CTOS DIGITAL BERHAD

ANNUAL REPORT 2021

Poised for Digital Economy

Poised for Digital Economy

With more than 30 years of track record within the industry, CTOS Digital Berhad ("CTOS Digital" or "the Company") and its subsidiaries ("CTOS" or "the Group") remain committed in growing the Group's data analytics, software, and solutions platforms capabilities via organic expansions, and through strategic acquisitions of synergistic companies in Malaysia and ASEAN.

All in all, CTOS aims to provide world class end-to-end digital/credit management solutions to its customer base, and ultimately strengthen its entrenched position in the increasingly digital economy within ASEAN.

2022 Annual General Meeting

Date & Time:
Friday, 27 May 2022 at 9.30 a.m.

Online Meeting Platform:
TIIH Online websites at https://tiih.online or https://tiih.com.my

Contents

CORPORATE INFORMATION
as at April 2022

BOARD OF DIRECTORS

TAN SRI IZZUDDIN BIN DALI
Independent Non-Executive Chairman

DATO' NOORAZMAN BIN ABD AZIZ
Independent Non-Executive Director

DATUK AZIZAN BIN HAJI ABD RAHMAN
(resigned wef 7 March 2022)
Independent Non-Executive Director

NIRMALA A/P DORAISAMY
Independent Non-Executive Director

LYNETTE YEOW SU-YIN
Independent Non-Executive Director

DENNIS COLIN MARTIN
Non-Independent Executive Director/
Group Chief Executive Officer

LOH KOK LEONG
Non-Independent Non-Executive Director

SU PUAY LENG
Independent Non-Executive Director

WONG PAU MIN
Alternate Director to Loh Kok Leong

AUDIT & RISK COMMITTEE

NIRMALA A/P DORAISAMY
(appointed as the Chairman wef 7 March 2022)
Chairman

DATUK AZIZAN BIN HAJI ABD RAHMAN
(resigned wef 7 March 2022)
Chairman

DATO' NOORAZMAN BIN ABD AZIZ
Member

SU PUAY LENG
Member

NOMINATION & REMUNERATION COMMITTEE

LYNETTE YEOW SU-YIN
Chairman

DATO' NOORAZMAN BIN ABD AZIZ
Member

LOH KOK LEONG
Member

BOARD INVESTMENT COMMITTEE

DATO' NOORAZMAN BIN ABD AZIZ
Chairman

SU PUAY LENG
Member

LOH KOK LEONG
Member

COMPANY SECRETARY

Joanne Toh Joo Ann
Licensed Secretary (LS)
(Licence No.: LS 0008574)
(SSM PC No.: 202008001119)

AUDITORS

PricewaterhouseCoopers PLT
Level 10, 1 Sentral,
Jalan Rakyat, Kuala Lumpur Sentral,
50470 Kuala Lumpur
Tel. No.: +603 2173 1188
Partner-in-charge: Pauline Ho
Professional qualification: Member of MIA
(MIA membership No.: CA11007)

REGISTERED OFFICE

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

CORPORATE OFFICE

Unit 01-12, Level 8, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel. No.: +603 2722 8888
Website: www.ctosdigital.com
E-mail: info@ctosdigital.com

SHARE REGISTRAR

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(5301)

CORPORATE OVERVIEW

CTOS DIGITAL BERHAD

CTOS Holdings Sdn Bhd was incorporated in Malaysia as a private limited company on 17 July 2014. We subsequently changed our name to CTOS Digital Sdn Bhd on 6 October 2020, and converted to a public company on 26 March 2021.

CTOS Digital Berhad was listed on the Main Market of Bursa Malaysia on 19 July 2021.

With CTOS Digital Berhad ("CTOS Digital") as the investment holding company, our subsidiaries are principally involved in the business of credit reporting, digital software related services, software development, outsourcing and training services and investment holding. Our associates are in the business of credit reporting, information services, development of local and global financial information system, online and offline business information service provider, consulting services, debt collection and database management.

Our solutions and services are widely used by the country's banking and financial institutions, insurance and telecommunication companies, large corporations, small medium enterprises ("SMEs") as well as consumers for self-check.

CORPORATE STRUCTURE
as at April 2022

CTOS DIGITAL IS THE HOLDING COMPANY OF AND HOLDS INTERESTS IN SOME OF ASEAN'S LEADING CREDIT REPORTING AGENCIES

ctos Digital

- 100% CTOS DATA SYSTEMS SDN BHD
- 100% CTOS BUSINESS SYSTEMS SDN BHD
- 100% CTOS IDS SDN BHD
- 100% AUTOMATED MAIL RESPONDER SDN BHD
- 100% CTOS BASIS SDN BHD
- 100% ENFO SDN BHD
- 100% CTOS INSIGHTS SDN BHD

ASSOCIATES/ INVESTMENTS

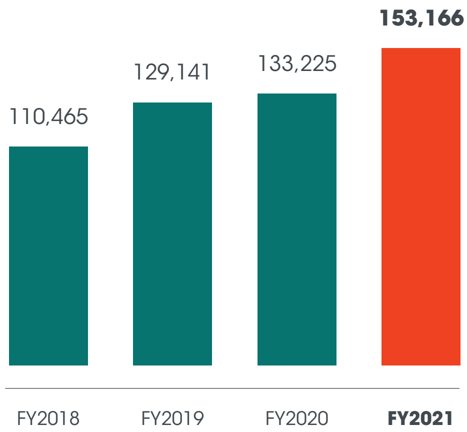
- 49% JURIS TECHNOLOGIES SDN BHD
- 26% EXPERIAN INFORMATION SERVICES (MALAYSIA) SDN BHD (10% held by ENFO SDN BHD; 16% held by CTOS INSIGHTS SDN BHD)
- 17.225% RAM HOLDINGS BERHAD
- 24.825% BUSINESS ONLINE PUBLIC COMPANY LIMITED (THAILAND)

FINANCIAL HIGHLIGHTS

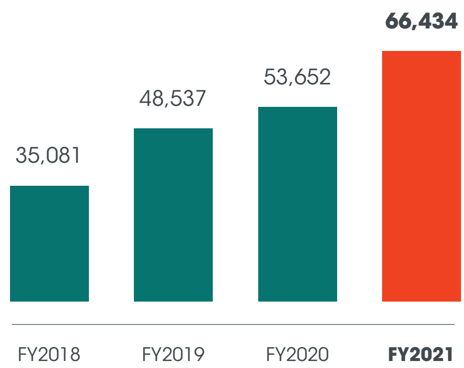
Financial Highlights

	Change vs 2020
Revenue RM153.2m	+15%
Profit Before Tax RM53.0m	+24%
Dividend per share 1.183sen	
EBITDA RM66.4m	+24%
Normalised PATAMI RM60.2m	+32%
Dividend Payout 60.4%	

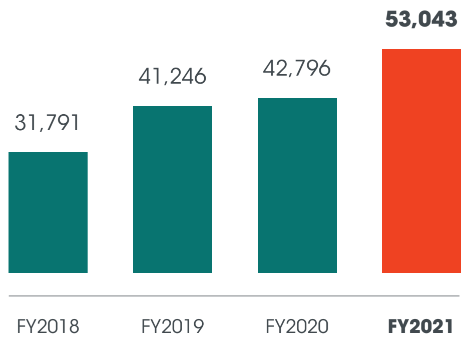
Revenue
(RM'000)



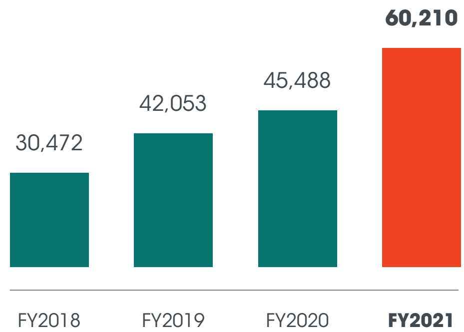
Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")
(RM'000)



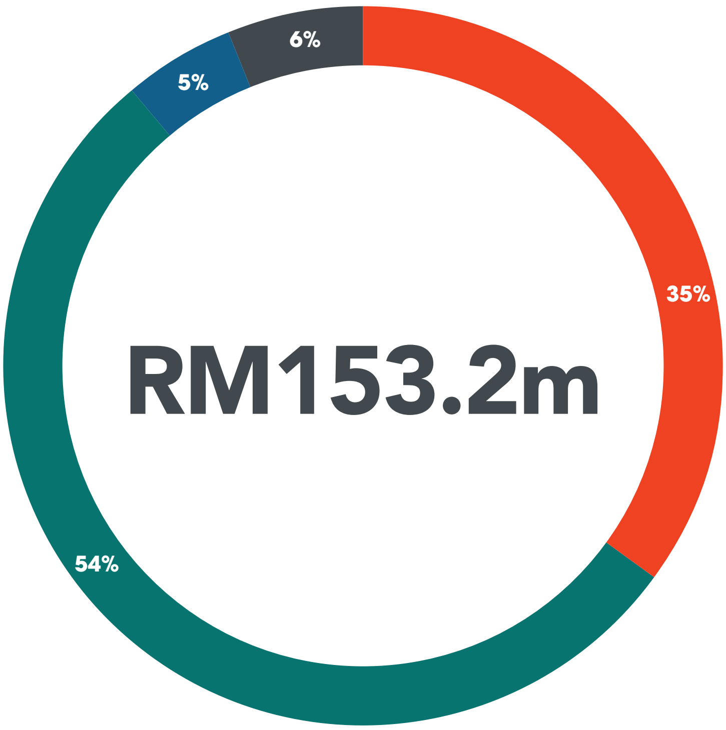
Profit Before Tax ("PBT")
(RM'000)



Normalised Net Profit Attributable to Shareholders ("Normalised PATAMI")
(RM'000)



Revenue Segmentation FY2021



Key Accounts
Commercial banks and leading large corporation within financial institutions, insurance, e-commerce and others

Commercial - Malaysia
Small-medium enterprises in Malaysia

Commercial - International
International customers via CTOS Basis Sdn Bhd ("CTOS Basis")

Direct-to-Consumer
Individual customers

4 years Financial Highlights

Financial Summary	2018	2019	2020	2021
For the Financial Year Ended 31 December (RM'000)				
Revenue	110,465	129,141	133,225	**153,166**
Gross Profit	92,939	107,542	115,716	**133,976**
EBITDA	35,081	48,537	53,652	**66,434**
Share of Profits of Associates	-	761	1,785	**7,217**
PBT	31,791	41,246	42,796	**53,043**
PATAMI*	29,656	39,009	39,187	**43,122**
Normalised PATAMI**	30,472	42,053	45,488	**60,210**
Basic Earnings per Share (sen)	1.5	2.0	2.0	**2.1**

* Includes discontinued operations
** Normalised PATAMI is calculated as profit for the financial year attributable to Shareholders plus/less, where applicable
(i) losses from CIBI Philippines, Inc ("CIBI") and CIBI Holdings Pte Ltd;
(ii) costs related to our acquisitions of Experian Information Services (Malaysia) Sdn Bhd, CIBI, CTOS Basis, Business Online Public Company Limited, RAM Holdings Berhad and Juris Technologies Sdn Bhd;
(iii) share-based payment expense;
(iv) interest expense on bank borrowings;
(v) realised and unrealised foreign exchange losses/(gains) on USD borrowings; and
(vi) incremental income tax expense of CTOS Data Systems Sdn Bhd ("CDS") recognised based on the statutory tax rate of 24% for the period from 1 July 2021 to 31 December 2021 as compared to the tax payable by CDS in accordance with the tax exemption granted for the tax relief period under the Pioneer Status incentives

CHAIRMAN'S STATEMENT

Our Initial Public Offering ("IPO") – the largest IPO on Bursa Malaysia in 2021 – not only validated our track record of more than three decades in the credit reporting industry, but also signalled a new growth trajectory as we seek to strengthen our footing in the ASEAN region.

Dear distinguished shareholders,

It is my privilege to address you in the first Annual Report of CTOS Digital Berhad ("CTOS Digital" or "the Company") following our prestigious milestone of successfully listing on the Main Market of Bursa Malaysia Securities Berhad on 19 July 2021.

Our Initial Public Offering ("IPO") – the largest IPO on Bursa Malaysia in 2021 – not only validated our track record of more than three decades in the credit reporting industry, but also signalled a new growth trajectory as we seek to strengthen our footing in the ASEAN region.

The vibrant growth prospects and solid business model clearly struck a chord with the investing community, as CTOS Digital received strong support from institutional and retail investors alike, the latter whom offered us the largest retail demand for an IPO since 2013.

Our IPO achievement was all the more significant against the volatile landscape shaped by the COVID-19 pandemic.

Therefore, on behalf of the Board of Directors of CTOS Digital Berhad, I am pleased to present to you the inaugural Annual Report and Audited Financial Statements for the financial year ended 31 December 2021 ("FY2021").

Tan Sri Izzuddin Bin Dali
Chairman of CTOS Digital Berhad

Economic Review

The prolonged COVID-19 pandemic due to the emergence of multiple variants obscured a clear pathway to global economic recovery in 2021, as governments maintained the delicate balance between enhancing public safety via aggressive vaccination programmes and stimulating economic activity. These measures enabled global Gross Domestic Product ("GDP") to chart 5.9% growth in 2021, vastly improving from the 3.1% contraction in 2020.

Malaysia witnessed a similar trend, as the rapid spread of Delta and Omicron variants prompted strict lockdown measures between June to August 2021 that limited travel, congregation, and contact-heavy business activities.

Nevertheless, the efficacy of the National COVID-19 Immunisation Programme led to the country's smooth progression into the National Recovery Plan where most economic activities resumed in the fourth quarter of the year. Overall, Malaysia's GDP in 2021 grew 3.1% from a contraction of 5.6% in the previous year.

