418</u>	<u>100,899,776</u>	<u>100,323,761</u>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	23	31,385,977	22,963,144	29,971,768	21,666,643
Cost of sales	24	(10,397,339)	(8,273,969)	(9,682,108)	(7,505,366)
Gross profit		20,988,638	14,689,175	20,289,660	14,161,277
Other income		1,082,644	1,488,611	1,196,915	1,628,971
Administrative expenses		(6,581,536)	(6,402,804)	(6,347,878)	(6,278,778)
Marketing expenses		(27,446)	(29,855)	(27,409)	(29,815)
Net loss on impairment on financial instruments		15,040	(36,887)	3,567	(36,923)
Other operating expenses		(1,293,189)	(1,398,619)	(1,290,843)	(1,409,803)
Profit from operations		14,184,151	8,309,621	13,824,012	8,034,929
Finance cost	25	(9,182)	(19,511)	(9,182)	(19,511)
Profit before tax	26	14,174,969	8,290,110	13,814,830	8,015,418
Taxation	27	(3,408,862)	(1,818,660)	(3,400,337)	(1,818,659)
Profit for the financial year		10,766,107	6,471,450	10,414,493	6,196,759

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>Other comprehensive loss for the financial year</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Net change in fair value of equity instruments designated at fair value through other comprehensive income		(661,650)	(26,790)	(661,650)	(26,790)
<b>Total comprehensive loss for the financial year</b>		<b>10,104,457</b>	<b>6,444,660</b>	<b>9,752,843</b>	<b>6,169,969</b>
<b>Profit for the financial year attributable to:</b>					
Owners of the parent		10,766,107	6,471,450	10,414,493	6,196,759
<b>Total comprehensive income for the financial year attributable to:</b>					
Owners of the parent		10,104,457	6,444,660	9,752,843	6,169,969
<b>Earnings per share</b>					
Basic earnings per share (sen)	29(a)	1.91	1.38		
Diluted earnings per share (sen)	29(b)	1.91	1.38		

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Share Capital RM	Non-distributable		Attributable to owners of the parent		Total Equity RM
		Treasury Shares RM	Fair Value Reserve RM	Other Reserve RM	Distributable Retained Earnings RM	
<b>Group</b>						
At 1 January 2020	89,303,150	(19,440,808)	(26,790)	(80,745)	26,713,868	96,468,675
Profit for the financial year	-	-	-	-	10,766,107	10,766,107
Other comprehensive loss for the financial year	-	-	(661,650)	-	-	(661,650)
Total comprehensive (loss)/income for the financial year	-	-	(661,650)	-	10,766,107	10,104,457
<b>Transactions with owners:</b>						
Shares repurchased	-	(8,119,858)	-	-	-	(8,119,858)
Dividends to owners of the parent	-	-	-	-	(5,593,784)	(5,593,784)
	-	(8,119,858)	-	-	(5,593,784)	(13,713,642)
At 31 December 2020	89,303,150	(27,560,666)	(688,440)	(80,745)	31,886,191	92,859,490

# STATEMENTS OF CHANGES IN EQUITY

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

	Non-distributable			Attributable to owners of the parent			Total Equity RM
	Share Capital RM	Treasury Shares RM	Fair Value Reserve RM	Other Reserve RM	Distributable Retained Earnings RM	Total Equity RM	
<b>Group</b>							
At 1 January 2019, as previously reported	20,998,365	-	-	(80,745)	26,284,429	47,202,049	
Effect of adoption of MFRS 16	-	-	-	-	(13,227)	(13,227)	
At 1 January 2019, as restated	20,998,365	-	-	(80,745)	26,271,202	47,188,822	
Profit for the financial year	-	-	-	-	6,471,450	6,471,450	
Other comprehensive loss for the financial year	-	-	(26,790)	-	-	(26,790)	
Total comprehensive (loss)/income for the financial year	-	-	(26,790)	-	6,471,450	6,444,660	
<b>Transactions with owners:</b>							
Issuance of ordinary shares	68,304,785	-	-	-	-	68,304,785	
Shares repurchased	-	(19,440,808)	-	-	-	(19,440,808)	
Dividends to owners of the parent	-	-	-	-	(6,028,784)	(6,028,784)	
	68,304,785	(19,440,808)	-	-	(6,028,784)	42,835,193	
At 31 December 2019	89,303,150	(19,440,808)	(26,790)	(80,745)	26,713,868	96,468,675	

# STATEMENTS OF CHANGES IN EQUITY

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

Company	Non-distributable			Distributable		Total Equity RM
	Share Capital RM	Treasury Shares RM	Fair Value Reserve RM	Retained Earnings RM	Total Equity RM	
At 1 January 2020	89,303,150	(19,440,808)	(26,790)	26,457,315	96,292,867	
Profit for the financial year	-	-	-	10,414,493	10,414,493	
Other comprehensive loss for the financial year	-	-	(661,650)	-	(661,650)	
Total comprehensive (loss)/income for the financial year	-	-	(661,650)	10,414,493	9,752,843	
<b>Transactions with owners:</b>						
Shares repurchased	-	(8,119,858)	-	-	(8,119,858)	
Dividends to the owners of parent	-	-	-	(5,593,784)	(5,593,784)	
	-	(8,119,858)	-	(5,593,784)	(13,713,642)	
At 31 December 2020	89,303,150	(27,560,666)	(688,440)	31,278,024	92,332,068	

# STATEMENTS OF CHANGES IN EQUITY

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

	Non-distributable			Distributable		Total Equity RM
	Share Capital RM	Treasury Shares RM	Fair Value Reserve RM	Retained Earnings RM	Total Equity RM	
<b>Company</b>						
At 1 January 2019, as previously reported	20,998,365	-	-	26,302,567	47,300,932	
Effect of adoption of MFRS 16	-	-	-	(13,227)	(13,227)	
At 1 January 2019, as restated	20,998,365	-	-	26,289,340	47,287,705	
Profit for the financial year	-	-	-	6,196,759	6,196,759	
Other comprehensive loss for the financial year	-	-	(26,790)	-	(26,790)	
Total comprehensive (loss)/income for the financial year	-	-	(26,790)	6,196,759	6,169,969	
<b>Transactions with owners:</b>						
Issuance of ordinary shares	68,304,785	-	-	-	68,304,785	
Shares repurchased	-	(19,440,808)	-	-	(19,440,808)	
Dividends to the owners of parent	-	-	-	(6,028,784)	(6,028,784)	
	68,304,785	(19,440,808)	-	(6,028,784)	42,835,193	
At 31 December 2019	89,303,150	(19,440,808)	(26,790)	26,457,315	96,292,867	

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Cash flows from operating activities</b>				
Profit before tax	14,174,969	8,290,110	13,814,830	8,015,418
Adjustments for:				
Amortisation of product development costs	2,523,242	2,453,044	2,103,308	1,876,429
Depreciation of property, plant and equipment	652,101	692,004	643,406	689,042
Depreciation of right-of-use assets	369,400	374,442	369,400	374,442
Finance cost	9,182	19,511	9,182	19,511
Goodwill written off	123,505	-	-	-
Impairment losses on trade receivables	-	36,923	-	36,923
Loss on disposal of property, plant and equipment	1	664	1	664
Property, plant and equipment written off	-	1	-	-
Unrealised loss on foreign exchange	7,550	3,749	7,550	3,749
Interest income from:				
- deposits with licensed banks	(44,614)	(82,004)	(27,754)	(63,342)
- short-term funds	(1,036,408)	(1,391,366)	(1,036,408)	(1,391,366)
- amount due from a subsidiary company	-	-	(49,531)	(77,421)
Reversal of impairment losses on trade receivables	(15,040)	(36)	(3,567)	-
Operating profit before working capital changes	16,763,888	10,397,042	15,830,417	9,484,049
Changes in working capital:				
Inventories	-	21,336	-	21,336
Trade and other receivables	(226,138)	(24,403,710)	(348,813)	(24,385,696)
Trade and other payables	2,425,048	(7,350,612)	2,524,703	(7,368,547)
Contract liabilities	239,841	316,038	250,496	192,398
Amount due from subsidiary companies	-	-	(143,629)	3,078
	2,438,751	(31,416,948)	2,282,757	(31,537,431)
Cash generated from/(used in) operations	19,202,639	(21,019,906)	18,113,174	(22,053,382)
Interest paid	(9,182)	(19,511)	(9,182)	(19,511)
Tax paid	(2,295,427)	(1,693,174)	(2,290,948)	(1,689,383)
Net cash from/(used in) operating activities	16,898,030	(22,732,591)	15,813,044	(23,762,276)

# STATEMENTS OF CASH FLOWS

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

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>Cash flows from investing activities</b>					
Additions of product development costs		(3,136,620)	(2,681,130)	(2,803,118)	(2,392,715)
Acquisition of:					
- a subsidiary company		-	-	(2)	-
- property, plant and equipment		(676,546)	(437,104)	(376,943)	(437,104)
- other investments		-	(13,730,640)	-	(13,730,640)
- right-of-use assets		-	(11,371,290)	-	(11,371,290)
Interest income from:					
- deposits with licensed banks		44,614	82,004	27,754	63,342
- short-term funds		1,036,408	1,391,366	1,036,408	1,391,366
Proceeds from disposal of property, plant and equipment		-	500	-	500
Repayment from a subsidiary company		-	-	800,000	500,000
Net cash used in investing activities		<u>(2,732,144)</u>	<u>(26,746,294)</u>	<u>(1,315,901)</u>	<u>(25,976,541)</u>
<b>Cash flows from financing activities</b>					
Dividends paid	30	(5,593,784)	(6,028,784)	(5,593,784)	(6,028,784)
Proceeds from issuance of ordinary shares	16	-	68,304,785	-	68,304,785
Purchase of treasury shares	18	(8,119,858)	(19,440,808)	(8,119,858)	(19,440,808)
Payment of lease liabilities		<u>(380,336)</u>	<u>(375,295)</u>	<u>(380,336)</u>	<u>(375,295)</u>
Net cash (used in)/from financing activities		<u>(14,093,978)</u>	<u>42,459,898</u>	<u>(14,093,978)</u>	<u>42,459,898</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>					
		71,908	(7,018,987)	403,165	(7,278,919)
<b>Effect of exchange translation differences on cash and cash equivalents</b>					
		(7,570)	(4,531)	(7,570)	(4,531)
<b>Cash and cash equivalents at the beginning of the financial year</b>					
		<u>22,789,063</u>	<u>29,812,581</u>	<u>21,729,766</u>	<u>29,013,216</u>
<b>Cash and cash equivalents at the end of the financial year</b>					
		<u>22,853,401</u>	<u>22,789,063</u>	<u>22,125,361</u>	<u>21,729,766</u>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>					
Deposits, bank and cash balances and short-term funds	15	<u>22,853,401</u>	<u>22,789,063</u>	<u>22,125,361</u>	<u>21,729,766</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at Level 31, MYEG Tower, Empire City, No. 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan.