Parallel to Malaysia's recovery, CTOS Digital maintained a steady pace for the most part of FY2021, with a strong rebound in sales and activations in the fourth quarter as businesses, especially Small and Medium Enterprises ("SMEs"), resumed operations.

I am heartened that CTOS Digital ended 2021 on a high note, demonstrating our resilience by delivering double-digit growth in financial performance.

CTOS Digital's commitment to our growth trajectory was marked by the various corporate developments and actions as detailed here.

Corporate Developments

a. IPO exercise

CTOS Digital's IPO exercise comprised the public issue of 200 million new shares or 9.1% of the Company's enlarged share capital, increasing the total number of shares to 2.2 billion. The exercise also included an offer-for-sale of 900 million existing shares, made available via placement to institutional and selected investors.

Based on an IPO price of RM1.10 per share, the exercise raised a total of RM220 million in new proceeds for the Company, earmarked for the repayment of bank borrowings, synergistic acquisitions of companies within the ASEAN region, as well as defraying fees and expenses related to the IPO exercise.

b. Acquisitions in RAM Holdings Berhad ("RAM Holdings")

Shortly after its listing, CTOS Digital made its first post-listing acquisition in July 2021 by acquiring a strategic stake of 4.625% in leading credit rating agency RAM Holdings for RM10.1 million. The Company subsequently increased its stake in RAM Holdings to 17.225%, with the purchase of additional 3.5% stake for RM7.6 million in December 2021, and another 9.1% stake for a total consideration of RM25.1 million in February and April 2022.

The acquisitions were completed via proceeds raised from its IPO exercise and private placement.

CTOS Digital's shareholding in RAM Holdings aims to realise the strong synergies between both companies by exploring ways to collaborate and subsequently co-develop a suite of products and services for our customer network.

c. Additional acquisitions in Business Online Public Limited ("BOL")

In boosting our regional presence, CTOS Digital increased our stake in Thailand-based associate BOL by 2.65% to reach 22.65% in August 2021. The THB208.7 million (RM26.8 million) acquisition was made via a direct business transfer on the Stock Exchange of Thailand and fully funded by IPO proceeds.

CTOS Digital acquired another 2.175% stake in BOL in March 2022 for a cash consideration of THB205.2 million (RM26.2 million) in a similar manner, which brought CTOS Digital's total shareholding in BOL to 24.825%. The acquisition was funded via proceeds from the private placement completed in March 2022.

d. Acquisition of Juris Technologies Sdn Bhd ("JurisTech")

In December 2021, CTOS Digital announced its intention to acquire a 49.0% stake in JurisTech, a leading Malaysian-based fintech company that specialises in enterprise-class software solutions covering end-to-end credit lifecycle management.

The RM205.8 million exercise – the Company's largest ever acquisition since inception – combines best in class credit data, software solutions and analytics services to bring to the market a stronger end-to-end digital lending solution proposition, subsequently establishing ourselves as a one-stop-solution for financial institutions.

Having obtained the green light from shareholders during the Extraordinary General Meeting ("EGM") as well as regulatory authorities, the acquisition of JurisTech was completed in March 2022, funded via bank borrowings and proceeds raised from the private placement.

e. Changes to issued share capital

During the EGM on 21 February 2022, CTOS Digital's shareholders approved the Company's proposal to issue up to 166.7 million new shares or 7.6% of the 2.2 billion outstanding shares via private placement to fund the Group's acquisitions.

In March 2022, 110.0 million of the 166.7 million new shares were successfully placed out to investors at a price of RM1.58 per share, raising a total of RM173.8 million in proceeds. Correspondingly, CTOS Digital's issued share capital increased to 2.31 billion shares, from 2.2 billion shares previously.

Forward Prospects

Even as the world grappled with the effects of the fast-spreading COVID-19 Omicron variant, its lesser severity coupled with high vaccination rates allowed governments worldwide the leeway to hasten the reopening of their borders and economies. Riding on this development, the International Monetary Fund ("IMF") has predicted global GDP growth of 4.4% in 2022.

However, it must be said many underlying risks may place a dampener on the economic forecast. These include geopolitical tensions caused by the Russia-Ukraine conflict, the potential emergence of new COVID-19 variants, as well as the increasing inflationary pressures as a result of expansionary economic stimulus amidst the pandemic.

Within the region, the ASEAN+3 Macroeconomic Research Office estimated that the GDP of 10 ASEAN members plus China, Japan and Korea will grow at 4.9% in 2022, in light of the high vaccine rollouts which mitigated the risk of nationwide lockdowns.

Similarly in Malaysia where the vaccination and booster coverage among citizens are encouraging, the IMF predicts a 5.75% growth in Malaysian GDP for 2022, outpacing global and regional growth rates. The implementation of economic policy support measures, as well as the reopening of borders on 1 April 2022, also provides a strong stimulus factor in the recovery of domestic economy.

On that note, CTOS Digital is confident of recording stronger growth in 2022, as we play our role in supporting the revitalisation of local businesses. Furthermore, the Company's foray into digital and data analytics, together with strategic and synergistic acquisitions, paves the way for the development of world-class end-to-end digital solutions, placing us in favourably to capture the tremendous potential in the increasingly digitalised economy.

CTOS Digital is confident of recording stronger growth in 2022, as we play our role in supporting the revitalisation of local businesses.

IMF has predicted global GDP growth of

4.4%

in 2022.

Appreciation

I wish to extend my utmost appreciation to the Board of Directors, key management team, and all employees of CTOS for their unwavering support and contribution to our success.

I would also like to express my gratitude towards our business partners, stakeholders, suppliers, customers, and particularly our valued Shareholders for their trust in us, as we continue to achieve greater heights in the coming years.

Sincerely,

Tan Sri Izzuddin Bin Dali
Chairman of CTOS Digital Berhad

MANAGEMENT DISCUSSION & ANALYSIS

Even as CTOS Digital capped our three-decade track record by becoming the largest IPO on the Main Market of Bursa Malaysia in 2021, the listing exercise was only the first of many milestones in the year under review.

Our core business of key accounts, commercial SMEs and Direct-to-Consumer segments delivered strong double-digit growth despite the volatile landscape from the COVID-19 pandemic and other external adversities.

The positive performance allowed us to declare healthy dividends, in line with our dividend payout policy of distributing at least 60% of net profits to shareholders.

And to continue our growth trajectory, we made tremendous advancements in our product, service and geographical landscape by acquiring interests in companies with strong inter-synergies, such as RAM Holdings and BOL in 2021, and JurisTech in 2022. These position us favourably in capturing the tremendous opportunities in the new digital economy.

Therefore, it is our privilege to present to you CTOS Digital Berhad ("CTOS Digital" or "the Company") business, operations and financial reviews for FY2021, as well as industry risk and growth strategies for the coming years.

Business Overview

CTOS Digital is the holding company of and holds interests in some of ASEAN's leading credit reporting agencies, with presence in Malaysia and Thailand. The Company wholly-owned subsidiary CTOS Data Systems Sdn Bhd ("CTOS Data Systems" or "CDS") is the leading Credit Reporting Agency ("CRA") in Malaysia with an estimated total market share of 71.2% in 2020 by revenue. The Group also holds 24.825% in its Thailand-based associate BOL, the leading credit information and risk management provider in Thailand.

Founded in 1990, the Company offers a broad suite of innovative digital products and credit management solutions and services across every stage of the customer credit lifecycle.

Customer Lifecycle stage	Description	Digital Solutions offered
Identification	When a customer identifies a prospective business or consumer for a new business relationship or transaction.	• CTOS CreditFinder • CTOS Tenant Screening Report • Company Search • Business Listings • Customised Bulk Data Sales
Customer/ vendor onboarding	The initial step of determining whether a prospective customer or vendor is suitable for a new transaction or business relationship based on their past business and financial dealings.	• CTOS IDGuard • CTOS electronic Know-Your-Customer ("eKYC") • CTOS Application & Decisioning ("CAD") • CTOS Credit Manager • CTOS Tenant Screening Report
Application and decisioning	After a prospective customer is onboarded, the point in time when a business decides whether to extend credit to the prospective customer.	• CAD • CTOS Scores • CTOS Credit Manager • CTOS Data Systems Reports, CTOS Basis Reports and External Reports • CTOS Basis • CTOS e-Trade Reference ("eTR") • eTR Plus

Customer Lifecycle stage	Description	Digital Solutions offered
Management and monitoring	Within a business' portfolio of existing customers, there are opportunities to generate new and additional sources of revenue as well as potential areas of credit risk. Effective portfolio management, analysis and monitoring can better identify these opportunities and risks.	• CTOS Credit Manager • Comprehensive Portfolio Review • CTOS Scores • CTOS Portfolio Analytics and Insights • CTOS IDGuard • CTOS SecureID
Recovery	The stage in the customer lifecycle when a business must manage its relationship with a customer that can no longer meet its credit obligations.	• CTOS Credit Manager • eTR • eTR Plus

The Company mainly serves customers across three key segments:

Key Accounts	Commercial	Direct-to-Consumer ("D2C") segment
Accounting for 35.0% of FY2021 revenue, this segment consists of commercial banks and other leading large corporations within the financial institutions, telecommunications, insurance, e-commerce, and other relevant industries. The Group serves approximately 430 Key Accounts customers comprising most commercial banks and large corporations in Malaysia.	Contributing the lion's share of 59.1% of CTOS Digital's FY2021 topline, this segment comprises two further categories: • Commercial-Malaysia refers to Small and Medium Enterprises (SMEs) that have an annual sales turnover of less than RM50.0 million or less than 200 full-time employees for manufacturing companies; or companies in services and other sectors that have less than 75 full-time employees. • Commercial-International includes international customers located across Asia Pacific and Europe, contributed by CTOS Basis which was acquired by the Group in 2021. In total, the Group has approximately 17,000 commercial customers using its solutions and services.	The Group's fastest-growing segment that brought 5.9% to FY2021 revenue, this segment comprises individual customers who proactively seek access to basic information about their credit. The Group empowers approximately 1.7 million individuals who are registered with CTOS ID.

Operations Review

- **Strong growth across customer segments**

Key Accounts
The movement restrictions under the MCO accelerated the need for safe-yet-secure solutions for banks and financial institutions, which propelled adoption of the new eKYC product, with a total of 56 clients as of December 2021.

The Company also gained traction on adoption of the CAD solution and fraud bureau CTOS IDGuard, with many major banks in Malaysia successfully onboarded in the year.

Commercial
Whilst the operations of Commercial customers were momentarily impacted by MCO disruptions, we witnessed a strong rebound in SME customer activations in the second half of 2021 on the back of the reopening economy and achieved better customer retention throughout the year.

These encouraging signals indicate SMEs' heightened awareness on credit management control, which is even more crucial in the challenging economy.

D2C
CTOS Digital's total D2C customer base grew 31% to 1.7 million registered members from 1.3 million previously. The increase was driven by active financial literacy programmes such as the "Free CCRIS Reports" and the "Free Dark Web Monitoring" campaigns, on top of various collaborations with leading corporations to reach wider target audiences.

These include strategic partnerships with Touch-N-Go and Senheng New Retail Berhad on providing free CTOS Credit report to their members/ platform users.

Sealing the deal *- CTOS Digital Deputy Group Chief Executive Officer ("CEO") Mr. Erick Hamburger exchanging the signed Sales and Purchase Agreement with JurisTech CEO Ms. See Wai Hun, witnessed by CTOS Digital Group Chief Financial Officer Ms. Garris Chen and JurisTech Chief Operating Officer Mr. Naaman Lee*

- **Strategic Acquisitions**

  Complementing our organic growth efforts, CTOS Digital made several strategic acquisitions since IPO to leverage on the potential synergies across products, customer base and markets.

  RAM Holdings
  The Company held 11.625% stake in leading credit rating agency RAM Holdings, via acquisitions in July 2021, December 2021, and February 2022. The acquisitions allow for product expansion collaboration, and also the opportunity to develop Environmental, Social and Governance (ESG)-based products.

  BOL
  CTOS Digital also increased its stake in Thailand-based commercial bureau BOL in August 2021 and March 2022, to own 24.825% in the associate company. With CTOS Digital's large base of SMEs, and BOL's strong presence among large corporations, both parties possess greater leverage to cross sell specialised products to potential customers in the respective geographical regions.

  JurisTech
  In a bid to enhance its digital and analytics capabilities, software and platforms, the Group acquired 49.0% of JurisTech, the leading provider of credit enterprise software in Malaysia, in March 2022.

  The acquisition of JurisTech provides many strong synergies to both companies, primarily to bring a stronger end-to-end digital lending solution to market by leveraging on CTOS Digital's world class credit data and analytics capabilities, combined with JurisTech's end-to-end software and solutions platform.

  We will be able to cross sell each other's solutions and elevate existing solutions, which will help both companies penetrate new clientele and increase wallet share of existing customers. At the same time, the potent amalgamation of both research and development teams opens up opportunities to co-develop new and unique propositions to cater to emerging digital customers such as digital banks, peer-to-peer, buy-now-pay-later, and micro/pay-day loans providers.

  The acquisition would also support CTOS Digital's regional expansion through JurisTech's presence in other countries such as Singapore, Australia and Brunei, in addition to penetrating new markets.

- **Temporary suspension of Central Credit Reference Information System ("CCRIS") access for all credit reporting agencies ("CRAs")**

  As a proactive, precautionary, and necessary step against potential cyber-attack threats on the credit reporting industry, Bank Negara Malaysia ("BNM") suspended CCRIS access to all CRAs on 1 October 2021.

  We are pleased to note that CTOS Digital's access to CCRIS was restored on 17 November 2021, after completing a stringent and detailed review of CCRIS-related data assets and infrastructure by independent global cybersecurity experts as required by BNM. Indeed, this reiterated the integrity of our world-class data and security infrastructure, which have already been benchmarked against BNM's Risk Management in Technology ("RMiT") standard and ISO27001, as well as other global standards.