The registered office of the Company was located at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. With effective from 27 January 2021, the Company's registered office has been reallocated to Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are development, provision and maintenance of software application solutions for the financial services industry. The principal activities of its subsidiary companies are disclosed in Note 9. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

### Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new standards and amendments to standards issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to References to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (Cont'd)

#### Standards issued but not yet effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by MASB but are not yet effective for the Group and for the Company:

		<b>Effective dates for financial periods beginning on or after</b>
Amendment to MFRS 16	Covid-19 - Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendment to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020:		1 January 2022
• Amendments to MFRS 1		
• Amendments to MFRS 9		
• Amendments to MFRS 16		
• Amendments to MFRS 141		
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standards and amendments to standards when they become effective.

The initial application of the above-mentioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company.

### (b) Functional and presentation currency

The 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 RM except when otherwise stated.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

#### Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulation.

The Group recognises revenue over time in the following circumstances:

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

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

#### Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of office spaces and computer equipment with non-cancellable period included as part of the lease term as these are reasonably certain to include extension options in new leases to provide operational flexibility. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

#### Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

#### Useful lives of property, plant and equipment and right-of-use ("ROU") assets

The Group regularly reviews the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amount at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 6 respectively.

#### Product development costs

The Group capitalises product development costs for a project in accordance with the accounting policy. Initial capitalisation of product development costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generations of the project, discount rates to be applied and the expected period of benefits. The carrying amount at the reporting date for product development costs is disclosed in Note 7.

#### Amortisation of product development costs

Changes in the expected level of usage and technological development could impact the economic useful lives, therefore future amortisation charges could be revised.

#### Impairment of product development costs

The Group reviews the carrying amounts of product development costs at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount or value in use is estimated. Determining the value in use of product development costs requires the determination of future cash flows expected to be generated from the continued use, and ultimate disposition of such assets. Any resulting impairment loss could have a material adverse impact on the Group's financial position and results of operations.

Significant judgement is made in the estimation of the present value of future cash flows generated by product development costs, which involves uncertainties and is significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's assessment for impairment of product development costs.

Further details on the assessment for impairment of product development costs are disclosed in Note 7.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

#### Key sources of estimation uncertainty (Cont'd)

##### Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of the inventories are disclosed in Note 11.

##### Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 28.

##### Determination of transactions prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement, the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods and rendering of services are based on invoiced values. Discounts are not considered as they are only given in rare circumstances.

##### Provision for expected credit losses of financial assets at amortised cost

The Group reviews the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The Group uses a provision matrix to calculate expected credit loss for trade and other receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. Information about the expected credit loss is disclosed in Note 12.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

#### Key sources of estimation uncertainty (Cont'd)

##### Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

##### Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2020, the Group and the Company have tax recoverable of RMNil (2019: RM3,840) and RMNil (2019: RMNil) and tax payable of RM1,235,211 (2019: RM125,616) and RM1,235,005 (2019: RM125,616) respectively.

##### Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 35(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (i) Subsidiary companies (Cont'd)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 3(k)(i) on impairment of non-financial assets.

#### (ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

#### (iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. Refer accounting policy Note 3(k)(i) on impairment of non-financial assets.

### (b) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss.

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

### (c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i) on impairment of non-financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Property, plant and equipment (Cont'd)

#### (i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. 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. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

When 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.

Capital work-in-progress consists of buildings for intended use as office. The amount is stated at cost until the property, plant and equipment are ready for their intended use.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

#### (ii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

#### (iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Buildings	2%
Furniture and fittings	10%
Motor vehicles	20%
Computer and software	20%
Office equipment	15%
Renovation	20%

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Leases

#### (a) As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU 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 site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i) on impairment of non-financial assets.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold building	Over the remaining lease period
Office spaces	Over the lease term
Computer equipment	Over the lease term

Capital work-in-progress consists of leasehold buildings under construction for intended use as office. The amount is stated at cost until the right-of-use asset is ready for their intended use.

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

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 rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Lease (Cont'd)

#### (b) As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

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

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### (e) Intangible assets

Intangible assets are recognised only when the identifiability, control and future economic benefit probability criterias are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and are assessed for any indication that the asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the cost of sales line item.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed each period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Intangible assets (Cont'd)

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in profit or loss when the asset is derecognised.

#### **Research and development activities**

Expenditure on development activities of internally developed products is recognised as an intangible asset when it relates to the production of new or substantively improved products and processes and when the Group can demonstrate that it is technically feasible to develop the product or processes, adequate resources are available to complete the development and that there is an intention to complete and sell the products or processes to generate future economic benefits. Research expenditure is charged to profit or loss in the financial year in which it is incurred.

Capitalised product development costs are amortised on a straight-line basis over a period of three (3) to ten (10) years. Development expenditure not satisfying the criteria mentioned and expenditure arising from research or from the research phase of internal projects are recognised in profit or loss as incurred.

Development assets are tested for impairment annually.

#### **Trademarks and copyrights**

Acquired trademarks and copyrights have finite useful lives and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and copyrights over their estimated useful lives of ten (10) years.

Refer accounting policy Note 3(k)(i) on impairment of non-financial assets.

### (f) Financial assets

#### Recognition and initial measurement

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

#### Financial asset categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change 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 in the business model.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Financial assets (Cont'd)

#### Financial asset categories and subsequent measurement (Cont'd)

The Group and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Group and the Company classify their financial assets as follows:

#### (i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

The Group and the Company's financial assets at amortised cost include trade and other receivables, amount due from subsidiary companies and deposits, bank and cash balances and short-term funds.

#### (ii) Financial assets at fair value through other comprehensive income ("FVTOCI")

##### Debt instruments

A debt security is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

##### Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

Financial assets categorised as FVTOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Financial assets (Cont'd)

#### Financial asset categories and subsequent measurement (Cont'd)

The Group and the Company classify their financial assets as follows: (Cont'd)

#### (iii) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment as disclosed in Note 3(k)(ii) on impairment of financial assets.

#### Regular way purchase or sale of financial assets

Regular way purchase or sale are purchase or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchase or sale of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

#### Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to receive 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 assets and the sum of consideration received (including new asset obtained less any new liability assumed) is recognised in profit or loss.

### (g) Financial liabilities

#### Recognition and initial measurement

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

At initial recognition, the Group and the Company measure a financial liability at its fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) Financial liabilities (Cont'd)

#### Financial liabilities categories and subsequent measurement

The Group and the Company classify their financial liabilities as follows:

#### (i) Financial liabilities at amortised cost

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.

The Group and the Company's financial liabilities designated as amortised cost comprise trade and other payables and lease liabilities.

#### (ii) Financial liabilities at fair value through profit or loss

The Group and the Company have not designated any financial liabilities at FVTPL.

#### Derecognition

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. 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.

### (h) Offsetting of financial instruments

Financial asset and financial liability are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### (i) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis.

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.

### (j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (k) Impairment of assets

#### (i) Non-financial assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

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 cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss.

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 only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

#### (ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience and the economic environment.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (l) Share capital

#### (i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

#### (ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed of. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration, net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

### (m) Provisions

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

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

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (n) Employee benefits

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

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

#### (ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

### (o) Revenue recognition

#### (i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

#### (a) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

#### (b) Rendering of services

Revenue from services rendered and management fee income are recognised in the profit and loss based on the value of services performed and invoiced to customers during the reporting period.

#### (ii) Interest income

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (o) Revenue recognition (Cont'd)

#### (iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

### (p) Income taxes

Tax expense in profit or loss 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 financial 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 for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. 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.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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 liabilities and assets 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.

### (q) Contract liabilities

Contract liabilities represent the Group's and the Company's obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or has billed to the customer. The contract liabilities of the Group and the Company comprise of amount due to customers on contracts which is the excess of billings to-date over the cumulative revenue earned and deferred revenue where the Group and the Company have billed or has collected the payment before the goods are delivered or services are provided to the customers.

### (r) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (s) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer of the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM	Freehold land RM	Furniture and fittings RM	Motor vehicles RM	Computer and software RM	Office equipment RM	Renovation RM	Total RM
<b>Group</b>								
<b>2020</b>								
<b>Cost</b>								
At 1 January 2020	335,605	382,284	253,855	1,643,164	5,351,877	263,325	1,527,996	9,758,106
Acquisition of a subsidiary company	-	-	-	-	9,695	-	-	9,695
Additions	-	-	-	-	666,387	10,159	-	676,546
Disposals	-	-	-	(701,338)	-	-	-	(701,338)
At 31 December 2020	335,605	382,284	253,855	941,826	6,027,959	273,484	1,527,996	9,743,009
<b>Accumulated depreciation</b>								
At 1 January 2020	123,799	-	163,262	1,117,799	4,975,233	188,125	699,109	7,267,327
Acquisition of a subsidiary company	-	-	-	-	257	-	-	257
Charge for the financial year	6,211	-	18,857	162,547	151,939	29,181	283,366	652,101
Disposals	-	-	-	(701,337)	-	-	-	(701,337)
At 31 December 2020	130,010	-	182,119	579,009	5,127,429	217,306	982,475	7,218,348
<b>Carrying amount</b>								
At 1 January 2020	205,595	382,284	71,736	362,817	900,530	56,178	545,521	2,524,661