- **Renewal of Pioneer Status**

  CTOS Data Systems had been awarded in 2016 the ten-year pioneer status incentive by the Malaysia Digital Economy Corporation ("MDEC") under PIA 1986 for MSC Malaysia Qualifying Activities, at which tax exemptions are granted on the company's statutory income. The tax relief period was awarded between the period of November 2016 to November 2021, being the first five years of the ten-year tenure.

  Pursuant to the Grandfathering and Transitional Guidelines which became effective on 1 January 2019, the tax relief period for the first five years lasted until 30 June 2021, after which the Company requires approval from MDEC to enjoy the tax incentives throughout the transitional period. While the application for the renewal of pioneer status for the next five-year period had been submitted to MDEC, the Group had allocated additional tax provisions for FY2021 pending the outcome.

Financial Overview

CTOS Digital delivered a solid performance for the year in review, registering strong double-digit growth in revenue and normalised net profit attributable to shareholders ("Normalised PATAMI") despite various adversities.

- **Statements of Comprehensive Income**

CTOS Digital powered through a challenging COVID-impacted year by recording RM153.2 million revenue in FY2021, 15.0% higher than RM133.2 million in the year before. The stronger revenue was propelled by healthy growth across all three customer segments, namely Key Accounts, Commercial-Malaysia as well as Direct-to-Consumer divisions.

The new Commercial-International segment also made maiden contributions of RM7.3 million revenue for FY2021, following the acquisition of CTOS Basis in January 2021.

Revenue Segmentation	FY2021 (RM'000)	FY2020 (RM'000)	Change year-on-year
- Key Accounts	**53,589**	47,335	+13.2%
- Commercial–Malaysia	**83,205**	79,600	+4.5%
- Commercial–International	**7,260**	-	-
- Direct-to-consumer	**9,112**	6,290	+44.9%

Powered through a challenging COVID- impacted year with

15.0%

yoy revenue growth

The robust momentum in topline precipitated CTOS Digital's 23.8% jump in group profit before tax of RM53.0 million in FY2021

FY2021 PATAMI

RM 43.1 million

The robust momentum in topline precipitated CTOS Digital's 23.8% jump in group profit before tax of RM53.0 million in FY2021, compared to RM42.8 million a year ago. This was further aided by increased share of profits from BOL of RM5.2 million, which offset costs related to the Company's USD-denominated borrowings prior to its paring down after IPO.

These factors resulted in encouraging PATAMI growth to RM43.1 million from RM39.2 million in the previous year, even after considering the additional tax provision pending the approval of tax incentives, as well as the inclusion of losses from discontinued operations CIBI Holdings Pte. Ltd. ("CIBI Holdings") and CIBI Information, Inc. ("CIBI") up till distribution to shareholders on 15 June 2021.

In fact, excluding non-recurring costs and losses from discontinued operations, CTOS Digital posted 32.3% increase in normalised PATAMI to RM60.2 million in FY2021 versus RM45.5 million in the previous year, reflecting clearly the Group's high growth trajectory and inherent resilience.

- **Statement of Financial Position**

CTOS Digital's total assets stood higher at RM360.6 million as at 31 December 2021, attributable to an increase in intangible assets, investment in associates, and other investments which mitigated the lower receivables, deposits and prepayments as well as cash and bank balances.

The paring down of total borrowings through IPO proceeds led to the reduction of total liabilities to RM52.7 million from RM160.3 million previously.

Meanwhile, the issuance of new shares pursuant to the IPO exercise expanded the Company's share capital to RM412.5 million as at 31 December 2021 from RM198.0 million in the prior year-end and this lifted total equity attributable to shareholders to RM307.9 million as at 31 December 2021, versus RM110.8 million previously.

The status of utilisation of proceeds from IPO as at 31 December 2021 is as follows:

Details of use of proceeds	Estimated timeframe for use from the date of Listing	Proposed utilisation RM'000	Re-allocation RM'000	Actual utilisation RM'000	Balance unutilised RM'000
Repayment of bank borrowings	Within 3 months	155,181	628	(155,809)	-
Defray fees and expenses for IPO and listing	Within 6 months	6,098	(628)	(5,470)	-
Acquisitions	Within 36 months	58,721	-	(44,465)	14,256
		220,000	-	(205,744)	14,256

The unutilised balance of RM628,000 allocated for estimated defray fees and expenses for IPO and listing were allocated to repayment of bank borrowings during the financial year.

All said, we are pleased to note that CTOS Digital stood in firm net cash position in end-FY2021, providing us the required headroom to pursue further opportunities in the future.

- **Dividends**

  We are grateful for the support of our valued shareholders and are proud to reward your loyalty in the form of dividends, even and especially in our first year as a listed entity.

  We are proud to state CTOS Digital declared total dividends of 1.183 sen per share in respect of FY2021, in the form of three interim dividends:
  - first interim dividend of 0.533 sen per share paid on 3 September 2021;
  - second interim dividend of 0.32 sen per share paid on 10 December 2021; and
  - third interim dividend of 0.33 sen paid on 25 February 2022.

  This translates to a total dividend payout of RM26.0 million, in line with the Group's target payout ratio of 60.4% of PATAMI.

Risks

- **Cybersecurity risks**

  As the Company operates in an environment surrounding sensitive nature of information, we may be subject to efforts by unauthorised persons and/or entities who may attempt to obtain access to our system and data, or inhibit our ability to deliver solutions to our customers.

  A breach of our computer systems, software, networks, or other technology assets may result in a material loss of business and/or significantly harm in reputation, as well as have an adverse effect on our financials and operations.

- **Geographical, Social, Economic and Political risks**

  With business activities and investments in Malaysia and Thailand, CTOS Digital is subject to vagaries in the socio-political environments in the respective geographical markets, including changes in political leaderships, risks of war, civil unrest and terrorism, risk of natural disasters, power shutdown or shortages, as well as potential restrictions on repatriation of dividends or profits.

- **Foreign Currency Exchange Rate risks**

  The Company's share of profit or loss from BOL, is denominated in THB. Hence, our profit margins may be affected by the exchange rate fluctuations of THB against RM.

  Our financial statements and reporting currency are denominated in RM. Hence, exchange rate losses resulting from the depreciation of THB against RM will have an adverse effect on CTOS Digital's financial results.

- **Loss of CTOS Data Systems' Pioneer Status and/or MSC Malaysia status**

  If the Pioneer Status of CTOS Data Systems is revoked or not renewed, CTOS Data Systems' statutory income will be subjected to the prevailing statutory tax rate of 24.0% instead of the lower effective tax rate (5.3% for the financial year ended 31 December 2020).

  The Pioneer Status is also conditional upon CTOS Data Systems' MSC Malaysia Status remaining valid. Hence, if CTOS Data Systems' is unable to continue to comply with the requirements prescribed by MDEC, CTOS Data Systems may lose its MSC Malaysia Status, and ultimately its pioneer status.

Our competitive edge lies in our ability to provide value-added digital solutions beyond traditional credit reporting to our customers.

Growth Strategies

To enhance our data analytics and digital solution capabilities in the increasingly digitalising economy, we plan to pursue the following growth strategies in the next three years:

- **To build and invest in capabilities to extend our digital ecosystem**

  Our key competitive edge lies in our ability to provide value-added digital solutions beyond traditional credit reporting to our customers. Over the past three years, we have continuously launched new digital solutions that span across the consumers' lifecycle, such as the CTOS eKYC, CTOS SME score, CTOS ID Guard, CAD and CTOS Tenant Screening Report.

  With the emerging digital economy, we aim to continue enhancing our core infrastructure to improve our capabilities on data analytics, fraud, and platform solutions. This includes allocating capital expenditure in upgrading our IT capabilities, specifically in the data and analytics aspects. In the medium to long term, we would seek to increase our investments in artificial intelligence ("AI") and machine learning as we leapfrog into next-generation solutions.

  In fact, CTOS Digital's strategic acquisition of JurisTech also dovetails with this goal, leveraging on JurisTech's proven ability in developing solutions that cater to customer demand and new technology.

  With these enhanced capabilities, we will be able to provide customers with deeper analytics and insights across a seamless, end-to-end digital platform, further improving our entrenched position as the leading solutions provider in the credit reporting industry.

- **To continue deepening and broaden our data sources**

  CTOS Digital's track record exceeding 30 years has enabled us to accumulate an extensive credit database of both businesses and individuals in Malaysia. We have also invested in various new databases such as the eTR, which is one of the largest electronic trade reference databases in Malaysia; the eTR Plus which include other alternative data sources; and the CED containing litigation and bankruptcy proceeding information shared by our subscribers.

  To complement our access to a wide variety of public and proprietary database, we are committed to deepening and broadening our data sources to provide more unique solutions to our customers. We aim to move up the value chain, evolving from being just a mere provider of data to becoming a trusted partner for mission-critical insights.

  To expand our sources of alternative data, we are looking to collaborate closer with our customers and add more data sets within our platforms to provide deeper insights and analytics to our customers. We believe that constantly increasing the depth and quality of our database will extend our industry leadership.

- **To expand penetration of existing verticals, and enter new verticals including automotive, real estate and insurance sector**

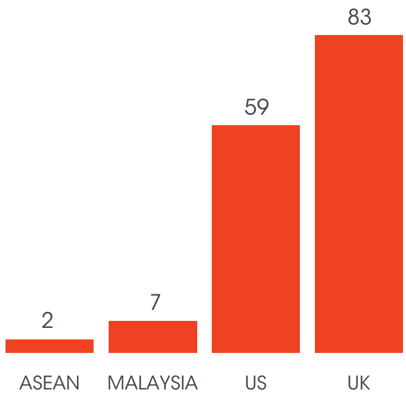
  The Malaysian credit reporting sector holds tremendous potential for growth as compared to the developed countries such as the US and UK; affording us vast opportunity to provide an enhanced suite of solutions into existing and emerging verticals.

  By leveraging on more data analytics and insights capabilities, we can further solidify our market leadership position in existing verticals, ultimately increasing customer spend and loyalty.

  We will also continue to expand into new sectors with strong prospects such as automotive, real estate and insurance sector. Collectively, the total addressable market of the automotive, real estate and insurance sectors is forecasted to grow to RM128.9 million by 2025 from RM25.1 million in 2021.

  We aim to establish ourselves as the preferred end-to-end solutions providers to both businesses and individuals.

Credit Reporting Revenue per capita
(RM)



- **To accelerate growth via strategic acquisitions**

  Complementing our organic business development initiatives, we will continue to explore acquisitions that can harness strong synergies, either via an enlarged product portfolio, or the extension of digital analytics, delivery, and technology capabilities.

  The Company will also evaluate potential overseas opportunities, as we aim to enter new geographical markets, and expand our foothold in established markets within ASEAN.

Appreciation

We would like to take the opportunity to thank the Board of Directors, our management team as well as fellow employees for catalysing the Company's strong growth in FY2021.

We also wish to extend our appreciation towards fellow shareholders, as they continue to support us in reaching greater heights. We are confident that with our growth strategies in place, we are well poised to extend our entrenched market leadership within the ASEAN region.

Sincerely,

Mr Dennis Martin
Group Chief Executive Officer of CTOS Digital Berhad

Mr Erick Hamburger
Deputy Group Chief Executive Officer of CTOS Digital Berhad

BOARD OF DIRECTORS

As at April 2022

TAN SRI IZZUDDIN BIN DALI
Independent
Non-Executive Chairman

DATO' NOORAZMAN BIN ABD AZIZ
Independent
Non-Executive Director

NIRMALA A/P DORAISAMY
Independent
Non-Executive Director

LYNETTE YEOW SU-YIN
Independent
Non-Executive Director

DENNIS COLIN MARTIN
Non-Independent Executive Director and Group Chief Executive Officer

LOH KOK LEONG
Non-Independent
Non-Executive Director

SU PUAY LENG
Independent
Non-Executive Director

WONG PAU MIN
Alternate Director
to Loh Kok Leong

Board Committees Membership

ARC Audit & Risk Committee | NRC Nomination & Remuneration Committee | BIC Board Investment Committee | Chairman

TAN SRI IZZUDDIN BIN DALI

Independent Non-Executive Chairman

Aged **72**

Gender **Male**

Nationality **Malaysian**

Date of Appointment **15 August 2014**

Board Committees Membership:

Nil

Board Meeting Attendance:

16/16 (100%)

Academic/Qualifications/Membership(s):

- Bachelor of Economics (Hons) in Public Administration (Malaya University, Malaysia)
- Master of Arts in Economics (Western Michigan University, USA)

Relevant Working Experience:

Over 35 years in various departments in various ministries and sat on the boards of a number of government-linked companies, public and private companies.

- Various senior positions in Ministry of Finance (MoF) including Secretary General, Director of Budget Division and General Manager of KLIA Berhad (seconded by the MoF) and Principal Assistant Secretary at Economics and International Division
- Secretary General of Ministry of Works
- Chairman of Lembaga Hasil Dalam Negeri
- Director of UDA Holdings Berhad
- Board Member of Bank Negara Malaysia
- Non-Independent Non-Executive Director of Malaysian Airline System Berhad

Present Directorship(s) in other Public or Listed Companies:

- Independent Non-Executive Chairman of TCS Group Holdings Berhad

DATO' NOORAZMAN BIN ABD AZIZ

Independent Non-Executive Director

Aged **66**

Gender **Male**

Nationality **Malaysian**

Date of Appointment **24 February 2020**

Board Committees Membership:

BIC ARC NRC

Board Meeting Attendance:

15/16 (94%)

ARC 5/6 (83%), **NRC** 1/1 (100%), **BIC** 2/2 (100%)

Academic/Qualifications/Membership(s):

- Bachelor of Science in Finance (Louisiana State University, USA)
- Member of the Chartered Institute of Islamic Finance Professionals (CIIF)
- Member of the Australian Institute of Company Directors
- Member of the Institute of Corporate Directors Malaysia

Relevant Working Experience:

Over 37 years of experience in banking and finance, investments, and capital markets.

- Executive Director, Investments at Khazanah Nasional Berhad
- Co-founder and Managing Director, Fajr Capital Ltd
- Managing Director and Chief Executive Officer, BIMB Holdings Berhad
- Managing Director and Chief Executive Officer, Bank Islam Malaysia Berhad
- Managing Director and Head of Corporate and Investment Banking, Citibank Berhad
- Chief Operating Officer, Bursa Securities (Kuala Lumpur Stock Exchange Berhad)
- Director General, Labuan Financial Services Authority
- Senior Vice President (Corporate Banking and Treasury), Citibank Berhad
- Investment Analyst, Perbadanan Nasional Berhad (PERNAS)

Present Directorship(s) in other Public or Listed Companies:

- Non-Independent Non-Executive Chairman of UEM Sunrise Berhad
- Non-Independent Non-Executive Director of UEM Edgenta Berhad
- Independent Non-Executive Director of Kumpulan Perangsang Selangor Berhad
- Non-Independent Non-Executive Director of PLUS Malaysia Berhad
- Chairman of the Board of Trustees of Yayasan UEM and International Centre for Education in Islamic Finance (INCEIF)

Advisory:

- Member of the Investment Panel of Kumpulan Wang Persaraan (KWAP)
- Global Advisory Board of Creador Sdn Bhd
- Limited Partner Advisory Committee of Ancora Fund Management Co. in Indonesia
- Advisor, Vynn Capital Sdn Bhd

NIRMALA A/P DORAISAMY

Independent Non-Executive Director

Aged **55**

Gender **Female**

Nationality **Malaysian**

Date of Appointment **1 April 2021**

Board Committees Membership:

ARC

Board Meeting Attendance:

13/13 (100%)

ARC 5/6 (83%)

Academic/Qualifications/Membership(s):

- Bachelor of Economics (Hons) (University Malaya, Malaysia)
- MBA (International Islamic University Malaysia, Malaysia)
- Member of Malaysian Institute of Accountants (MIA)
- Chartered Global Management Accountant, UK
- Fellow of Chartered Institute of Management Accountants, UK

Relevant Working Experience:

Over 30 years of experience specialising in banking and finance, risk management and advisory work.

- Director of Ecobuilt Holdings Bhd (Ecobuilt), Chairman of Nomination Committee and Member of Audit Committee, Ecobuilt
- Director of Credience Malaysia Sdn Bhd
- Head of Risk Management, Credit Guarantee Corporation Malaysia Berhad
- Various positions in Affin Bank Bhd, Alliance Bank Malaysia Bhd and MBF Finance Bhd

Present Directorship(s) in other Public or Listed Companies:

- Independent Non- Executive Director of Petronas Dagangan Berhad
- Independent Non-Executive Director of Evergreen Fibreboard Berhad

Other Appointments:

- Member of Auditing and Assurance Standards Board, Malaysia Institute of Accountants

LYNETTE YEOW SU-YIN
Independent Non-Executive Director

Aged **52**
Gender **Female**
Nationality **Malaysian**
Date of Appointment **1 October 2020**

Board Committees Membership:

NRC ARC (up to April 21)

Board Meeting Attendance:

16/16 (100%)

NRC 1/1 (100%), **ARC** 2/2 (100%)

Academic/Qualifications/Membership(s):
- Bachelor of Arts in Law (University of Cambridge, United Kingdom)
- Master of Arts in Law (University of Cambridge, United Kingdom)
- Advocate and Solicitor of the High Court of Malaya
- Member of the Malaysian Bar

Relevant Working Experience:
A lawyer by profession, over 27 years of experience specialising in corporate and securities laws, mergers and acquisitions and capital markets.

- Consultant, Messrs Sanjay Mohan
- Consultant, Messrs Chua Associates
- Partner, Messrs Chua Associates
- Partner, Kadir Andri & Partner
- Partner, Messrs Zaid Ibrahim & Co
- Partner, Messrs Raslan Loong

Present Directorship(s) in other Public or Listed Companies and other organisations:
- Independent Non-Executive Director of Malaysia Building Society Berhad
- Board Member of the Securities Commission Malaysia
- Trustee of The Datai Pledge

DENNIS COLIN MARTIN
Non-Independent Executive Director and Group Chief Executive Officer

Aged **58**
Gender **Male**
Nationality **New Zealander**
Date of Appointment **1 November 2020**

Board Committees Membership:

Nil

Board Meeting Attendance:

16/16 (100%)

Relevant Working Experience:
Over 20 years of experience in the credit reporting industry and 17 years of experience in the banking sector.

- Chairman of CIBI, credit reporting agency in Philippines
- Director of CTOS Singapore
- Owner and Principal Consultant of MicDan Consulting (New Zealand)
- Managing Director of Dun & Bradstreet (New Zealand) Limited
- General Manager Corporate Solutions of CoreLogic (New Zealand) Limited
- Vice President of Strategy and Sales of Experian Asia Pacific in New Zealand
- Managing Director South East Asia Operations and Managing Director, Credit Services Asia Pacific of Experian Asia Pacific Holdings Pte Ltd in Singapore
- Director of Credit Services of Experian Asia Pacific Holdings Pte Ltd (Hong Kong)
- International Business Manager, Baycorp Advantage (New Zealand) Limited
- General Manager CreditScan, credit bureau part of Baycorp Advantage (New Zealand) Limited in Singapore
- Director of Business Development (International Business Solutions), Baycorp Advantage (New Zealand) Limited in Singapore

Present Directorship(s) in other Public or Listed Companies:
- Non-Independent Non-Executive Director of BOL (listed on the Stock Exchange of Thailand)

LOH KOK LEONG

Non-Independent Non-Executive Director

Aged **50**

Gender **Male**

Nationality **Malaysian**

Date of Appointment **15 August 2014**

Board Committees Membership:

NRC BIC

Board Meeting Attendance:

16/16 (100%)

NRC 1/1 (100%), **BIC** 2/2 (100%)

Academic/Qualifications/Membership(s):

- Bachelor of Science in Business Administration (Hawaii Pacific University, USA)
- MBA (Hawaii Pacific University, USA)

Relevant Working Experience:

Over 26 years of experience in consulting, specializing in strategy development and execution and private equity.

- Senior Managing Director of Creador Sdn Bhd
- Non-Independent Non-Executive Director of Asiamet Education Group Berhad (known as Asiamet Education Group Sdn Bhd)
- Founder of Aigeus Capital Sdn Bhd
- Partner and Managing Director of Boston Consulting Group Sdn Bhd

Present Directorship(s) in other Public or Listed Companies:

- Nil

SU PUAY LENG

Independent Non-Executive Director

Aged **52**

Gender **Female**

Nationality **Malaysian**

Date of Appointment **27 May 2021**

Board Committees Membership:

ARC BIC

Board Meeting Attendance:

11/11 (100%)

BIC 2/2 (100%)

Academic/Qualifications/Membership(s):

- First class honours in Bachelor of Laws (International Islamic University Malaysia, Malaysia)
- MBA from Judge Business School (University of Cambridge, United Kingdom)

Relevant Working Experience:

Over 29 years of experience within a law firm and corporate legal department.

- Head of Legal of Maxis Berhad and its subsidiaries
- General Manager, Maxis Group, Legal
- Legal Assistant, Messrs Skrine
- Advocate and Solicitor of the High Court of Malaya

Present Directorship(s) in other Public or Listed Companies:

- Nil

WONG PAU MIN

Alternate Director to Loh Kok Leong

Aged **40**

Gender **Male**

Nationality **Malaysian**

Date of Appointment **15 February 2021**

Board Committees Membership:

Nil

Board Meeting Attendance:

–

Academic/Qualifications/Membership(s):

- First class honours in Master of Engineering - Electrical & Information Sciences (University of Cambridge, United Kingdom)
- MBA from Haas School of Business (University of California Berkeley, USA)

Relevant Working Experience:

Over 18 years of experience in strategic and operational expertise across Southeast Asia primarily in industrial goods, financial services and the public sector.

- Executive Director of Creador Sdn Bhd
- Principal at Boston Consulting Group
- Associate at Boston Consulting Group

Present Directorship(s) in other Public or Listed Companies:

- Nil

Additional Notes:

1. ***Family Relationship with any Director and/or Major Shareholder of the Company***

   None of the other Directors have any family relationship with any Director and/or major shareholder of the Company.

2. ***Disclosure of Conflict of Interest with the Company***

   None of the Directors have interest in companies which carry on a similar trade as that of the Group or which are the customers of the Company.

3. ***Conviction for offences within the past 5 years (other than traffic offences, if any) or have any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2021***

   None of the Directors have any conviction for offences within the past 5 years (other than traffic offences, if any) or have any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2021.

4. ***Directorships in public companies***

   Save as disclosed in the Directors' profile, none of the other Directors have any directorship in listed or non-listed public companies.

KEY SENIOR MANAGEMENT

DENNIS COLIN MARTIN

Non-Independent Executive Director and Group Chief Executive Officer

For details on Dennis Colin Martin's profile, refer to Directors' profiles on page 20.

ERICK HAMBURGER BARRAZA

Deputy Group Chief Executive Officer of CTOS Digital Berhad

Aged **52**
Gender **Male**
Nationality **Colombian**

Join Date
20 September 2021

Date of Appointment of Current Position:
20 September 2021

Academic/Qualification(s):

- General Management Program (Harvard Business School)
- MBA (MIT Sloan School of Management)
- Bachelor of Science, Pontificia (Universidad Javeriana, Colombia)

Relevant Working Experience:

Erick joined CTOS as the Deputy of Deputy Group Chief Executive Officer to bolster the group's strategic and operational leadership, particularly in the emerging areas of data analytics and digital platforms.

Erick was previously the President and Chief Executive Officer ("CEO") of Experian Colombia and Mexico, where he was instrumental in its transformation into a digital solutions provider. He has over 28 years of vast experience in corporate strategy and international credit reporting sector.

Before Experian, he was the CEO of Publicar Colombia, transformed traditional yellow pages business into a multimedia solutions company, introducing mobile phone, online, social networks and e-commerce businesses. Prior to that, he was the President of Latin America, Brightpoint (wireless device lifecycle services company), Director of Strategy & Business Development in Motorola, USA and Manager in Mckinsey, USA.

CHIN KUAN WENG, ERIC

Chief Executive Officer of CTOS Data Systems Sdn Bhd

Aged **51**
Gender **Male**
Nationality **Malaysian**

Join Date
18 November 2014

Date of Appointment of Current Position:
18 November 2014

Academic/Qualification(s):

- Bachelor of Economics majoring in Industrial Economics (Universiti Kebangsaan Malaysia)

Relevant Working Experience:

Eric has over 25 years of experience in helming senior leadership roles in business, sales and operational functions for multinationals and local corporates. He joined CTOS in 2014 as the Chief Executive Officer and he first focused on strengthening the core operations and services of the business. He has been involved in the management of Key Accounts customers and acting as the key liaison with the regulators.

Prior to CTOS, he was Chief Operating Officer of Credit Bureau Malaysia ("CBM"). Before CBM he was the Head of Professional and Technical Division in Kelly Services (M) Sdn Bhd. And from 1998 to 2008, he worked at Siemens Malaysia Sdn Bhd under the Siemens Business Services division, and Siemens Nixdorf Information Systems (M) Sdn Bhd, where he rose through the ranks to become the Vice President of IT and business advisory in charge of management of the business performance of solutions and consulting services practice and establishing new solutions.

CHEN THAI FOONG, GARRIS

Group Chief Financial Officer of CTOS Digital Berhad

Aged **59**
Gender **Female**
Nationality **Malaysian**

Join Date
5 April 2016

Date of Appointment of Current Position:
1 May 2021

Academic/Qualification(s):

- CIMA professional certificate
- Chartered Global Management Accountant
- Fellow of the CIMA
- Chartered Accountant of the MIA
- MBA majoring in finance (University of Dubuque, USA)

Relevant Working Experience:

Garris joined CTOS in 2016 as the Chief Financial Officer of CTOS Data Systems, overseeing all finance related matters. In May 2021, she was designated Group Chief Financial Officer.

She has over 32 years of experience in finance and treasury, and prior joining CTOS, she was Group Chief Financial Officer of Taylor's Education. Prior to that, she served as Director of Shared Services in Lafarge Malaysia Berhad. Before joining Lafarge, Garris held Chief Financial Officer of DHL Express (M) Sdn Bhd, and later was appointed as Deputy Head of Quality Assurance and Shared Service Centre for DHL Asia Pacific Shared Services Sdn Bhd in charge of shared services within Asia Pacific, Eastern Europe and Middle East Africa. She also held a number of senior finance roles including Financial Controller cum Company Secretary of MOX Berhad and Finance Manager cum Company Secretary of Leo Burnett Advertising Sdn Bhd.

TRACY GAN JO LIN

Chief Operating Officer of CTOS Data Systems Sdn Bhd

Aged **45**
Gender **Female**
Nationality **Malaysian**

Join Date
2 May 2017

Date of Appointment of Current Position:
1 January 2019

Academic/Qualification(s):

- Bachelor's degree in Business Administration (Hons) (University of Northumbria, United Kingdom)
- MBA (Nottingham Trent University, Malaysia)

Relevant Working Experience:

Tracy joined CTOS in May 2017 as the General Manager in Customer Experience before being promoted to the Chief Operating Officer in January 2019. She has been overseeing the strategic operations management and customer experience, customer relations as well as the Commercial business segment.