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings RM	Freehold land RM	Furniture and fittings RM	Motor vehicles RM	Computer and software RM	Office equipment RM	Renovation RM	Total RM
<b>Group</b>								
<b>2019</b>								
<b>Cost</b>								
At 1 January 2019	335,605	382,284	253,855	1,343,164	5,234,866	251,470	1,527,996	9,329,240
Additions	-	-	-	300,000	120,349	16,755	-	437,104
Written off	-	-	-	-	(3,338)	-	-	(3,338)
Disposals	-	-	-	-	-	(4,900)	-	(4,900)
At 31 December 2019	335,605	382,284	253,855	1,643,164	5,351,877	263,325	1,527,996	9,758,106
<b>Accumulated depreciation</b>								
At 1 January 2019	117,588	-	144,145	980,947	4,759,953	164,018	415,745	6,582,396
Charge for the financial year	6,211	-	19,117	136,852	218,617	27,843	283,364	692,004
Written off	-	-	-	-	(3,337)	-	-	(3,337)
Disposals	-	-	-	-	-	(3,736)	-	(3,736)
At 31 December 2019	123,799	-	163,262	1,117,799	4,975,233	188,125	699,109	7,267,327
<b>Carrying amount</b>								
At 31 December 2019	211,806	382,284	90,593	525,365	376,644	75,200	828,887	2,490,779

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings RM	Freehold land RM	Furniture and fittings RM	Motor vehicles RM	Computer and software RM	Office equipment RM	Renovation RM	Total RM
<b>Company</b>								
<b>2020</b>								
<b>Cost</b>								
At 1 January 2020	335,605	382,284	245,943	1,643,164	5,208,372	253,045	1,527,996	9,596,409
Additions	-	-	-	-	366,784	10,159	-	376,943
Disposals	-	-	-	(701,338)	-	-	-	(701,338)
At 31 December 2020	335,605	382,284	245,943	941,826	5,575,156	263,204	1,527,996	9,272,014
<b>Accumulated depreciation</b>								
At 1 January 2020	123,799	-	155,404	1,117,800	4,834,305	177,910	699,109	7,108,327
Charge for the financial year	6,211	-	18,857	162,547	143,293	29,132	283,366	643,406
Disposals	-	-	-	(701,337)	-	-	-	(701,337)
At 31 December 2020	130,010	-	174,261	579,010	4,977,598	207,042	982,475	7,050,396
<b>Carrying amount</b>								
At 31 December 2020	205,595	382,284	71,682	362,816	597,558	56,162	545,521	2,221,618

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings RM	Freehold land RM	Furniture and fittings RM	Motor vehicles RM	Computer and software RM	Office equipment RM	Renovation RM	Total RM
<b>Company</b>								
<b>2019</b>								
<b>Cost</b>								
At 1 January 2019	335,605	382,284	245,943	1,343,164	5,088,023	241,190	1,527,996	9,164,205
Additions	-	-	-	300,000	120,349	16,755	-	437,104
Disposals	-	-	-	-	-	(4,900)	-	(4,900)
At 31 December 2019	335,605	382,284	245,943	1,643,164	5,208,372	253,045	1,527,996	9,596,409
<b>Accumulated depreciation</b>								
At 1 January 2019	117,588	-	136,287	980,948	4,618,425	154,028	415,745	6,423,021
Charge for the financial year	6,211	-	19,117	136,852	215,880	27,618	283,364	689,042
Disposals	-	-	-	-	-	(3,736)	-	(3,736)
At 31 December 2019	123,799	-	155,404	1,117,800	4,834,305	177,910	699,109	7,108,327
<b>Carrying amount</b>								
At 31 December 2019	211,806	382,284	90,539	525,364	374,067	75,135	828,887	2,488,082

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 5. CAPITAL WORK-IN-PROGRESS

	Group and Company	
	2020	2019
	RM	RM
At 1 January	-	8,384,910
Effect of adoption of MFRS 16	-	(8,384,910)
At 1 January, as restated/31 December	-	-

## 6. RIGHT-OF-USE ASSETS

	Leasehold building	Office spaces	Computer equipment	Total
	RM	RM	RM	RM
<b>Group and Company</b>				
<b>Cost</b>				
<b>2020</b>				
At 1 January 2020	19,756,200	1,032,561	90,765	20,879,526
Additions	-	1,032,562	-	1,032,562
Expiration of lease contract	-	(1,032,561)	(90,765)	(1,123,326)
At 31 December 2020	19,756,200	1,032,562	-	20,788,762
<b>Accumulated depreciation</b>				
At 1 January 2020	-	717,057	65,552	782,609
Charge for the financial year	-	344,187	25,213	369,400
Expiration of lease contract	-	(1,032,561)	(90,765)	(1,123,326)
At 31 December 2020	-	28,683	-	28,683
<b>Carrying amount</b>				
At 31 December 2020	19,756,200	1,003,879	-	20,760,079

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 6. RIGHT-OF-USE ASSETS (CONT'D)

	Leasehold building RM	Capital work-in-progress RM	Office spaces RM	Computer equipment RM	Total RM
<b>Group and Company</b>					
<b>2019</b>					
<b>Cost</b>					
At 1 January 2019	-	-	-	-	-
Effect of adoption of MFRS 16	-	8,384,910	1,032,561	90,765	9,508,236
At 1 January 2019, as restated	-	8,384,910	1,032,561	90,765	9,508,236
Additions	11,371,290	-	-	-	11,371,290
Reclassification	8,384,910	(8,384,910)	-	-	-
At 31 December 2019	19,756,200	-	1,032,561	90,765	20,879,526
<b>Accumulated depreciation</b>					
At 1 January 2019	-	-	-	-	-
Effect of adoption of MFRS 16	-	-	372,870	35,297	408,167
At 1 January 2019, as restated	-	-	372,870	35,297	408,167
Charge for the financial year	-	-	344,187	30,255	374,442
At 31 December 2019	-	-	717,057	65,552	782,609
<b>Carrying amount</b>					
At 31 December 2019	19,756,200	-	315,504	25,213	20,096,917

- (a) The aggregate costs for the right-of-use assets of the Group and of the Company during the financial year acquired under lease financing and cash payments are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Aggregate costs	1,032,562	11,371,290	1,032,562	11,371,290
Less: Lease financing	(1,032,562)	-	(1,032,562)	-
Cash payments	-	11,371,290	-	11,371,290

- (b) The remaining lease term of the leasehold building is 83 years (2019: 84 years).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 7. PRODUCT DEVELOPMENT COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Cost</b>				
At 1 January	29,417,546	26,736,416	25,545,648	23,152,933
Additions	3,136,620	2,681,130	2,803,118	2,392,715
At 31 December	<u>32,554,166</u>	<u>29,417,546</u>	<u>28,348,766</u>	<u>25,545,648</u>
<b>Accumulated amortisation</b>				
At 1 January	18,099,448	15,646,404	15,310,193	13,433,764
Charge for the financial year	2,523,242	2,453,044	2,103,308	1,876,429
At 31 December	<u>20,622,690</u>	<u>18,099,448</u>	<u>17,413,501</u>	<u>15,310,193</u>
<b>Carrying amount</b>				
At 31 December	<u>11,931,476</u>	<u>11,318,098</u>	<u>10,935,265</u>	<u>10,235,455</u>

- (a) Product development costs comprise salaries of personnel involved in the development and design of products prior to the commencement of commercial production.
- (b) The Group reviews the carrying amount of product development costs as at the end of each reporting period to determine whether there is any indication of impairment. If any such indications exist, the recoverable amount of the cash-generating unit ("CGU") is determined based on its value in use. The value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the CGU based on the financial budgets prepared by the management covering a period of five (5) years.

The key assumptions used in the value in use calculations are as follows:

- (i) The anticipated average annual revenue growth rates used in the cash flow budgets and plans of the CGU at 4% (2019: 5%) per annum from years 2021 to 2025.
- (ii) Profit margins were projected based on the historical profit margin achieved or pre-determined profit margin for the products.
- (iii) A pre-tax discount rate of 4.80% (2019: 4.80%) per annum has been applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital plus a reasonable risk premium.

Based on the assessment, the Directors are of the view that no impairment loss is required as the recoverable amount of the CGU is higher than its carrying amount.

- (c) Sensitivity to changes in assumptions

The management believes that there is no reasonable possible change in any key assumption that would cause the CGU carrying amount to exceed its recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 8. INTANGIBLE ASSETS

	Group and Company	
	2020	2019
	RM	RM
<b>Cost</b>		
At 1 January/31 December	1,010,000	1,010,000
<b>Accumulated amortisation</b>		
At 1 January/31 December	(1,010,000)	(1,010,000)
<b>Carrying amount</b>		
At 31 December	-	-

Intangible assets consist of trademarks and copyrights which had been fully amortised in the financial year ended 31 December 2013.

## 9. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2020	2019
	RM	RM
<b>Unquoted shares, at cost</b>		
In Malaysia	620,005	620,003
Less: Accumulated impairment losses	(120,000)	(120,000)
	500,005	500,003

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest		Principal activities
		2020 %	2019 %	
<b>Direct holding:</b>				
Insage (MSC) Sdn. Bhd.	Malaysia	100	100	Provision of software solutions
E2 Trade Sdn. Bhd.	Malaysia	100	100	Investment holding
Xifu Sdn. Bhd.	Malaysia	100	-	Provision of information platform for investment

### Acquisition of a subsidiary company

On 25 August 2020, the Company acquired 1 ordinary share, representing 50% equity interest in Xifu Sdn. Bhd. ("Xifu") for a cash consideration of RM1. On 4 December 2020, the Company acquired the remaining 50% equity interest in Xifu for a cash consideration of RM1. Consequently, Xifu became a wholly-owned subsidiary company of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	2020 RM
<u>Fair value of consideration transferred</u>	
Cash consideration	2
<u>Fair value of identifiable assets acquired and liabilities assumed</u>	
Property, plant and equipment	9,438
Other receivables	5,716
Cash in hand	2
Other payables	(138,659)
	<u>(123,503)</u>
<u>Net cash outflow arising from acquisition of a subsidiary company</u>	
Purchase consideration settled in cash	(2)
Cash and cash equivalents acquired	2
	<u>-</u>
<u>Goodwill arising from business combination</u>	
Fair value of consideration transferred	2
Fair value of identifiable assets acquired and liabilities assumed	(123,503)
Goodwill	<u>123,505</u>

The goodwill arising from consolidation has been written off during the financial year.

### Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition, the acquired subsidiary company has not contribute to the Group's revenue and profit for the financial year.

There was no acquisition in the previous financial year.

## 10. OTHER INVESTMENTS

	Group and Company	
	2020	2019
	RM	RM
<b>Non-current</b>		
<b>Financial assets measured at fair value through other comprehensive income</b>		
Quoted shares	<u>13,042,200</u>	<u>13,703,850</u>

The fair value of the listed equity securities was determined by reference to the quoted price in an active market.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

**11. INVENTORIES**

	Group and Company	
	2020	2019
	RM	RM
Replacement parts	23,992	23,992
<b>Recognised in profit or loss</b>		
Inventories recognised as cost of sales	783,556	810,273

**12. TRADE RECEIVABLES**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Trade receivables	6,031,303	5,546,718	5,830,491	5,305,471
Less: Accumulated impairment losses	(183,391)	(198,431)	(159,878)	(163,445)
	5,847,912	5,348,287	5,670,613	5,142,026

Trade receivables are non-interest bearing and are generally on 60 to 90 days (2019: 60 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Lifetime allowance	Credit impaired	Loss allowance
	RM	RM	RM
<b>Group</b>			
At 1 January 2020	168,500	29,931	198,431
Impairment losses reversed*	(6,607)	(8,433)	(15,040)
At 31 December 2020	161,893	21,498	183,391
At 1 January 2019	131,613	29,931	161,544
Impairment losses recognised	36,923	-	36,923
Impairment losses reversed*	(36)	-	(36)
At 31 December 2019	168,500	29,931	198,431
<b>Company</b>			
At 1 January 2020	163,445	-	163,445
Impairment losses reversed*	(3,567)	-	(3,567)
At 31 December 2020	159,878	-	159,878
At 1 January 2019	126,522	-	126,522
Impairment losses recognised	36,923	-	36,923
At 31 December 2019	163,445	-	163,445

\* Impairment losses reversed during the financial year when the related amounts were collected.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 12. TRADE RECEIVABLES (CONT'D)

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The ageing analysis of trade receivables as at the end of the reporting period are as follows:

	Gross amount RM	Loss allowance RM	Net amount RM
<b>Group</b>			
<b>2020</b>			
Not past due	5,036,110	(92,968)	4,943,142
Past due			
Less than 30 days	3,332	(73)	3,259
31 to 60 days	204,733	(11,505)	193,228
More than 60 days	765,630	(57,347)	708,283
	973,695	(68,925)	904,770
<b>Credit impaired</b>			
Individually impaired	21,498	(21,498)	-
	<u>6,031,303</u>	<u>(183,391)</u>	<u>5,847,912</u>
<b>2019</b>			
Not past due	3,711,060	(61,805)	3,649,255
Past due			
Less than 30 days	357,466	(11,905)	345,561
31 to 60 days	66,170	(2,912)	63,258
More than 60 days	1,382,091	(91,878)	1,290,213
	1,805,727	(106,695)	1,699,032
<b>Credit impaired</b>			
Individually impaired	29,931	(29,931)	-
	<u>5,546,718</u>	<u>(198,431)</u>	<u>5,348,287</u>
<b>Company</b>			
<b>2020</b>			
Not past due	4,860,765	(91,054)	4,769,711
Past due			
31 to 60 days	204,732	(11,505)	193,227
More than 60 days	764,994	(57,319)	707,675
	969,726	(68,824)	900,902
	<u>5,830,491</u>	<u>(159,878)</u>	<u>5,670,613</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 12. TRADE RECEIVABLES (CONT'D)

The ageing analysis of trade receivables as at the end of the reporting period are as follows: (Cont'd)

	Gross amount RM	Loss allowance RM	Net amount RM
<b>Company</b>			
<b>2019</b>			
Not past due	3,546,230	(58,880)	3,487,350
Past due			
Less than 30 days	342,096	(11,359)	330,737
31 to 60 days	54,770	(2,728)	52,042
More than 60 days	1,362,375	(90,478)	1,271,897
	<u>1,759,241</u>	<u>(104,565)</u>	<u>1,654,676</u>
	<u>5,305,471</u>	<u>(163,445)</u>	<u>5,142,026</u>

Trade receivables of the Group and of the Company that are not past due nor individually impaired are creditworthy receivables with good payment records with the Group and the Company. As at 31 December 2020, 83% (2019: 67%) and 83% (2019: 67%) of the trade receivables of the Group and of the Company respectively have never defaulted. These customers maintain a long working relationship with the Group.

As at 31 December 2020, the Group's and the Company's gross trade receivables of RM973,695 (2019: RM1,805,727) and RM969,726 (2019: RM1,759,241) were past due but not individually impaired. These mainly arose from active corporate clients with healthy business relationship but slower repayment records, in which the management is of the view that the amount are recoverable based on past payment history. The trade receivables that are past due are unsecured in nature.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM21,498 (2019: RM29,931), relate to customers that are in financial difficulties and/or have defaulted on payments. These balances are expected to be recovered through the debts recovery process.

The Group and the Company have 4 (2019: 3) customers that owed to the Group and to the Company for approximately 61% (2019: 54%) and 63% (2019: 56%) respectively of total gross trade receivables at the end of the reporting period.

## 13. OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables	100,060	75,357	92,240	68,974
Deposits	24,221,891	24,199,125	24,221,891	24,199,125
Prepayments	1,083,930	1,384,110	1,149,443	1,371,662
	<u>25,405,881</u>	<u>25,658,592</u>	<u>25,463,574</u>	<u>25,639,761</u>

Included in deposits is an amount of RM23,900,000 (2019: RM23,900,000) represents refundable deposits paid for renovation of office and acquisition of shares.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 14. AMOUNT DUE FROM SUBSIDIARY COMPANIES

	Note	Company	
		2020 RM	2019 RM
<b>Current</b>			
<u>Non-trade related</u>			
Interest bearing	(a)	-	750,469
Non-interest bearing	(b)	157,069	13,440
		<u>157,069</u>	<u>763,909</u>

(a) This represents loans which is unsecured, bear interest at a rate of 6.60% (2019: 6.60%) per annum and have fixed repayment terms range from 8 to 9 years. The subsidiary company has fully settled the loans during the financial year.

(b) This represents unsecured, non-interest bearing advances and repayable on demand.

## 15. DEPOSITS, BANK AND CASH BALANCES AND SHORT-TERM FUNDS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash in hand	7,009	7,073	6,505	6,571
Cash at banks	2,762,847	2,769,396	2,035,311	1,710,601
Fixed deposits with licensed banks	207,568	211,019	207,568	211,019
	<u>2,977,424</u>	<u>2,987,488</u>	<u>2,249,384</u>	<u>1,928,191</u>
Short-term funds				
<i>At fair value through profit or loss</i>				
- Investments in fixed income trust funds in Malaysia	19,875,977	19,801,575	19,875,977	19,801,575
	<u>22,853,401</u>	<u>22,789,063</u>	<u>22,125,361</u>	<u>21,729,766</u>

(a) Investments in fixed income trust funds in Malaysia represents investments in high liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(b) The effective interest rates for short-term funds and deposits with licensed banks of the Group and of the Company at the end of the reporting period range from 0.12% to 7.56% (2019: 0.6% to 7.95%) per annum.

(c) Deposits of the Group and of the Company have an average maturity period of 30 days (2019: 30 days). Bank balances are deposits held at call with banks.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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## 16. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2020	2019	2020	2019
	Units	Units	RM	RM
<b>Issued and fully paid ordinary shares</b>				
At 1 January	615,378,375	414,481,950	89,303,150	20,998,365
Issuance of shares during the financial year	-	200,896,425	-	68,304,785
At 31 December	<u>615,378,375</u>	<u>615,378,375</u>	<u>89,303,150</u>	<u>89,303,150</u>

### Ordinary shares

In the previous financial year, the Company issued 200,896,425 new ordinary shares for a total cash consideration of RM68,304,785 arising from the exercise of warrants at an exercise price of RM0.34 per ordinary share.

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

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

### Warrants

In the previous financial year, a total of 200,896,425 warrants were exercised before the expiry date of the warrants on 17 July 2019 ("Expiry Date") which resulted in 200,896,425 new ordinary shares being allotted, issued and listed. As at Expiry Date, 4,925,887 unexercised warrants become null, void and ceased to be exercisable and the same amount was removed from the official list of Bursa Securities with effect from 18 July 2019.

## 17. RESERVES

	Note	Group		Company	
		2020	2019	2020	2019
		RM	RM	RM	RM
<b>Non-distributable</b>					
Fair value reserve	(a)	(688,440)	(26,790)	(688,440)	(26,790)
Other reserve	(b)	(80,745)	(80,745)	-	-
<b>Distributable</b>					
Retained earnings	(c)	<u>31,886,191</u>	<u>26,713,868</u>	<u>31,278,024</u>	<u>26,457,315</u>
		<u>31,117,006</u>	<u>26,606,333</u>	<u>30,589,584</u>	<u>26,430,525</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

**17. RESERVES (CONT'D)****(a) Fair value reserve**

Fair value reserve represents the cumulative net change in the fair value of investment in securities measured at fair value through other comprehensive income until they are derecognised or impaired.

**(b) Other reserve**

Other reserve represents the difference between the Group's share of net assets before and after the acquisition of equity interest from its non-controlling interests.

**(c) Retained earnings**

The entire retained earnings of the Company are available for distribution as single-tier dividends.

**18. TREASURY SHARES**

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 24 June 2020, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

	Group and Company			
	Number of Treasury Shares		Amount	
	2020 Units	2019 Units	2020 RM	2019 RM
At 1 January	35,000,000	-	19,440,808	-
Purchase of own shares	21,000,000	35,000,000	8,119,858	19,440,808
At 31 December	56,000,000	35,000,000	27,560,666	19,440,808

During the financial year, the Company repurchased 21,000,000 (2019: 35,000,000) of its issued share capital from the open market at an average price of RM0.39 (2019: RM0.56) per share including transaction costs. The purchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

# NOTES TO THE FINANCIAL STATEMENTS

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## 19. LEASE LIABILITIES

	Group and Company	
	2020	2019
	RM	RM
At 1 January	353,091	-
Effect of adoption of MFRS 16	-	728,386
At 1 January 2019, restated	353,091	728,386
Addition	1,032,562	-
Accretion of interest	9,182	19,511
Payments	(389,518)	(394,806)
At 31 December	1,005,317	353,091
Presented as:		
Non-current	672,117	-
Current	333,200	353,091
	1,005,317	353,091

The maturity analysis of lease liabilities of the Group and of the Company at the end of the reporting period are as follows:

	Group and Company	
	2020	2019
	RM	RM
Within one year	363,074	359,262
Later than one year and not later than two years	363,074	-
Later than two years and not later than five years	332,819	-
	1,058,967	359,262
Less: Future finance charges	(53,650)	(6,171)
Present value of lease liabilities	1,005,317	353,091

The Group leases buildings and computer equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The weighted average incremental borrowing rate applied to lease liabilities at the reporting was 3.5% (2019: 3.5%).