She has over 23 years of experience in operations and prior to joining CTOS, she held various senior positions in Maxis Berhad as Head of Distributor and Modern Trade Management and Head of Order Management and Fulfilment. At Maxis, she was responsible to drive sales growth and reach of distributors, provide operational support, cost optimisation with regard to distributorship and to monitor and analyse distributors' performances. Before that, she was the Head of Customer Operations in TIME dotCom Berhad and General Manager for Customer Service and Human Resources at e-pay (M) Sdn Bhd.

LIM SUE LING

Group Senior Head of Risk and Business Compliance of CTOS Digital Berhad

Aged **38**
Gender **Female**
Nationality **Malaysian**

Join Date
6 March 2006

Date of Appointment of Current Position:
1 May 2021

Academic/Qualification(s):

- Diploma in Information Technology (Informatics College, Malaysia)

Relevant Working Experience:

Sue Ling joined CTOS since 2006 and has acquired over 16 years of experience in regulatory compliance and risk management of the credit bureau business and currently, oversees all compliance related matters of our Group.

Before she was redesignated as Group Senior Head of Risk and Business Compliance in May 2021, she held Senior Head of Risk and Business Compliance position, where she is responsible for developing and overseeing Group's enterprise risk governance framework. Her primary responsibilities include developing annual regulatory and compliance work plan and overseeing consumer redress mechanism. She has rose through the ranks from Customer Service Officer to the current position as Group Senior Head of Risk and Business Compliance. She held several roles including Special Project Officer, Assistant Manager of the Settlement and Record Update, Manager of Business Compliance and Head of Business Compliance.

BENJAMIN LAU CHI MENG

Group General Manager, IT of CTOS Digital Berhad

Aged **38**
Gender **Male**
Nationality **Malaysian**

Join Date
2 January 2010

Date of Appointment of Current Position:
1 May 2021

Academic/Qualification(s):

- Bachelor's in computer science (Monash University, Malaysia)

Relevant Working Experience:

Benjamin has over 15 years of experience in the area of IT. He joined CTOS in 2010 as the Head of IT, overseeing the management and development of IT infrastructure and security. He was designated as the General Manager of IT of CTOS Data Systems in December 2017 and in May 2021, he was designated as Group General Manager of IT.

Before joining CTOS, Benjamin was Senior Java Developer in Acelsys Sdn Bhd and Senior Software Engineer in VersaPAC Sdn Bhd, primarily responsible for design of software, database and infrastructure hosting of the company.

SUSTAINABILITY STATEMENT

SUSTAINABILITY ESSENCE

We are pleased to present to you our first Sustainability Statement which captures the beginnings of our journey to achieve greater sustainability as an organisation. We have focused on issues that are deemed to be of greatest importance after conducting a materiality assessment. This statement complies with the listing requirements of Bursa Malaysia and Bursa Malaysia's FTSE4Good Index.

INTRODUCTION

Scope Of Reporting

Our Statement encompasses the business of CTOS Digital Berhad ("CTOS Digital" or "the Company") and our subsidiaries (herewith referred to as "CTOS" or "the Group").

Reporting Period

This report covers the period from 1 January 2021 to 31 December 2021 (Financial Year 2021) unless otherwise stated.

Reporting Standards and Guidelines

The disclosures in this statement have been prepared in adherence to Bursa Malaysia's Sustainability Statements in Annual Reports published in 2016, Bursa Malaysia's Sustainability Reporting Guide (2nd Edition) published in 2018 and Bursa Malaysia's FTSE4Good Index.

Stakeholder Feedback

In reaching out to all of our valued stakeholders, we have uploaded an electronic version of this statement on our corporate website (www.ctosdigital.com). We welcome your comments, thoughts and remarks. Please send any comments, insights and queries to: info@ctosdigital.com

Limitations and Exclusions

We are cognisant that data-gathering challenges still exist notably during the pandemic period for the majority of reporting indicators. We are in the midst of implementing more robust data tracking and gathering mechanisms for our reporting moving forward.

Forward-Looking Statements

Any forward-looking statements such as targets, future plans, operations and forecast figures are based on reasonable current assumptions by the organisation.

Sustainability At CTOS

In our pursuit to make Malaysia a centre of excellence for credit reporting in ASEAN, our growth has been premised upon delivering sustainable and value-driven solutions, not only to our customers, but also to the communities and environment we operate in.

We recognise that empowering sustainable credit wellbeing in Malaysia requires a resolute commitment to economic efficiency, environmental performance and social responsibility, accompanied by a strong governance structure in place. Since the past recent years, CTOS has focused on embedding sustainability priorities within its strategic initiatives. Various initiatives that reflect CTOS' commitment to all of our sustainability themes are further elaborated within this Sustainability Statement, all of which are built on values that promote sustainability.

Sustainability Governance Structure

The success of implementing CTOS' sustainability strategies and action plans rests on how good governance principles and practices are carried out. We understand that good governance starts from the top and good leadership plays a pivotal role in leading the Group towards achieving the desired results for its sustainability goals and targets. Therefore, we have established a robust governance structure, led by the Board of Directors, providing guidance and oversight for CTOS' sustainability journey and progress. The chart below describes the governance structure we have formalised:

The above groups meet at least on a bi-annual basis to evaluate their respective strategic decisions, responsiveness to emerging ESG issues, risks and opportunities, and the group's progress against the set of objectives and targets that are stated and agreed upon. The table below highlights each of their roles and responsibilities in more detail:

Governing Body	Roles and responsibilities
Board of Directors	• Ensures alignment and integration of ESG components into CTOS' overall business strategy • Has oversight on the entire CTOS' sustainability journey and progress
Audit & Risk Committee ("ARC")	• Possesses delegated authority on decision making and implementation from the Board • Sustainability-related matters are presented to the Board Committees on a bi-annual basis • Has oversight of the development and successful execution of CTOS' sustainability framework, in line with the strategic outcomes that have been previously set by the Board • Provides a forum for discussion and endorsement on key sustainability matters • Ensure effective communication of ESG strategies, priorities, targets and performance to internal and external stakeholders • Have a firm understanding of the sustainability issues relevant to the company and its business
Group CEO **Deputy Group CEO** **Group Head of Corporate Strategy & Planning**	• **Group CEO:** Deliberates and approves all key sustainability-related matters and decisions • **Deputy Group CEO:** Collaboratively sets CTOS' sustainability agenda together with Group CEO, including its strategy, roadmap and the monitoring of the action plans. • **Group Head of Corporate Strategy & Planning:** Key Driver of CTOS' sustainability performance that spearheads the ESG strategic plans
Other C-level Officers and Head of Departments **ESG Champion(s)**	• Operationalise CTOS' sustainability plans by implementing them in various business and operational areas, prioritising key ESG material issues • **ESG champion(s):** Oversees the overall execution, mission and efficacy of CTOS' sustainability programme and implementation. Primarily accountable to ensure that CTOS' sustainability culture and agenda cascades throughout the organisation by being the key contact person to perform and be accountable for duties such as: i. Reporting to the Group CEO, Deputy Group CEO and Group Head of Corporate Strategy & Planning on sustainability performance updates. ii. Liaises and works closely with various department leaders to ensure that CTOS' business activities, transactions and operations are in compliance with regulatory guidelines and evolving standards

Stakeholder Engagement

At CTOS, we recognise the importance of stakeholder engagement in ensuring the success of our sustainability programmes comprising various initiatives and activities. For that purpose, we first identified all CTOS' potential stakeholders, defined as any individuals, groups or parties with legitimate interests or concerns in CTOS that can either affect or be affected by the outcomes of our objectives and actions as a whole. As all stakeholders have bearings on these outcomes, the bearers of externalities are included in CTOS' stakeholdership. The preliminary list of CTOS' stakeholders is as follows:

- Shareholders and Investors
- Government Bodies and Regulators
- Customers
- Suppliers and Partners
- Employees
- Local Communities

We first identified the preliminary list of CTOS' stakeholders during the stakeholder prioritisation exercise conducted on 14 September 2021. We then assessed the level of influence or significance of these stakeholders, vis-à-vis the outcomes of prioritised material ESG matters according to a scoring mechanism developed internally, to devise a mapping of the stakeholder prioritisation, complete with their areas of interest, objectives of the engagement, key engagement areas and frequency of engagement.

Stakeholders	Areas of Interest	Objectives of Engagement	Key Engagement Areas	Frequency of Engagement
Shareholders and Investors	Business sustainability Shareholder and investor relations Shareholder returns Corporate Governance Strategic Growth Plans	To lock access to financial capital required for operational commencement, business continuity and growth sustainability	• Annual General Meetings (AGMs)	• Annually
			• Conferences and meetings	• Annually
			• Website	• Daily
			• Investors and analyst briefings, roadshows and forums	• Annually
Government Bodies and Regulators	Regulatory Compliance Ethical Business Practices Health and Safety Practices Environmental management and compliance	To secure various licenses and permits to simply exist, operate and thrive To avert violations or breaches of relevant laws, standards and best practices that could result in fines, penalties, forfeitures and sanctions	• Continuous active engagements and consultations with respective government departments or agencies, statutory bodies and regulatory and supervisory authorities across the business spectrum via dialogues, industry meetings, other thought leadership platforms • Independent Stakeholder Engagement Survey	• As and when • Annually
Customers	Customer Engagement	To acquire new and/or retain existing customers as well as convert both customer categories into repeat and long-standing customers by meeting customer requirements and expectations To capitalise on valuable customer feedback in achieving strategic, financial operational excellence	• Checkpoint call/ face to face appt. • Multi-channel touchpoint with multi-skilled agents, Face-to-Face customer support with 8 service centres nationwide • Customer Onboarding • Regular Meetings and Day-to-day interactions	• Daily
	Customer Accessibility		• Checkpoint call/ face-to-face appointment	• Daily
	Customer Satisfaction		• NPS Survey	• Annually

Strategic Leadership and Governance

Stakeholders	Areas of Interest	Objectives of Engagement	Key Engagement Areas	Frequency of Engagement
Customers (continued)	Service Assurance	To acquire new and/or retain existing customers as well as convert both customer categories into repeat and long-standing customers by meeting customer requirements and expectations To capitalise on valuable customer feedback in achieving strategic, financial operational excellence (continued)	• Timeliness response to customers from SLA Management • Enhanced Quality Assurance assessment	• Ongoing exercise, as and when there's gap identified
	Customer Training		• Credit Manager training - Online & Classroom (face-to-face)	• Monthly
Suppliers and Partners	Ethical Business Practices	To ensure delivery of products and services of the best value To contribute to the development of capacities and capabilities of our business partners To support various national agendas	• Audit	• Annually
	Sustainability in supply chain		• Regular Meetings and Day-to-day interactions	• As and when
	Company performance		• Strategic Dialogues	• Annually
	Continuous Value Creation		• Conferences and forums	• Quarterly
Employees	Employee engagement and work-life balance	To build an innovative, creative, productive, diverse and inclusive workforce To attract, develop and retain the best talents particularly among Malaysian citizens for CTOS' business survival and sustainability	• Employee Engagement Survey • "WE CARE" activities including work-life balance, employee welfare and wellbeing, etc • Code of Conduct and Code of Ethics	• Twice a year • Throughout the year • Throughout the year
	Learning, skills development and personal and career growth		• Training and talent development policies/ frameworks	• Throughout the year
	Equality		• Equal Opportunities Policy	• Throughout the year
	Cybersecurity		• Cybersecurity Training	• Annually
Local Communities	Accessibility for SMEs Financial literacy and inclusion Ethical Business practices Good governance	To build diverse, inclusive, balanced, resilient and sustainable societies and economies that thrive and reflects on our social citizenship	• CSR Programs	• Annually
			• Ensuring the non-undertaking of unnecessary credit risks by all of our customers and maintaining sufficient cash flow to sustain the business	• Annually
			• CTOS credit managers help SMEs to manage their clients while ensuring their business sustainability by providing the right tools to manage the credit health of their customers	• Annually
			• Independent Stakeholder Engagement Survey	

Materiality Assessment

It is It is crucial that we are guided by the concept of materiality for our sustainability strategic planning processes. Identifying, understanding and focusing on ESG issues that are relevant to our business and industry, and ones that heavily influences the assessments and decisions of our stakeholders will allow us to avoid significant repercussions on our organisation as a whole.

Our approach to ESG issues is in line with the principle of materiality, as described in the Global Reporting Initiative ("GRI") Standards, and with reference to the materiality considerations set out in the Sustainability Accounting Standards Board ("SASB") Standards, FTSE4Good and United Nations Global Compact ("UNGC").

In conducting the materiality assessment exercise, which will be reviewed and enhanced annually, we approached it according to the following steps:

01.
Peer Analysis

Issues were consolidated based on reports from global peers and local institutions reported. Global peers were chosen based on similarity in operations to CTOS' and local financial institutions were included to provide a local context.

02.
Standards & Frameworks

Industry standards from global frameworks (SASB Materiality Map, FTSE4Good, UNGC, GRI) and all of Bursa Malaysia's reporting framework have been used to identify potentially relevant material issues

03.
Stakeholder Engagement Sessions

Insights from internal stakeholder engagements with CTOS, including the Board.
This process of stakeholder engagement will be enhanced in the coming years to include insights from CTOS' external stakeholders.