## 20. TRADE PAYABLES

The normal trade credit term granted to the Group and to the Company range from 30 to 90 days (2019: 30 to 90 days) depending on the terms of the contracts.

# NOTES TO THE FINANCIAL STATEMENTS

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**21. OTHER PAYABLES**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Other payables	829,046	661,658	791,989	616,652
Deposits received	821,138	78,340	821,138	78,340
Accruals	3,731,804	1,613,752	3,634,539	1,563,440
	<u>5,381,988</u>	<u>2,353,750</u>	<u>5,247,666</u>	<u>2,258,432</u>

**22. CONTRACT LIABILITIES**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Deferred revenue	<u>1,625,834</u>	<u>1,385,993</u>	<u>824,018</u>	<u>573,522</u>

Deferred revenue represents advance consideration received (or an amount of consideration is due) from the customer in respect of services which are yet to be provided. The deferred revenue will be recognised as revenue when the related services is rendered.

**23. REVENUE**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
<b>Revenue from contracts with customers:</b>				
Sales of hardware	976,024	990,311	976,024	990,311
Rendering of services	28,438,779	19,928,776	27,107,871	18,715,869
Maintenance services	1,971,174	2,044,057	1,887,873	1,960,463
	<u>31,385,977</u>	<u>22,963,144</u>	<u>29,971,768</u>	<u>21,666,643</u>
<b>Timing of revenue recognition</b>				
At a point in time	25,465,101	18,681,351	25,408,311	18,622,822
Over time	5,920,876	4,281,793	4,563,457	3,043,821
Total revenue from contracts with customers	<u>31,385,977</u>	<u>22,963,144</u>	<u>29,971,768</u>	<u>21,666,643</u>

Revenue from contracts with customers recognised for the Group and for the Company in the current financial year included RM1,203,113 and RM498,042 (2019: RM1,024,909 and RM363,609) that were included in the contract liabilities at the beginning of the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

**23. REVENUE (CONT'D)**

Breakdown of the Group's revenue from contracts with customers:

	Application solutions division RM	Maintenance services division RM	Application services provider division RM	Total RM
<b>2020</b>				
<b>Major goods and services</b>				
Sales of hardware	913,724	-	62,300	976,024
Rendering of services	2,680,156	-	25,758,623	28,438,779
Maintenance services	-	1,971,174	-	1,971,174
Total revenue from contracts with customers	3,593,880	1,971,174	25,820,923	31,385,977
<b>Geographical market</b>				
Malaysia	3,041,109	1,669,340	25,813,367	30,523,816
Singapore	552,771	249,255	-	802,026
Others	-	52,579	7,556	60,135
Total revenue from contracts with customers	3,593,880	1,971,174	25,820,923	31,385,977
<b>Timing of revenue recognition</b>				
At a point in time	2,337,537	1,012,300	22,115,265	25,465,102
Over time	1,256,343	958,874	3,705,658	5,920,875
Total revenue from contracts with customers	3,593,880	1,971,174	25,820,923	31,385,977
<b>2019</b>				
<b>Major goods and services</b>				
Sales of hardware	990,311	-	-	990,311
Rendering of services	4,112,938	-	15,815,838	19,928,776
Maintenance services	-	2,044,057	-	2,044,057
Total revenue from contracts with customers	5,103,249	2,044,057	15,815,838	22,963,144
<b>Geographical market</b>				
Malaysia	4,670,411	1,727,980	15,808,038	22,206,429
Singapore	432,838	249,050	-	681,888
Others	-	67,027	7,800	74,827
Total revenue from contracts with customers	5,103,249	2,044,057	15,815,838	22,963,144
<b>Timing of revenue recognition</b>				
At a point in time	3,735,754	1,012,300	13,933,297	18,681,351
Over time	1,367,495	1,031,757	1,882,541	4,281,793
Total revenue from contracts with customers	5,103,249	2,044,057	15,815,838	22,963,144

# NOTES TO THE FINANCIAL STATEMENTS

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**24. COST OF SALES**

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Hardware	783,556	810,273	783,556	810,273
Amortisation of product development costs	2,523,242	2,453,044	2,103,308	1,876,429
Project costs	3,467,757	1,968,154	3,452,068	1,964,976
Data centre and line expenses	1,319,728	1,023,462	1,319,372	1,023,462
Direct technical staff costs	1,515,066	1,235,840	1,412,573	1,214,252
License fees	341,266	306,639	170,276	145,329
Other expenses	446,724	476,557	440,955	470,645
	<u>10,397,339</u>	<u>8,273,969</u>	<u>9,682,108</u>	<u>7,505,366</u>

**25. FINANCE COST**

	Group and Company	
	2020 RM	2019 RM
Interest expenses on lease liabilities	<u>9,182</u>	<u>19,511</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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## 26. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting) amongst other, the following items:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration				
- statutory audit	57,000	56,000	52,500	51,500
- non-statutory audit	5,000	5,000	5,000	5,000
Amortisation of product development costs	2,523,242	2,453,044	2,103,308	1,876,429
Depreciation of property, plant and equipment	652,101	692,004	643,406	689,042
Depreciation of right-of-use assets	369,400	374,442	369,400	374,442
Goodwill written off	123,505	-	-	-
Impairment losses on trade receivables	-	36,923	-	36,923
Loss on disposal of property, plant and equipment	1	664	1	664
Loss on foreign exchange				
- realised	17,436	15,408	17,436	15,403
- unrealised	7,550	3,749	7,550	3,749
Non-executive Directors' fee	191,000	142,400	191,000	142,400
Property, plant and equipment written off	-	1	-	-
Interest income from:				
- deposits with licensed banks	(44,614)	(82,004)	(27,754)	(63,342)
- short-term funds	(1,036,408)	(1,391,366)	(1,036,408)	(1,391,366)
- amount due from a subsidiary company	-	-	(49,531)	(77,421)
Reversal of impairment losses on trade receivables	(15,040)	(36)	(3,567)	-

## 27. TAXATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Tax expenses recognised in profit or loss</b>				
<b>Malaysian income tax</b>				
Current tax provision	3,347,843	1,609,367	3,343,797	1,609,367
Under provision in prior years	61,019	209,293	56,540	209,292
	<u>3,408,862</u>	<u>1,818,660</u>	<u>3,400,337</u>	<u>1,818,659</u>

The subsidiary company, Insage (MSC) Sdn. Bhd. ("Insage") was awarded with the Multimedia Super Corridor ("MSC") status by the Government of Malaysia. The financial incentive awarded to Insage under the MSC status is "Pioneer Status" under Section 4A of the Promotion of Investment Act 1986. Insage has been granted the Pioneer Status by the Ministry of International Trade and Industry for services under the Promotion Investment Act 1986 in which the statutory income is exempted from tax for a period of 5 years from 23 March 2014 to 22 March 2019.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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## 27. TAXATION (CONT'D)

The salient terms of the Pioneer Status are as follows:

- (i) 100% tax exemption on business income;
- (ii) unabsorbed pioneer capital allowances can be carried forward to the post pioneer period and deducted against the post-pioneer income of a business relating to the same promoted activity or promoted product; and
- (iii) unabsorbed pioneer losses can be carried forward to the post pioneer period and deducted against the post-pioneer income of a business relating to the same promoted activity or promoted product.

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profits for the financial year.

A reconciliation of income tax expenses applicable to profit before tax at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax	14,174,969	8,290,110	13,814,830	8,015,418
At Malaysian statutory tax rate of 24% (2019: 24%)	3,401,993	1,989,626	3,315,559	1,923,700
Expenses not deductible for tax purposes	712,943	648,577	660,068	559,624
Income not subject to tax	(925,129)	(926,761)	(922,342)	(926,761)
Deferred tax assets not recognised	290,512	52,804	290,512	52,804
Utilisation of previously unrecognised deferred tax assets	(132,476)	(154,879)	-	-
Under provision of income tax in prior years	61,019	209,293	56,540	209,292
Tax expenses for the financial year	3,408,862	1,818,660	3,400,337	1,818,659

The Group have unused tax losses of RM922,675 (2019: RM1,303,443) available for carry forward to offset against future taxable profits. The said amounts are subject to approval by the tax authorities.

## 28. DEFERRED TAXATION

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax liabilities	111,938	49,899	70,235	49,288
Deferred tax assets	(111,938)	(49,899)	(70,235)	(49,288)
	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

**28. DEFERRED TAXATION (CONT'D)**

The components and movements of deferred tax liabilities and assets are as follows:

	Accelerated capital allowances	
	2020	2019
	RM	RM

**Group****Deferred tax liabilities**

At 1 January	49,899	36,174
Recognised in profit or loss	48,074	(7,267)
Under provision in prior years	13,965	20,992
At 31 December	<u>111,938</u>	<u>49,899</u>

	Unused tax losses	Other	Total
	RM	RM	RM

**Deferred tax assets**

At 1 January 2020	(611)	(49,288)	(49,899)
Recognised in profit or loss	(41,092)	(6,982)	(48,074)
Under provision in prior years	-	(13,965)	(13,965)
At 31 December 2020	<u>(41,703)</u>	<u>(70,235)</u>	<u>(111,938)</u>
At 1 January 2019	(1,250)	(34,924)	(36,174)
Recognised in profit or loss	613	6,654	7,267
Over/(Under) provision in prior years	26	(21,018)	(20,992)
At 31 December 2019	<u>(611)</u>	<u>(49,288)</u>	<u>(49,899)</u>

	Accelerated capital allowances	
	2020	2019
	RM	RM

**Company****Deferred tax liability**

At 1 January	49,288	34,924
Recognised in profit or loss	6,982	(6,628)
Under provision in prior years	13,965	20,992
At 31 December	<u>70,235</u>	<u>49,288</u>

	Others	
	2020	2019
	RM	RM

**Deferred tax asset**

At 1 January	(49,288)	(34,924)
Recognised in profit or loss	(6,982)	6,628
Under provision in prior years	(13,965)	(20,992)
At 31 December	<u>(70,235)</u>	<u>(49,288)</u>

# NOTES TO THE FINANCIAL STATEMENTS

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## 28. DEFERRED TAXATION (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unused tax losses	748,913	1,300,896	-	-
Other deductible temporary differences	1,532,808	322,342	1,532,808	322,342
	<u>2,281,721</u>	<u>1,623,238</u>	<u>1,532,808</u>	<u>322,342</u>

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary company that have a recent history of losses.