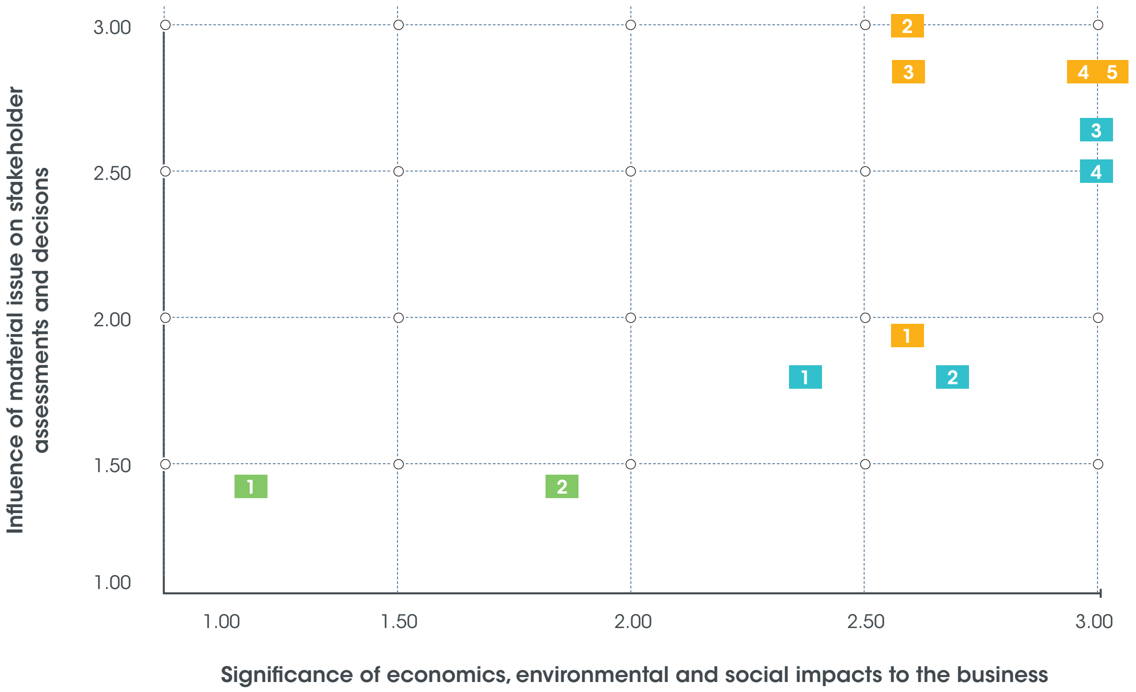
04.
Materiality Assessment Prioritisation

The list of ESG material issues were prioritised in the Materiality Validation Workshop by CTOS' management group via 3 exercises:
1. Importance of ESG material issues to CTOS
2. Prioritisation of stakeholders
3. Importance of ESG material issues to stakeholder assessments and decisions

A long list of potential material sustainability matters applicable and relevant to the Group was formed in Steps 1 and 2 above, after which these preliminary sustainability matters were shortlisted through various stakeholder engagement sessions to those that are the most relevant in Step 3.

In Step 4, this shortlist was further analysed, and finally verified and validated to become CTOS' prioritised material ESG matters through a Materiality Validation Workshop on 14 September 2021 attended by the management of the Group. The following Materiality Matrix and the key findings are the direct results of the workshop. Given that this was our first materiality assessment exercise ever conducted, we limited our engagement solely with internal stakeholders. Future stakeholder engagement sessions in relation to the materiality assessment exercises will involve our external stakeholders for a more extensive, diverse and inclusive horizon.

Materiality Matrix



Environment

1 GHG Emission
2 Energy Management

Social

1 Diversity & Inclusion
2 Employee Engagement
3 Financial Literacy & Inclusion
4 Customer Welfare & Responsibility

Governance

1 Fraud Risk
2 Transparency & Trust
3 Business Ethics
4 Compliance to Evolving Regulations & Standards
5 Data Privacy & Cybersecurity

Key Findings

Based on the preliminary results from the internal materiality assessment prioritisation exercise, the Top 5 material ESG matters for CTOS emerged, namely:

Governance: Data Privacy & Cybersecurity 5

Governance: Transparency & Trust 2

Governance: Compliance to Evolving Regulations & Standards 4

Governance: Business Ethics 3

Social: Financial Literacy & Inclusion 3

Other material ESG matters that were discovered as a result of the same materiality assessment exercise include:

4 **Social:** Customer Welfare & Responsibility

1 **Governance:** Fraud Risks

2 **Social:** Employee Engagement

1 **Social:** Diversity & Inclusion

2 **Environment:** Energy Management

1 **Environment:** GHG Emissions

Key Sustainability Themes, Corresponding Material ESG Matters and Core Stakeholders

The following table defines the qualified Sustainability Themes and Material Sustainability Matters in more detail:

Area	Sustainability Themes	Description	Material ESG Matters	Definition
	Establishing Trust in Data	Governing data management capabilities and continuing to adhere to relevant standards for information security	Data Privacy & Cybersecurity	The provision of complete and accurate disclosure of business activities, data handling, data use and other material matters so as to maintain trust and facilitate productive discussions between the company and its stakeholders
			Transparency & Trust	The management of customer data confidentiality, mitigation of data breach risks, protection of personal data from unauthorised access or attacks that are aimed for exploitation of the information. This includes a company's approach to collecting data, obtaining consent, and managing user expectations regarding how their data is used
	Effectively Managing Compliance and Risks	Building a culture that emphasises proper business conduct, in line with comprehensive compliance to the relevant regulations and standards, as part of the enterprise's risk management framework	Compliance to Evolving Regulations & Standards	Constant review and maintenance of compliance with fast-changing acts, enactments, rules, regulations, by-laws, standards and best practices in any jurisdiction that are relevant and applicable to the company
			Business Ethics	The ethical conduct of business which includes the management of risk associated with corruption, fraud, bias, misrepresentation, conflicts of interest, negligence and other factors with an ethical component. It also extends to ensuring the organisation's values, principles, standards and norms of behaviour (e.g., code of conduct and code of ethics) are developed and implemented
			Fraud Risks	The management of risks arising from fraudulent activities arising at each stage of the customer lifecycle, such as identity theft in the loan origination or credit application process
	Empowering our People and SMEs	CTOS continues to build an engaged and diverse workforce, whilst simultaneously considering customer welfare and the development of local SMEs	Financial Literacy & Inclusion	Educating consumers and businesses (including SMEs) regarding their financial health and credit risks, as well as facilitating access to affordable financial products and services, particularly for underbanked/unbanked communities
			Customer Welfare & Responsibility	Providing services to customers that are aligned with societal expectations, ensuring a smooth customer experience, and listening and responding to customer feedback. This also includes treating customers fairly in the conduct of our business, as well as providing them with accurate, adequate and easily understood information on the services they receive

Area	Sustainability Themes	Description	Material ESG Matters	Definition
	Empowering our People and SMEs (continued)	CTOS continues to build an engaged and diverse workforce, whilst simultaneously considering customer welfare and the development of local SMEs (continued)	Employee Engagement	The cultivation of stronger connections with employees (commonly measured by the level of employee satisfaction and commitment to the company) through team bonding activities, employee gatherings, and the investment in and development of a talent pool of employees and leadership
			Diversity & Inclusion	Diversity refers to a mixed and balanced representation of workers in the organisation, in regard to race, gender, ethnicity, religion and other group identities; Inclusion refers to a workplace where there are equal opportunities for contribution and influence
	Protecting our Environment	Continued monitoring of CTOS' environmental footprint and impact to reduce GHG emissions, whilst also enhancing energy efficiency	Energy Management	Environmental impacts associated with energy consumption. It addresses the management of energy efficiency, intensity and energy mix, from sources such as data centres and offices
			GHG Emissions	The release of direct and indirect greenhouse gases that are linked to the company's operations, covering Scope 1, 2 and 3 emissions. Scope 1 includes direct Greenhouse Gas (GHG) emissions from sources that are owned or controlled by the company (e.g., combustion in entity-owned vehicles). Scope 2 are indirect GHG emissions from the generation of purchased energy (e.g., purchased electricity in offices). Scope 3 emissions are all other indirect GHG emissions from the company's value chain

Key Sustainability Theme: Establishing Trust in Data

As a provider of data and digital services, CTOS places paramount importance on cyber security risk and data breach protection. Given this, we are continuously governing our data management capabilities, while continuing to adhere to relevant standards for information security. In our efforts to implement a robust framework to manage and report information safely, we have launched the following initiatives:

Data Privacy & Cybersecurity

Why is this important to us?

Given the nature of our business, we need to effectively govern our data management capabilities to prevent any potential cybersecurity threats. The continued investments in our data management capabilities enable us to be ahead of the game by building up intelligent and reliable data security systems which assist us in identifying and preventing increasingly sophisticated cyberattacks that come about with the evolving of new technology. Keeping our sensitive customer data safe is the cornerstone for a sustainable business for us to continue building a sustainable business as it.

Our Approach

- To do this well, we have developed an exhaustive companywide risk management policy that is made up of the components listed below:
  - Cyber-Resilience Framework ("CRF") that protects our customer's data
  - Technology Risk Management Function ("TRMF")
  - Cryptography Framework Development
  - Security Operations Centre ("SOC")

  Together, these help form critical systems and control standards that are continuously monitored and reviewed by the Board and Senior Management to ensure its resilience, even in times of crisis

- To the policies above, we have implemented sophisticated mitigation measures, namely the Data Loss Prevention ("DLP") Strategy and the Cyber Incident Response Plan ("CIRP") to handle data privacy and other cybersecurity-related issues
- A robust governance process is also in place to help us identify risks in technology operations and project management, ensuring regular reviews by the Board of Directors and Senior Management

Transparency & Trust

Why is this important to us?

As Malaysia's leading credit reporting agency, gaining and maintaining our customer's trust is crucial for us to continue managing their data effectively. We aim to continue providing credible social, environmental and ethical data for our customers that will assist them to make more informed and better decisions. Transparency and trust, combined, both play a crucial role in ensuring the sustainability of our business growth.

Our Approach

- We have implemented real-time network bandwidth monitoring processes and network services that support critical systems in ensuring the safety of our data
- Our eKYC solution has helped our customers improve their customer sign-up process by helping them lower their risk during the customer onboarding process
- We have ensured that an independent financial audit is conducted by an appointed external auditor, in our case, it is PricewaterhouseCoopers Malaysia
- An Audit & Risk Committee ("ARC") who is equipped with the expertise to perform periodic updates to the Board on compliance and risk management matters have also been elected
- The provision of sufficient and effective external communication via our official website and incorporated into the service and vendor agreements ensures that there is no room for miscommunication and that all parties share the same expectations
- As an organisation, we also require full disclosure of all political contributions such as donations, sponsorships in-kind and in-cash made to any organisation for full transparency

Key Sustainability Theme: Effectively Managing Compliance and Risks

Here at CTOS, we believe in building a culture that emphasises proper business conduct, in line with the comprehensive compliance to the relevant regulations and standards, which forms part of our enterprise's risk management framework. Recognising the importance of this, we have implemented an enhanced risk and mitigation strategy to prevent breaches of compliance.

Compliance to Evolving Regulations & Standards

Why is this important to us?

In ensuring the safety of our customer's data, we have taken steps to comply with the evolving requirements of regulations and standards, which helps us instil trust in our customers. This is imperative to us, given the nature of our business as a credit rating agency. Keeping up-to-date and adhering to the evolving regulations and standards in the industry, serves not only our customers, but also our employees and our business in the long run.

Our Approach

- We regularly adjust and update our compliance status based on the evolving regulations and standards
- The Board and Senior Management place adequate controls by periodically conducting reviews of Standard Operating Procedures (SOPs) to ensure our business is aligned with the requirements of relevant acts, regulations and guidelines
- We also conduct a periodic review of the Group's Procurement and Anti-Bribery and Corruption policies to combat bribery and corruption risks in general
- Our Group's Senior Head of Risk and Business Compliance, reports regularly on risk and business compliance matters to the Audit & Risk Committee ("ARC")

Business Ethics

Why is this important to us?

We believe in creating a culture that emphasises proper business conduct. Externally, we have to identify and then effectively manage the different types of risks posed to our business; internally, integrity is promoted strongly among our employees. Ensuring ethical conduct in the way we do business helps us gain trust from our key stakeholders, such as investors and customers. Positive employee behaviours through these practices have always benefitted our bottom line, despite growing concerns of business ethics in the corporate world.

Our Approach

- We have taken a zero-tolerance approach when it comes to breaches in compliance and business ethics. Our group of companies are guided by the various policies and codes of conduct that we have developed and implemented, namely the Anti-Bribery and Corruption Policy, Whistleblowing Policy and the Code of Business Conduct and Ethics. These policies and codes of conduct serve as clear guidelines and principles to be stringently adopted in ensuring our employees are committed to conducting business dealings with full integrity. We also ensure that we make constant improvements to the Anti-Bribery and Corruption Policy by keeping up-to-date with legal and regulatory regimes where we operate
- The Group Procurement Policy has also been drafted in such a way that requires statutory documents (inclusive of the latest SSM report) to be furnished by vendors to the procurement departments to ensure proper verification and authentication before vendors are engaged

Fraud Risks

Why is this important to us?

Combating fraud risks is of utmost importance to us when it comes to managing the potential risks that are posed to our business. Through effective risk management, we can ensure that the materiality issues on Compliance and Risk Management are well-reported and deliberated in the annual Audit & Risk Committee ("ARC") meetings.

Our Approach

- This is part of the Anti-Bribery & Corruption policies to manage and periodically report on potential fraud risks to the Board
- We have also implemented relevant SOPs to regularly review customer sign-ups, to detect potential anomalous or fraudulent activities

Key Sustainability Theme: Empowering our People and SMEs

On our path towards empowering sustainable credit wellbeing, we believe in building an engaged and diverse workforce, whilst simultaneously considering and catering to our customers' welfare. We realised that the areas that needed focus was the development of our local SMEs and improvement were needed in the area of financial literacy among consumers. In line with this social agenda, our organisation will continue to effectively focus on our key initiatives that empower SMEs by driving financial literacy measures and campaigns and organising employee engagement initiatives for our people.

Financial Literacy

Why is this important to us?

It has always been part of our vision to make Malaysia a centre of excellence for credit reporting in ASEAN, and we aim to empower more Malaysians to achieve sustainable credit wellbeing through increased financial literacy levels. A robust financial literacy rate in Malaysia will lead to better financial inclusion, which results in the wellbeing of its citizens and in turn, will help the nation achieve economic growth and sustainable development. Thus, we realise the crucial role in nurturing a more inclusive society for all by assisting in the bridging of the remaining socio-economic gaps and inequalities across the country through our knowledge programmes.

Our Approach

- Between 2016 till 2021, we have provided more than 11.3 million free MyCTOS Basic Reports and over 1.2 million free MyCTOS Score & MyCTOS with CCRIS reports to consumers.
- We run year-round, integrated financial education programmes, both online and offline, to drive financial education and inclusion, with CTOS content being carried in newspapers, magazines, e-news and e-magazine platforms, as well as TV, radio, YouTube, and on all of our social media channels

- The Knowledge Base on the CTOS website hosts a variety of educational content related to credit health and scoring, finances, budgeting and more. More than 600,000 monthly visitors benefit from the educational resources, and the number is expected to increase as more consumers benefit from education on credit health and financial matters
- In addition to the above, CTOS, to date, has conducted over 350 financial education roadshows and webinars across the country in partnership with Bank Negara Malaysia ("BNM"), Ministry of Finance ("MOF"), Employee Provident Fund ("EPF"), the Credit Counselling and Debt Management Agency ("AKPK"), the Ministry of Housing and Local Government ("KPKT"), Private Pension Administrator Malaysia ("PPA"), the Social Security Organisation ("SOCSO"), various government agencies, banks and property developers to provide consumers with the opportunity to learn, engage, and strengthen their financial management skills to improve their credit health and personal finances
- CTOS also has an ongoing partnership with the Creador Foundation via its non-profit financial literacy platform - Multiply, to carry financial education content across our social media platforms regularly. This partnership gives consumers access to a wide variety of tips and tools to manage their personal finance

Our Achievements

- Having run more than 17 different financial literacy campaigns from 2018 to 2021, our flagship campaigns that have had the highest impact with the widest reach are the nationwide Free MyCTOS Score & Free MyCTOS Report with CCRIS campaigns and SME Webinar Series, which we started in 2020. As a result, the number of consumers registered for CTOS self-check has increased from 0.2mil in Jan 2016 to 1.7mil as at 31 Dec 2021. The SME Webinars Series had a stable set of SME audiences that led us to host 18 webinars annually to cater to SMEs.

Customer Welfare and Responsibility

Why is this important to us?

As an agent of change in the community, especially during these challenging times of the COVID-19 pandemic, we have a role to ensure the continuous development of our local SMEs. We aim to enhance society's quality of life by focusing on developing thriving and resilient communities in which we operate in. We must foster a responsive customer culture that emphasises our responsibilities towards the customer's welfare, as we establish an emotional connection between our users and our brand.

Our Approach

- We accelerated, enhanced and deployed our products and services to go fully digital to enable our customers to undertake their needs remotely with minimal disruption due to the pandemic
- We revised our operating hours and even undertook temporary closures for our services centres as necessary. Apart from ensuring compliance with SOPs such as tracking the temperature and particulars of our customers who visited our service centres, physical distancing and the use of protective equipment such as masks and acrylic barriers, we also ensured that regular disinfection and sanitisation was a part of our own internal SOPs in order to ensure the safety and their wellbeing of everyone
- To support this, we also employed different methods of customer engagement techniques to ensure we can truly support our customers with the products and services they need to excel in their business:
  - We conducted checkpoint calls and offered face-to-face customer support across the six regions within Malaysia we operate in, which allowed us to form a closer and more personal bond with our customers, building genuine relationships with them
  - We also actively conducted both online and face-to-face credit manager training for all of our support staff for our Software as a Service (SaaS) online credit management platform that we offer to our SME customers. Due to the breadth of the end-to-end service which covers the customer journey right from identifying, acquiring, monitoring and up till recovery, our employees needed to be exposed to as many variables and situations to be able to provide the most professional, all-rounded service to our customers
  - A monthly Net Promoter Score (NPS) survey and two further bi-annual surveys were also conducted in 2021 to evaluate if our products and services are meeting the expectation of our customers

- To provide superior customer engagement for the different customers in their preferred mode of communication, we have incorporated various service and support measures via multi-channel touchpoints, in which we interact with our customers. We had started this in 2016, and have been continuously improving on this process over the last five years. In 2021, with our processes finally maturing, we had decided to up the ante by incorporating multi-skilled agents into this combination, to further improve our service level. Given that time is money for our customers, we wanted to ensure a shorter average waiting time and improved first call resolution by putting them in contact with agents who are equipped with the right skills to attend to them
- To supplement this, and to ensure accuracy and consistency of information delivered to our customers, we implemented the annual Enhanced Quality Assurance assessment since 2020 as an ongoing measure. The assessment has a quality check sheet breakdown by critical errors such as those involving process and compliance, and non-critical errors such as ones that might involve an agent's soft skills in managing customers. We have set ourselves a benchmark quality score of 85%. What is equally critical for us is to ensure service delivery with non-bias treatment to our customers
- To ensure our agents are aligned and on board with the various measures working towards the objective of providing timely responses to our customers, we had also introduced a Service Level Agreement (SLA) as a management tool to help improve service efficiency and customer satisfaction
- As an organisation, we also initiated the "CTOS Cares CSR Campaign" to bring some relief to those who were impacted by the COVID-19 pandemic. Apart from giving away free products such as credit scores, subscriptions and listings, we also reduce prices of certain products to help our customers manage their finances better and for business owners to navigate through the uncertainties and financial challenges brought by the pandemic. Some of these measures include:
  - The offering of more than 200k of free CTOS Secure ID Subscriptions & free MyCTOS credit reports during April to September 2020. Seeing the success of this in 2020, we continued this initiative throughout 2021, this time through various partnerships
  - The offering of free listings for our SME lenders on CTOS Credit Finder and CTOS Bizfinder platform, for a limited time, so that SMEs were able to gain exposure for their businesses, in light of COVID-19's impact on the economy

Our Achievements

- As of December 2021, we have exceeded our benchmark of 85% and achieved a quality score of 93.06% on the annual Enhanced Quality Assurance assessment. We have also seen that better quality service leads to fewer complaints. In 2020, we received 3 complaints on agents and in 2021, we had received none. Given that we are only two years into the process, we are happy with the results we have achieved, but also know that we have a long way to go to ensure impeccable quality in our service to our customers
- As for our NPS surveys, we have achieved a scoring of +6.83 on a scale of 10, as of December 2021. This indicates that we still have a long way to go before we can completely win over our customers to a point where they are absolutely satisfied with our products and services

Employee Engagement

Why is this important to us?

We believe it is important for us to build an engaged workforce and employee capabilities through a conducive and facilitative working environment. In today's increasingly competitive landscape, we believe that having healthy, diverse and engaged employees are vital for continued growth and success. We position our people at the heart of our company while empowering and inspiring them to constantly hone their talents and broaden their knowledge and competencies. Fostering a more holistic engagement and ensuring highly motivated employees is a cornerstone for us to maintain an empowered workforce. Thus, by focusing on our employee's wellbeing, we can create greater value for all our stakeholders and gain a sustainable competitive advantage.

Our Approach

- The health and wellbeing of our employees are our utmost priority throughout this COVID-19 pandemic. Since early 2020, we have been relentless in our efforts to ensure that we kept all of our employees and their families safe and healthy. Apart from strict COVID-19 SOP compliance and ensuring high standards of at all of our premises, some of the other key measures that we implemented include regular health and safety awareness communications, implementing flexible work policies and encouraging our employees to go virtual whenever possible, implementing vaccination leave, discourage business and leisure travel until employees were fully vaccinated, implementing split rotations when lockdowns were lifted and ensuring only those who are vaccinated and healthy are back in the office. We ended 2021 by encouraging all of our employees to get their booster shots done.
- We believe in an open and inclusive internal communication culture, that allows accessible communication both ways, as we view this as crucial for the functioning of our organisation. We were tested on this during the COVID-19 pandemic when face-to-face interaction was limited. Throughout this pandemic, we relied heavily on emails as the most important communication channel, followed by postings on our intranet - CTOS Connect. We also had regular video meetings to bridge the gap created through the absence of face-to-face meetings. We also ensured that employees were able to reach us through the communication channels that worked best for them. Through this, we were able to ensure adequate access to information that helped avoid major communication breakdowns in the virtual environment that we were working in.
- We believe it is important to help our employees to get to know each other on a deeper level, to cultivate team spirit and nurture a strong company culture that helps them work together more effectively and efficiently. We supplemented our communication channels with internal engagement activities on both individual and group levels to help facilitate this. Among the most anticipated and popular activities among our employees were, seasonal festive celebrations, staff engagement activities throughout the year through our "WE CARE" activities and our bi-annual dinners held once in two years.
- A culture of continuous learning also promotes high employee engagement. That is why at CTOS, we have a comprehensive learning & development framework to ensure that all employees receive continuous, regular, and adequate training. Some examples of our learning and development work include refresher and onboarding training on company-wide policies, training in the areas of risk and technology development in order to build cybersecurity awareness, and also on-the-job competency training to cater to our employees' further development. Starting in 2022, we will also conduct a mandatory awareness programmes on the code of business conduct and ethics, with the key focus of increasing the awareness and familiarity of the whistleblowing mechanism and channels within the organisation.
- We have also conducted annual employee engagement surveys since 2017 among all of our employees to understand how they feel, what drives them, and what they might be unhappy with at work. This allows us to listen, diagnose and improve on areas we are lacking to ensure our employees remained engaged and can put forward their best performance at work with our support. Our results have increased favourably over the years since we implemented the surveys. With the outbreak of COVID-19, we paused the employee engagement surveys in 2020 and 2021 to focus on the immediate health and wellbeing needs of our employees instead. We will resume this critical HR exercise again in 2022.
- Currently, the assistance that we provide our employees is on a case-to-case basis. We are striving to offer a more comprehensive workplace intervention plan that can support our employees when they need assistance in resolving some of their hardships.

Diversity and Inclusion

Why is this important to us?

Providing a workplace that prioritises diversity and inclusion will enable us to continue to build an environment without any barriers to entry and career advancement, an environment that is purely based on equal opportunity and merit, working towards maintaining the longevity and sustainability of the business. While we need to provide a conducive working environment that practices equality and fosters an all-inclusive spirit among our employees, it is equally imperative for us to cultivate an inclusive and diverse talent pool that forms the foundation of any successful business. Therefore, with a diversified and inclusive workforce, our organisation will be stronger, and it will be able to promote richer ideas, resulting in more effective and innovative business solutions. We believe we can encourage our employees to thrive and gain access towards unlocking and developing their full potential, by providing our employees with a fair and inclusive working environment.

Our Approach

- We are an equal opportunity employer at CTOS and all of our subsidiaries and do not discriminate against race, ethnicity, religion, nationality, gender or disability
- We take workplace bullying very seriously. We provided all of our employees with access to a confidential reporting channel and a whistleblowing point of contact for harassment and hostility at the workplace. This is communicated and made readily available on our website for the accessibility of our employees

Key Sustainability Theme: Protecting our Environment

We have started taking initiatives at CTOS to be more conscious of our environmental footprint and impact since 2016. We have started looking into enhancing energy efficiencies within our practices and started monitoring our progress in reducing GHG emissions. Two flagship initiatives have been launched and implemented as an ongoing exercise within the Group, namely the "Going Green" and the "Going Paperless" initiative. The focus on environmental stewardship will help us contribute towards sustainable development effectively, in line with our business's growth and strategy.

Energy Management

Why is this important to us?

Here at CTOS, we believe that energy management is vital as it has the potential to contribute towards cost efficiency and overall increased performance, which in turn contributes towards increased stakeholder value. We have started to identify, evaluate and prioritise energy efficiency measures within our operations and to continuously improve on these practices as we move forward. We believe that the reduction of electricity usage will generate an equitable and reasonable reduction in energy consumption annually. This in turn will assist in our commitment to reducing our carbon emissions as outlined in our strategy, backed by key activities in action. By continuously implementing these energy management initiatives throughout our data centres and offices, we were affirmed through data that reflects improvement in energy management within CTOS.

Our Approach

Recognising the importance of the usage of energy, these were some of the practices that we have carried out:

- In ensuring our office is energy efficient, we have switched to LED lighting since 2016 and have started purchasing energy-efficient electrical items since 2017
- The air-conditioning temperatures for all offices have been adjusted for higher energy savings without sacrificing the cooling comfort of our employees
- Respective departments have been tasked to switch off the lights and air conditioning before leaving the office in the evening
- We have begun recycling electronic items that have reached the end of their lifecycle in our office

Our Achievements

We were able to achieve total cost savings around 30% from FY2019 – FY2021, a direct impact from work from home during lockdown. Going forward, we aim to keep enhancing these practices to achieve continuous energy reduction from 2022 onwards around 10%-15%.

Our CTOS Data Centre (2) Office in Cyberjaya was awarded the GBI certification after a Design Assessment was conducted and the Certification of Renewal was completed on 16 March 2021. This is a huge recognition for our sustainability efforts, where we have made a conscious effort, to operate out of a building that focuses on increasing the efficiency of resource usage, while reducing building impact on human health and the environment during the building's lifecycle

Greenhouse Gas (GHG) Emissions

Why is this important to us?