With effect from year of assessment 2019, unused tax losses are allowed to be carried forward up to maximum of seven consecutive years of assessment under the current year legislation. The other temporary differences do not expire under current tax legislation.

## 29. EARNINGS PER SHARE

### (a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2020 RM	2019 RM
Profit attributable to owners of the parent	<u>10,766,107</u>	<u>6,471,450</u>
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at the beginning of the financial year	580,378,375	414,481,950
Shares issued during the financial year	-	56,622,508
Less: Treasury shares	<u>(17,898,630)</u>	<u>(3,597,260)</u>
	<u>562,479,745</u>	<u>467,507,198</u>
Basic earnings per ordinary share (in sen)	<u>1.91</u>	<u>1.38</u>

### (b) Diluted earnings per share

The Group has no dilution in their earnings per ordinary shares as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

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## 30. DIVIDENDS

	Group and Company	
	2020	2019
	RM	RM
<b>Dividends recognised as distribution to ordinary shareholders of the Company:</b>		
In respect of the financial year ended 31 December 2019		
- First interim single-tier dividend of 0.50 sen per ordinary share	-	3,076,892
- Second interim single-tier dividend of 0.50 sen per ordinary share	-	2,951,892
In respect of the financial year ended 31 December 2020		
- First interim single-tier dividend of 0.50 sen per ordinary share	2,796,892	-
- Second interim single-tier dividend of 0.50 sen per ordinary share	2,796,892	-
	<u>5,593,784</u>	<u>6,028,784</u>

At the forthcoming Annual General Meeting, a final single-tier dividend of 0.50 sen per ordinary share in respect of the current financial year will be proposed for the approval of the shareholders. The financial statements for the current financial year do not reflect this proposed dividend. This dividend will be accounted for as an appropriation of retained profits in the period when it is approved by the shareholders.

## 31. STAFF COSTS

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Fees	300,000	353,935	300,000	353,935
Salaries, wages and other emoluments	8,061,830	7,485,964	7,609,235	7,151,624
Defined contribution plans	977,286	928,968	920,419	886,504
Social security contributions	64,420	66,351	58,656	61,408
Other benefits	138,863	244,067	132,634	232,579
	<u>9,542,399</u>	<u>9,079,285</u>	<u>9,020,944</u>	<u>8,686,050</u>

# NOTES TO THE FINANCIAL STATEMENTS

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**31. STAFF COSTS (CONT'D)**

Included in staff costs is aggregate amount of remuneration received/receivable by the Executive Directors of the Group and of the Company during the financial year as below:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Executive Directors of the Company</b>				
Fees	300,000	353,935	300,000	353,935
Salaries and other emoluments	990,781	1,040,638	990,781	1,040,638
Defined contribution plans	124,286	140,188	124,286	140,188
Social security contributions	2,770	3,116	2,770	3,116
	<u>1,417,837</u>	<u>1,537,877</u>	<u>1,417,837</u>	<u>1,537,877</u>

**32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities:

	At 1 January RM	Effect of adoption of MFRS 16 RM	New lease (Note 6) RM	Financing cash flows * RM	At 31 December RM
<b>Group and Company</b>					
<b>2020</b>					
Lease liabilities	<u>353,091</u>	<u>-</u>	<u>1,032,562</u>	<u>(380,336)</u>	<u>1,005,317</u>
<b>2019</b>					
Lease liabilities	<u>-</u>	<u>728,386</u>	<u>-</u>	<u>(375,295)</u>	<u>353,091</u>

\* Financing cash flows represents payment of lease liabilities in the statements of cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

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## 33. RELATED PARTY DISCLOSURES

### (a) Identifying 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 or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

The Company has controlling related party relationship with its direct subsidiary companies.

Related parties of the Group include:

- (i) Direct subsidiary companies as disclosed in Note 9;
- (ii) Company in which a Director of the Company has substantial financial interest; and
- (iii) Key management personnel who 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 the Directors and certain members of the senior management of the Group.

### (b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Transactions with a subsidiary company</b>				
Application services rendered	-	-	313,800	327,540
Management fee income	-	-	81,600	81,600
Interest income receivable	-	-	49,531	77,421
<b>Transactions with a related party</b>				
Lease expenses paid/payable	363,074	363,074	363,074	363,074
<b>Transactions with Directors</b>				
Consultancy fee paid/payable	180,000	157,600	180,000	157,600

# NOTES TO THE FINANCIAL STATEMENTS

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## 33. RELATED PARTY DISCLOSURES (CONT'D)

### (c) Compensation of key management personnel

Information regarding compensation of Directors and other key management personnel are as follows:

	Group		Company	
	2020 RM	2019 RM Restated	2020 RM	2019 RM Restated
Fees	491,000	496,335	491,000	496,335
Salaries, and other emoluments	1,961,735	1,920,843	1,961,735	1,920,843
Defined contribution plans	241,001	245,881	241,001	245,881
Social security contributions	7,387	7,733	7,387	7,733
	<u>2,701,123</u>	<u>2,670,792</u>	<u>2,701,123</u>	<u>2,670,792</u>

## 34. SEGMENT INFORMATION

The Company and its subsidiary companies are principally engaged in the development, provision and maintenance of computer software application solutions for the financial services industry.

The Company has arrived at three (3) reportable segments that are organised and managed separately according to the nature of products and services, which requires different business and marketing strategies. The reportable segments are summarised as follows:

- |  |   |
|--|---|
| (a) Application solutions division         | Sales of software application and product on an outright purchase basis       |
| (b) Maintenance services division          | Provision of maintenance services   |
| (c) Application services provider division | Income from outsourcing services charge which is volume and transaction based |

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax. Group income taxes are managed on a group basis and are not allocated to operating segments.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Capital expenditure consist of addition of property, plant and equipment, capital work-in-progress and right-of-use assets.

Segment assets exclude tax assets and segment liabilities exclude tax liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

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## 34. SEGMENT INFORMATION (CONT'D)

Details are provided in the reconciliation of segment assets and liabilities to the Group's position.

	Application solutions division RM	Maintenance services division RM	Application services provider division RM	Total RM
<b>2020</b>				
<b>Revenue</b>				
Total revenue	3,593,880	1,971,174	26,134,723	31,699,777
Inter-segment revenue	-	-	(313,800)	(313,800)
Revenue from external customers	3,593,880	1,971,174	25,820,923	31,385,977
<b>Results</b>				
Segment results	1,500,386	822,933	10,779,810	13,103,129
Interest income	123,783	67,893	889,346	1,081,022
Finance cost	(1,051)	(577)	(7,554)	(9,182)
Profit before tax				14,174,969
Taxation				(3,408,862)
Profit after tax				10,766,107
<b>Segment assets</b>	11,724,215	6,430,506	84,234,881	102,389,602
<b>Segment liabilities</b>	949,815	520,955	6,824,131	8,294,901
<b>Other segment information</b>				
Capital expenditure	195,703	107,339	1,406,066	1,709,108
Amortisation of product development costs	288,926	158,470	2,075,846	2,523,242
Depreciation of property, plant and equipment	74,669	40,955	536,477	652,101
Depreciation of right-of-use assets	42,298	23,200	303,902	369,400
Goodwill written off	-	-	123,505	123,505
Loss on disposal of property, plant and equipment	-	-	1	1
Reversal on impairment losses on trade receivables	(1,722)	(945)	(12,373)	(15,040)
Unrealised loss on foreign exchange	865	474	6,211	7,550

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**34. SEGMENT INFORMATION (CONT'D)**

	Application solutions division RM	Maintenance services division RM	Application services provider division RM	Total RM
<b>2019</b>				
<b>Revenue</b>				
Total revenue	5,103,249	2,044,057	16,143,378	23,290,684
Inter-segment revenue	-	-	(327,540)	(327,540)
Revenue from external customers	<u>5,103,249</u>	<u>2,044,057</u>	<u>15,815,838</u>	<u>22,963,144</u>
<b>Results</b>				
Segment results	1,519,265	608,527	4,708,459	6,836,251
Interest income	327,437	131,152	1,014,781	1,473,370
Finance cost	(4,336)	(1,737)	(13,438)	(19,511)
Profit before tax				8,290,110
Taxation				(1,818,660)
Profit after tax				<u>6,471,450</u>
<b>Segment assets</b>	<u>22,541,355</u>	<u>9,028,722</u>	<u>69,859,501</u>	<u>101,429,578</u>
<b>Segment liabilities</b>	<u>1,075,431</u>	<u>430,753</u>	<u>3,332,943</u>	<u>4,839,127</u>
<b>Other segment information</b>				
Capital expenditure	2,624,256	1,051,121	8,133,017	11,808,394
Amortisation of product development costs	545,156	218,357	1,689,531	2,453,044
Depreciation of property, plant and equipment	153,789	61,599	476,616	692,004
Depreciation of right-of-use assets	83,215	33,331	257,896	374,442
Impairment losses on trade receivables	8,206	3,287	25,430	36,923
Loss on disposal of property, plant and equipment	148	59	457	664
Property, plant and equipment written off	-	-	1	1
Reversal on impairment losses on trade receivables	(8)	(3)	(25)	(36)
Unrealised loss on foreign exchange	833	334	2,582	3,749

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 34. SEGMENT INFORMATION (CONT'D)

Reconciliations of reportable segment revenue, assets and liabilities to the Group's corresponding amounts are as follows:

	2020 RM	2019 RM
<b>Revenue</b>		
Total revenue for reportable segments	31,699,777	23,290,684
Elimination of inter-segmental revenue	(313,800)	(327,540)
Revenue of the Group per statements of profit or loss and other comprehensive income	<u>31,385,977</u>	<u>22,963,144</u>
<b>Assets</b>		
Total assets for reportable segments	102,389,602	101,429,578
Tax recoverable	-	3,840
Assets of the Group per statements of financial position	<u>102,389,602</u>	<u>101,433,418</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	8,294,901	4,839,127
Tax payable	1,235,211	125,616
Liabilities of the Group per statements of financial position	<u>9,530,112</u>	<u>4,964,743</u>

### Geographical information

Geographical segment information for revenue are disclosed in Note 23.

No disclosure on geographical segment information for non-current assets as the Group operates predominantly in Malaysia.

### Major customers

The following are major customers with revenue equal to or more than 10% of the Group revenue:

	Revenue		Segment
	2020 RM	2019 RM	
Company A	6,186,407	2,227,872	Application services provider and application solutions division
Company B	3,627,357	3,210,560	Application services provider and application solutions division
Company C	3,462,464	2,631,843	Application services provider and application solutions division
Company D	3,321,234	-	Application services provider and application solutions division
Company E	3,202,920	-	Application services provider and application solutions division

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 35. FINANCIAL INSTRUMENTS

### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At amortised cost RM	At FVTPL RM	At FVTOCI RM	Total RM
<b>2020</b>				
<b>Group</b>				
<b>Financial Assets</b>				
Other investments	-	-	13,042,200	13,042,200
Trade receivables	5,847,912	-	-	5,847,912
Other receivables	24,321,951	-	-	24,321,951
Deposits, bank and cash and balances and short-term funds	2,977,424	19,875,977	-	22,853,401
	<u>33,147,287</u>	<u>19,875,977</u>	<u>13,042,200</u>	<u>66,065,464</u>
<b>Financial Liabilities</b>				
Trade payables	281,762	-	-	281,762
Other payables	5,381,988	-	-	5,381,988
Lease liabilities	1,005,317	-	-	1,005,317
	<u>6,669,067</u>	<u>-</u>	<u>-</u>	<u>6,669,067</u>
<b>Company</b>				
<b>Financial Assets</b>				
Other investments	-	-	13,042,200	13,042,200
Trade receivables	5,670,613	-	-	5,670,613
Other receivables	24,314,131	-	-	24,314,131
Amount due from subsidiary companies	157,069	-	-	157,069
Deposits, bank and cash and balances and short-term funds	2,249,384	19,875,977	-	22,125,361
	<u>32,391,197</u>	<u>19,875,977</u>	<u>13,042,200</u>	<u>65,309,374</u>
<b>Financial Liabilities</b>				
Trade payables	255,702	-	-	255,702
Other payables	5,247,666	-	-	5,247,666
Lease liabilities	1,005,317	-	-	1,005,317
	<u>6,508,685</u>	<u>-</u>	<u>-</u>	<u>6,508,685</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

**35. FINANCIAL INSTRUMENTS (CONT'D)****(a) Classification of financial instruments (Cont'd)**

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	At amortised cost RM	At FVTPL RM	At FVTOCI RM	Total RM
<b>2019</b>				
<b>Group</b>				
<b>Financial Assets</b>				
Other investments	-	-	13,703,850	13,703,850
Trade receivables	5,348,287	-	-	5,348,287
Other receivables	24,274,482	-	-	24,274,482
Deposits, bank and cash and balances and short-term funds	2,987,488	19,801,575	-	22,789,063
	<u>32,610,257</u>	<u>19,801,575</u>	<u>13,703,850</u>	<u>66,115,682</u>
<b>Financial Liabilities</b>				
Trade payables	746,293	-	-	746,293
Other payables	2,353,750	-	-	2,353,750
Lease liabilities	353,091	-	-	353,091
	<u>3,453,134</u>	<u>-</u>	<u>-</u>	<u>3,453,134</u>
<b>Company</b>				
<b>Financial Assets</b>				
Other investments	-	-	13,703,850	13,703,850
Trade receivables	5,142,026	-	-	5,142,026
Other receivables	24,268,099	-	-	24,268,099
Amount due from a subsidiary company	763,909	-	-	763,909
Deposits, bank and cash and balances and short-term funds	1,928,191	19,801,575	-	21,729,766
	<u>32,102,225</u>	<u>19,801,575</u>	<u>13,703,850</u>	<u>65,607,650</u>
<b>Financial Liabilities</b>				
Trade payables	720,233	-	-	720,233
Other payables	2,258,432	-	-	2,258,432
Lease liabilities	353,091	-	-	353,091
	<u>3,331,756</u>	<u>-</u>	<u>-</u>	<u>3,331,756</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, interest rate and foreign currency risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks. The Company's exposure to credit risk arises principally from its receivables from customers, loans to subsidiary companies and deposits with banks. There are no significant changes as compared to previous years.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans to its subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary company and repayments made by the subsidiary company.

At each reporting date, the Group and the Company assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partial 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, trade receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represents the Group's and the Company's maximum exposure to credit risk.

The Group has no significant concentration to credit risk except as disclosed in Note 12. The Company has no significant concentration to credit risk except as disclosed in Note 12 and loans to its subsidiary companies where risks of default have been assessed to be low.

#### (ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management objectives and policies (Cont'd)

#### (ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within			Total contractual cash flows	Total carrying amount
	1 year	1 to 2 years	2 to 5 years		
	RM	RM	RM	RM	RM
<b>2020</b>					
<b>Group</b>					
<b>Non-derivative financial liabilities</b>					
Trade payables	281,762	-	-	281,762	281,762
Other payables	5,381,988	-	-	5,381,988	5,381,988
Lease liabilities	363,074	363,074	332,819	1,058,967	1,005,317
	<u>6,026,824</u>	<u>363,074</u>	<u>332,819</u>	<u>6,722,717</u>	<u>6,669,067</u>
<b>Company</b>					
<b>Non-derivative financial liabilities</b>					
Trade payables	255,702	-	-	255,702	255,702
Other payables	5,247,666	-	-	5,247,666	5,247,666
Lease liabilities	363,074	363,074	332,819	1,058,967	1,005,317
	<u>5,866,442</u>	<u>363,074</u>	<u>332,819</u>	<u>6,562,335</u>	<u>6,508,685</u>

	On demand or within			Total contractual cash flows	Total carrying amount
	1 year	1 to 2 years	2 to 5 years		
	RM	RM	RM	RM	RM
<b>2019</b>					
<b>Group</b>					
<b>Non-derivative financial liabilities</b>					
Trade payables		746,293		746,293	746,293
Other payables		2,353,750		2,353,750	2,353,750
Lease liabilities		359,262		359,262	353,091
		<u>3,459,305</u>		<u>3,459,305</u>	<u>3,453,134</u>
<b>Company</b>					
<b>Non-derivative financial liabilities</b>					
Trade payables		720,233		720,233	720,233
Other payables		2,258,432		2,258,432	2,258,432
Lease liabilities		359,262		359,262	353,091
		<u>3,337,927</u>		<u>3,337,927</u>	<u>3,331,756</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management objectives and policies (Cont'd)

#### (iii) Market risks

##### (1) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and 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 rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amount as at the end of the reporting period are as follows:

	2020 RM	2019 RM
<b>Group</b>		
<b>Fixed rate instrument</b>		
<b>Financial asset</b>		
Fixed deposits with licensed banks	207,568	211,019
<b>Floating rate instrument</b>		
<b>Financial asset</b>		
Short-term funds	19,875,977	19,801,575
<b>Company</b>		
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Amount due from a subsidiary company	-	750,469
Fixed deposits with licensed banks	207,568	211,019
	207,568	961,488
<b>Floating rate instrument</b>		
<b>Financial asset</b>		
Short-term funds	19,875,977	19,801,575

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management objectives and policies (Cont'd)

#### (iii) Market risks (Cont'd)

##### (1) Interest rate risk (Cont'd)

#### Interest rate risk sensitivity analysis

##### Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

##### Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's and the Company's profit before tax by RM198,760 and RM198,760 (2019: RM198,016 and RM198,016) respectively, arising mainly as a result of higher/lower interest income on floating rate instruments. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

##### (2) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD) and Singapore Dollar (SGD).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's and of the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in	
	USD RM	SGD RM
<b>Group and Company</b>		
<b>2020</b>		
Trade receivables	-	52,816
Cash and bank balances	393,540	825
	<u>393,540</u>	<u>53,641</u>
<b>2019</b>		
Trade receivables	-	24,613
Cash and bank balances	409,495	825
	<u>409,495</u>	<u>25,438</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management objectives and policies (Cont'd)

#### (iii) Market risks (Cont'd)

##### (2) Foreign currency risk (Cont'd)

##### Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's and the Company's profit before tax for the financial year to a reasonably possible change in the USD and SGD exchange rates against the functional currencies of the Group and of the Company, with all other variables held constant.

	Group and Company			
	2020		2019	
	Change in currency rate	Effect on profit before tax RM	Change in currency rate	Effect on profit before tax RM
USD	Strengthened 10%	39,354	Strengthened 10%	40,950
	Weakened 10%	(39,354)	Weakened 10%	(40,950)
SGD	Strengthened 10%	5,364	Strengthened 10%	2,544
	Weakened 10%	(5,364)	Weakened 10%	(2,544)

### (c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

**35. FINANCIAL INSTRUMENTS (CONT'D)****(c) Fair value of financial instruments (Cont'd)**

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value			Total fair value	Total carrying amount
	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM
<b>Group</b>					
<b>2020</b>					
<b>Financial assets</b>					
Quoted shares	13,042,200	-	-	13,042,200	13,042,200
Short-term funds	19,875,977	-	-	19,875,977	19,875,977
	<u>32,918,177</u>	<u>-</u>	<u>-</u>	<u>32,918,177</u>	<u>32,918,177</u>
<b>2019</b>					
<b>Financial assets</b>					
Quoted shares	13,703,850	-	-	13,703,850	13,703,850
Short-term funds	19,801,575	-	-	19,801,575	19,801,575
	<u>33,505,425</u>	<u>-</u>	<u>-</u>	<u>33,505,425</u>	<u>33,505,425</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(CONT'D)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (c) Fair value of financial instruments (Cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (Cont'd)

	Total Fair value of financial instruments carried at fair value				Total Fair value of financial instruments not carried at fair value				Total fair value	carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
<b>Company</b>										
<b>2020</b>										
<b>Financial assets</b>										
Quoted shares	13,042,200	-	-	13,042,200	-	-	-	-	13,042,200	13,042,200
Short-term funds	19,875,977	-	-	19,875,977	-	-	-	-	19,875,977	19,875,977
	32,918,177	-	-	32,918,177	-	-	-	-	32,918,177	32,918,177
<b>2019</b>										
<b>Financial assets</b>										
Quoted shares	13,703,850	-	-	13,703,850	-	-	-	-	13,703,850	13,703,850
Short-term funds	19,801,575	-	-	19,801,575	-	-	-	-	19,801,575	19,801,575
Amount due from a subsidiary company	-	-	-	-	-	-	800,000	800,000	800,000	750,469
	33,505,425	-	-	33,505,425	-	-	800,000	800,000	34,305,425	34,255,894

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(CONT'D)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (c) Fair value of financial instruments (Cont'd)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as key unobservable inputs used in the valuation method.

#### Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Loan to a subsidiary company	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

#### **Transfer between levels of fair value hierarchy**

There is no transfer between levels of fair value hierarchy during the financial year.

## 36. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitors capital using a gearing ratio, which is net debt divided by total equity. The Group includes within net debt, trade and other payables and lease liabilities less cash and cash equivalents. The Group's and the Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements.

The gearing ratios at the end of the reporting period are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade and other payables	5,663,750	3,100,043	5,503,368	2,978,665
Lease liabilities	1,005,317	353,091	1,005,317	353,091
	<u>6,669,067</u>	<u>3,453,134</u>	<u>6,508,685</u>	<u>3,331,756</u>
Less: Cash and cash equivalents	(22,853,401)	(22,789,063)	(22,125,361)	(21,729,766)
Excess fund	<u>(16,184,334)</u>	<u>(19,335,929)</u>	<u>(15,616,676)</u>	<u>(18,398,010)</u>
Total equity	<u>92,859,490</u>	<u>96,468,675</u>	<u>92,332,068</u>	<u>96,292,867</u>
Gearing ratio (times)	<u>-*</u>	<u>-*</u>	<u>-*</u>	<u>-*</u>

\* The gearing ratio is not applicable as the Group and the Company have sufficient cash and cash equivalents to settle the liabilities as at the end of the financial year.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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**37. CAPITAL COMMITMENT**

	Group and Company	
	2020	2019
	RM	RM
Authorised and contracted for:		
- Property, plant and equipment	3,527,258	3,527,258

**38. SIGNIFICANT EVENT**

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. The COVID-19 outbreak has resulted in travel restrictions, quarantines, lockdowns and other precautionary measures imposed by various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operates.

On 16 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") from 18 March 2020 and subsequently entered into various phases of the MCO until 28 April 2021 to curb the spread of the COVID-19 pandemic in Malaysia.

Due to implementation of the MCO, the Group has temporary shut down its premises from 18 March 2020 till 3 May 2020 in alignment with the MCO policy. Subsequently, on 4 May 2020, the Group resumes its operations with proper standard operating procedures put in place. The disruption of its operations during the financial year due to MCO and the relevant financial impact has been taken into account in the financial results of the Group and of the Company.

As the COVID-19 pandemic situation is still evolving as at the date of authorisation of the financial statements, the ultimate impact of the COVID-19 is highly uncertain and subject to change. The Group and the Company will continuously monitor the impact of COVID-19 on their operations and their financial performance. The Group and the Company will also be taking appropriate and timely measures to minimise the potential impact of the outbreak on the Group's and the Company's operation.

**39. DATE OF AUTHORISATION FOR ISSUE**

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 15 April 2021.

# LIST OF PROPERTIES

A summary of the Group's properties as at 31 December 2020 is as follows:-

Location	Approximate Built-up Area (square feet)	Brief Description and Existing Use	Current Use	Tenure/ Date of Expiry of Leasehold	Date of Acquisition/ Revaluation	Audited Net Book Value as at 31.12.2020	Age of Building (years)
Pusat Dagangan, Phileo Damansara II, 611, Block B, No. 15, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan.	2,583	Office Unit	Business	Freehold	9 February 2004/2011	587,879	20
Lot Z6-01-02, Zone 6, Empire City Damansara, Jalan Damansara, Damansara Perdana, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan.	16,441	Commercial Unit	Business	99 years/ 8 June 2104	16 November 2018	9,864,600	2
Lot Z6-01-01A, Zone 6, Empire City Damansara, Jalan Damansara, Damansara Perdana, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan.	16,486	Commercial Unit	Business	99 years/ 8 June 2104	31 October 2019	9,891,600	2

# ANALYSIS OF SHAREHOLDINGS

Total number of issued shares : 615,378,375 ordinary shares (including 56,000,000 treasury shares)  
 Class of Shares : Ordinary share  
 Voting rights : One vote per ordinary share

## DISTRIBUTION OF SHAREHOLDINGS AS AT 3 MAY 2021

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	33	819	0.00
100 to 1,000	734	364,036	0.07
1,001 to 10,000	2,449	14,279,110	2.55
10,001 to 100,000	1,889	66,662,660	11.92
100,001 to less than 5% of issued holdings	361	264,598,950	47.30
5% and above of issued holdings	4	213,472,800	38.16
<b>Total</b>	<b>5,470</b>	<b>559,378,375</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS AS AT 3 MAY 2021

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Asia Internet Holdings Sdn Bhd	112,398,900	20.09	-	-
Mohamed Nizam bin Abdul Razak	45,550,700	8.14	-	-
Wong Thean Soon	70,977,800	12.69	*112,398,900	20.09

## DIRECTORS' SHAREHOLDINGS AS AT 3 MAY 2021

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Dr Norraesah binti Haji Mohamad	460,000	0.08	-	-
Wong Thean Soon (alternate director to Dato' Dr Norraesah binti Haji Mohamad)	70,977,800	12.69	*112,398,900	20.09
Wong Kok Chau	6,000	0.00	-	-
Eng Shao Hon	-	-	-	-
Gan Teck Ban	1,350,000	0.24	-	-
Datuk Mat Noor bin Nawi	-	-	-	-
Mohaini binti Mohd Yusof	-	-	-	-
Dato' Sri Ismail bin Ahmad	-	-	-	-

Note:

\* Deemed interested by virtue of his shareholding in Asia Internet Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 in Malaysia.

# ANALYSIS OF SHAREHOLDINGS

(CONT'D)

**THIRTY (30) LARGEST SHAREHOLDERS**

AS AT 3 MAY 2021

(Without aggregating securities from different securities accounts belonging to the same person)

No.	Shareholders	No. of shares	%
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG THEAN SOON	65,432,800	11.70
2.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ASIA INTERNET HOLDINGS SDN BHD	55,500,000	9.92
3.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR ASIA INTERNET HOLDINGS SDN BHD	46,989,300	8.40
4.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR MOHAMED NIZAM BIN ABDUL RAZAK (PB)	45,550,700	8.14
5.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG HONG SING	16,860,400	3.01
6.	AIT SHARES SDN BHD	12,823,500	2.29
7.	ULTIMATE QUALITY SUCCESS SDN BHD	12,035,000	2.15
8.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EDISI FIRMA SDN BHD (MG0065-195)	9,342,300	1.67
9.	ROSE VISION SDN BHD	8,042,200	1.44
10.	LIM KOK HAN	7,000,000	1.25
11.	KOH THUAN TECK	6,991,000	1.25
12.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ASIA INTERNET HOLDINGS SDN BHD	6,671,500	1.19
13.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE YOKE FONG	6,049,300	1.08
14.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TERENCE WONG @ HUANG THAR-REARN	6,000,000	1.07
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG THEAN SOON (7003171)	5,500,000	0.98
16.	AIX SHARES SDN BHD	5,408,900	0.97
17.	RHB NOMINEES (TEMPATAN) SDN BHD CAROLYN WONG TARNN YOONG	5,000,000	0.89
18.	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED BCF)	3,750,000	0.67
19.	RHB NOMINEES (TEMPATAN) SDN BHD TAN AH LOY @ TAN MAY LING	3,600,000	0.64
20.	QUEK TEE KIAM	3,500,000	0.63
21.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA KEE SIONG (CEB)	3,196,850	0.57
22.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONE IFC RESIDENCE SDN BHD	3,000,000	0.54
23.	WONG II LE	2,859,150	0.51
24.	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	2,662,200	0.48
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG HONG SING	2,658,800	0.48
26.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR AFFIN HWANG ASSET MANAGEMENT BERHAD (TSTAC/CLNT-T)	2,400,000	0.43
27.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAH LILY (E-BBB/SNG)	2,300,900	0.41
28.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI IN AUN (M03)	2,200,000	0.39
29.	JASON CHING CHOU-YI	2,200,000	0.39
30.	NG YOKE HIN	2,150,600	0.38

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CDS Account No. \_\_\_\_\_

No. of Shares Held \_\_\_\_\_

I/We \_\_\_\_\_  
(Full name in block letters)

(NRIC No./Passport No./ Company Registration No. \_\_\_\_\_)

of \_\_\_\_\_  
(Full address)

being a member /members of **EXCEL FORCE MSC BERHAD**, hereby appoint

Name of Proxy	NRIC No./Passport No.	% of Shareholdings to be Represented
Address		

and / or failing him / her

Name of Proxy	NRIC No./Passport No.	% of Shareholdings to be Represented
Address		

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Nineteenth Annual General Meeting of the Company will be conducted on a fully virtual basis through live streaming and Remote Participation and Voting ("RPV") Facilities from the Broadcast venue at Level 43A, MYEG Tower, Empire City, No. 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan on Thursday, 10 June 2021 at 9.30 a.m. or at any adjournment thereof.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To approve the payment of a final single-tier dividend of 0.50 sen per ordinary share for the financial year ended 31 December 2020.		
2.	Re-election of Gan Teck Ban		
3.	Re-election of Wong Kok Chau		
4.	Re-election of Dato' Sri Ismail bin Ahmad		
5.	Payment of Directors' fee amounting to RM624,000.00 for the period from the 19th AGM of the Company up to the 20th AGM of the Company		
6.	Re-appointment of Messrs UHY as Auditors		
7.	Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016		
8.	Proposed Renewal of Share Buy-Back Authority		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

\_\_\_\_\_  
Signature(s) of member(s)

**Notes:**

- The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act, 2016 are meant for discussion only. It does not require shareholders' approval, and therefore, it shall not be put forward for voting.
- A member entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- The Form of Proxy, in the case of an individual, shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.
- For the purpose of determining a member who shall be entitled to attend the 19th AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 3 June 2021. Only a depositor whose name appears on the Record of the Depositor as at 3 June 2021 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
- To be valid, the proxy form duly completed and signed must be deposited at the Share Registrar's Office, at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

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AFFIX  
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**THE SHARE REGISTRAR**  
**EXCEL FORCE MSC BERHAD**  
Boardroom Share Registrars Sdn Bhd  
11th Floor, Menara Symphony  
No 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200  
Petaling Jaya, Selangor  
Malaysia.

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**ExcelFORCE** MSC Berhad  
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