By understanding the impact of the release of direct and indirect greenhouse gasses that are linked to our operations, we realised the importance of holding ourselves accountable through the monitoring and reporting of our GHG emissions. This includes covering not only the mandatory scope 1 and 2, but to include the voluntary scope 3 right from the beginning of this process, which will allow us to demonstrate our strong commitment towards GHG management. We believe this exercise is key for us to identify excess energy usage and other inefficiencies, which will not only lead to increased efficiencies and cost-effectiveness within our operations, but also ensure we gain a competitive edge in the business that we do while contributing towards the conservation of the environment. Realising that significant green interventions were required and some of these measures could be easily implemented immediately within our organisation had led us to take the following concerted action via our "Going Green" initiative to address existing issues with our carbon footprint as we begin our journey on this path:

Our Approach

"Going Green" initiative

- We had initiated the installation of hand dryer machines for all washrooms in the office, with 16 units installed to date since June 2020, to reduce the usage of hand paper towels in the office
- Since June 2017, we have also started encouraging all employees to "Go Paperless" by adopting paperless initiatives across the organisation to reduce our carbon footprint. Some of these efforts include:
  - Reducing the need to print by opting for electronic channels instead, for all communications and approvals
  - In plan to incorporate a mandatory 'green email' signature to serve as a reminder for all employees to rethink their decisions before printing out their emails
  - Setting our printers and photocopiers on a duplex printing default and adopting a double-sided printing policy for our offices to substantially reduce the amount of paper used
  - Consciously using papers in the CTOS Offices that certified by Programme for the Endorsement of Forest ("PEFC")

Our Achievements

- We have installed paper recycling facilities in the office starting June 2017, where used papers and documents are first shredded, then extended to newspaper vendors for recycling. This has ensured that less of our paper ends up in landfills when it is a recyclable resource and can be given a second life
- We also sent our used photocopier and printer cartridges back to our vendors for recycling
- In line with our "Going Green" initiative, we have also started incorporating live green plants in the office to help improve indoor air quality and to bring a touch of nature into the office environment in our efforts to create a more conducive working environment for our employees
- We have managed to significantly reduce the annual purchase of hand paper towel rolls since the installation of hand dryer machines in our toilet
- We have also achieved 60% of savings in printing paper in 2021, compared to 2020, a direct impact from the work from home measures implemented due to the pandemic

Conclusion

At CTOS, we continue to strive to be an organisation that contributes towards the United Nation's Sustainable Development Agenda. Although we are just in the infancy of our sustainability journey, we are determined to strengthen our commitment towards this goal. We have already put in place a sustainability blueprint for 2022 – 2025, which will serve as a roadmap, helping us realise our commitment towards integrating sustainability practices in our business. We look forward to the impact that we can make as an organisation on this journey towards our community and the nation.

CORPORATE GOVERNANCE OVERVIEW

CTOS Digital Berhad ("CTOS Digital" or "the Company") and its subsidiaries ("CTOS" or "the Group", "we" and "us") are committed to high standards of corporate governance ("CG") and believe good corporate governance is an enabler to enhancing shareholder value, ensuring business integrity, and to achieve the Group's mission, vision and corporate objectives.

The Board of Directors, Management, and employees are constantly working to improve the Group's CG practices and processes, and we will always uphold our CG principles.

CTOS CG Framework complies with the regulations and guidelines issued by Companies Act 2016, Malaysian Code on Corporate Governance, updated April 2021 ("MCCG 2021") and Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Board is pleased to present this CG Overview Statement for the financial year ended 31 December 2021 based on the following MCCG 2021 principles:

Principle A	Principle B	Principle C
• **Board Leadership & Effectiveness**	• **Effective Audit & Risk Management**	• **Integrity in Corporate Reporting & Meaningful Relationship with Stakeholders**

The CG Overview Statement shall be read together with the Corporate Governance Report 2021 ("CG Report"), available on the Company's website at www.ctosdigital.com. The comprehensive details of the Company's overall approach and specific practices pertaining to corporate governance are disclosed in the CG Report detailing on how the Company has applied each of the practices set out in the MCCG 2021 and where there are departures, provides explanations for alternative practices or remedial plans.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities & Charter

The Board is primarily responsible for the effective governance and management of the Group and also serves as fiduciary responsibility for the Group's financial and organisational health. The Board is collectively responsible to ensure that sustainable value is delivered to its stakeholders. The duties and responsibilities of the Board are as follows:

- Set corporate values and promote good corporate governance culture within the Group;
- Oversee corporate strategy, business plan, annual budgets and regulatory plan, and monitors its implementation by Management;
- Review and oversee sustainability strategies, priorities and targets;
- Communicate of the Group's sustainability strategies, priorities and targets as well as performance against these targets to its internal and external stakeholders;
- Keep update and understand sustainability issues relevant to CTOS and its business, including climate-related risks and opportunities;
- Formulate, review, approve and ensure compliance of all major Group's policies;
- Evaluate and approve management compensation, define and approve management performance measurement and evaluate their achievement;
- Identify principal business risks faced by the Group and ensure implementation of an appropriate internal controls and risk management framework to mitigate and address such risks;
- Review the adequacy and integrity of the Group's financial and non-financial reporting, internal control and management information systems, including systems for compliance with applicable laws, regulations, rules directives and guidelines at least on a quarterly basis;
- Establish procedures to enable effective communication with its shareholders and stakeholders;
- Review and approve the financial statements of the Group;

- Approve appointment of all external advisers and their related advisory fees subject to the approved authority limits;
- Objectively discharge their duties and responsibilities as fiduciaries in the interests of CTOS; and
- Act with integrity and keep abreast of their responsibilities as directors and of the conduct, business activities and development of the Group.

The Board has established its Board Charter that defines its roles and responsibilities, the principles for Board's operation, board's evaluation and remuneration and code of ethics and conduct and matters reserved for the board. It is accessible through the Company's website at https://ctosdigital.com/corporate-governance/

The Board reviews the Board Charter to ensure its relevance to the Group's operating environment and compliance with rules and regulations.

Code of Business Conduct and Ethics

The Code of Conduct sets out the minimum standards which require all employees to comply with areas and situations where public trust and confidence might be compromised, or a law might be violated. The Code of Conduct serves as guide for proper standards of business ethics and conduct for the Group and the same shall not derogate, replace, or restrict the matured judgement of the employees in conducting their daily activities.

The Code of Conduct and Ethics is published on the company's website at https://ctosdigital.com/corporate-governance/

Whistleblowing Policy

CTOS has established Whistleblowing Policy and it embodies the Group's commitment to promote and maintain high standards of transparency, accountability, ethics and integrity at the workplace. This policy provides an avenue for employees and third parties to disclose cases of improper conduct which include criminal offences, fraud, corruption, non-compliance to laws and regulations, breach of Group's policies and the Code of Conduct or other malpractices without fear of reprisal.

The Policy applies to the Company and its Group of companies. All employees, external agencies and any parties with a business relationship with the Company or its Group are strongly encouraged to report any genuine concerns in relation to improper conduct in CTOS at https://ctosdigital.com/corporate-governance/

The Anti-Bribery and Corruption Policy

In addition to the Code of Conduct, CTOS has further established the Anti-Bribery and Corruption ("ABC") Policy which sets forth the Group's overall position against bribery and corruption in all its forms and the Group's objective in ensuring full compliance with all applicable anti-corruption regulatory requirements when conducting its business and operation. The ABC Policy further seeks to ensure that the Group adheres to the principles of good corporate governance and emphasises on operating its business with fairness and transparency.

The Group is committed to conducting business dealings with integrity particularly avoiding practices of bribery and corruption of all forms in the Group's daily operations.

The Group has adopted a zero-tolerance approach against all forms of bribery and corruption. Employees who refuse to pay bribes or participate in acts of corruption will not be penalised even if such refusal may result in losing business.

The Policy leverages on the values and core principles as commonly recognized in generally accepted business codes of conduct and ethics. Full compliance to both the spirit and the letter of this Policy is mandatory and should be maintained using a principle-based approach.

This policy is applicable to the the Group, business associates, resellers, agents and distributors acting on the Group's behalf, the Board of Directors and all the Group's personnel.

Roles and Responsibilities between the Chairman and the Group Chief Executive Officer

In order to ensure a healthy check and balance, there is a distinct and separate roles and responsibilities of the Chairman and CEO, in CTOS Digital, the designation Group CEO ("GCEO") is used, and no individual has unrestricted decision and control powers.

The positions of Chairman and GCEO are held by two different individuals. The Chairman of the Company is Tan Sri Izzuddin Bin Dali, an Independent Non-Executive Chairman whilst the GCEO of the Company who is also the Non-Independent Executive Director is Dennis Colin Martin.

Whilst the Chairman is primarily responsible for the stewardship and smooth functioning of the Board, GCEO is primarily responsible for execution of the business plan in line with the Board's direction and drives the business and performance towards achieving the Group's vision and goals as well as the day-to-day management of the Group, within the authorities as delegated by the Board.

Board Committees

The Board establishes board Committees to manage and oversee specific tasks for which the Board is responsible, within the confines of clearly defined Terms of Reference ("TOR").The Board has delegated its authority to the Board Committees to carry out the Board's oversight functions as outlined in their respective TOR. The establishment of these Board Committees allow Board members to spend their time more efficiently, with specific topics and matters handled at the committee level.

The following Board Committees have been established by the Board and their delegated mandates are outlined under the respective TOR that are available on the Company's website at www.ctosdigital.com :

Audit & Risk Committee ("ARC")

- Statutory and fiduciary duties on financial management, system of internal controls, the Group management and financial reporting

Nomination & Remuneration Committee ("NRC")

- The NRC oversees matters related to the nomination as well as annual assessment of Directors, recommending to the Board the Directors' fee/ remuneration arrangements for Non-Executive Directors, remuneration and assessment framework for the Company's Senior Management

Board Investment Committee ("BIC")

- Focuses on review and make recommendations on all matters in respect of acquisitions and divestments of any business/investment including short term investments subject to the relevant laws and regulation

Audit & Risk Committee

The Audit & Risk Committee ("ARC") assists the Board in carrying out its statutory and fiduciary responsibilities related to the monitoring and management of financial risk processes, as well as its accounting practices, system of internal controls, and the Group's management and financial reporting practices. To accomplish this, the ARC oversees the reports of external and internal auditors, protects the integrity of financial reporting, and ensures a sound system of risk management and internal controls to protect and enhance company value.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee ("NRC") is responsible for overseeing the nomination and selection of Board members and GCEO, assessment framework for Senior Management, assessing and monitoring the Board's composition and effectiveness, undertaking development needs and succession planning initiatives, recommending and reviewing policies, and the remuneration structure for the Board and the Senior Management remuneration framework.

The NRC is responsible in assisting the Board to ensure composition of the Board is refreshed periodically. Nomination to the Board takes into consideration that the Board has appropriate size and a balanced composition with a diverse mix of skills, knowledge, qualifications, experience, age, cultural background, and gender diversity in order to ensure its effectiveness in discharging its duties and having regard to the MCCG. The tenure of each director is reviewed by the NRC and annual re-election of a director is contingent upon satisfactory evaluation of the director's performance and contribution to the board.

Under the Constitution of the Company, a one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three then the number nearest to one-third (1/3), shall retire from office at the conclusion of the Annual General Meeting in every year provided always that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. The Directors to retire in every year shall be the Directors who have been longest in office since the Directors' last election, but as between persons who became Directors on the same day, the Directors to retire shall be determined by lot, unless they otherwise agreed among themselves.

For this upcoming Annual General Meeting, the Directors who are standing for re-election are Mr. Loh Kok Leong and Dato' Noorazman Bin Abd Aziz, whose profiles are set out herein in this Annual Report. The Board through the NRC, had conducted the assessment of all the Directors of the Company and agreed that the Directors including Mr. Loh Kok Leong and Dato' Noorazman Bin Abd Aziz, had met the criteria as prescribed by Paragraph 2.20A of the MMLR of Bursa Malaysia on character, experience, integrity, competence and time to effectively discharge their roles as Directors. Both Directors have also met the relevant requirements under the fit and proper assessment. The NRC and the Board had also undertaken an annual assessment on the independence of Dato' Noorazman Bin Abd Aziz. Having considered the above, the Board supports and recommends the re-election of Mr. Loh Kok Leong and Dato' Noorazman Bin Abd Aziz as Directors of the Company.

In addition to the nomination matters, the NRC is further mandated by the Board to assist in providing oversight on the remuneration matters of the Company. A more detailed description on the remuneration matters is provided in Remuneration Section of this CG Overview Statement.

The NRC had carried out the following activities in discharging its duties for the financial year 2021, inter alia:-

1. Review the Human Resources Organisation Chart and Functions;
2. Review the Board Composition of the Company;
3. Review the revision of the Terms of Reference of the NRC;
4. Review the Directors' Selection Policy;
5. Review the Directors' Remuneration Policy;
6. Review the Directors' Assessment Framework; and
7. Review the Senior Management Remuneration and Assessment Framework.

Board Investment Committee

The Board Investment Committee ("BIC") is responsible to review and make recommendations on all matters in respect of acquisitions and divestments of any business/investment including short term investments, within Malaysia or overseas, subject to the relevant threshold as required under the MMLR of Bursa Malaysia Securities Berhad.

The composition of BIC

Name of Director	Designation
Dato' Noorazman Bin Abd Aziz	Chairman, Independent Non-Executive Director
Mr Loh Kok Leong	Non-Independent Non-Executive Director
Ms. Su Puay Leng	Independent Non-Executive Director

During the year, the BIC met 2 times, to review a proposed investment proposition.

Meeting	Date	Matters discussed
1/2021 BIC Meeting	**14 September 2021**	BIC reviewed the proposed investment in Project Jupiter, the proposed acquisition of 49% equity interest in JurisTech, and had requested the presentation paper to be enhanced to include additional information and re-circulated to the BIC for further review.
2/2021 BIC Meeting	**23 November 2021**	BIC reviewed the revised presentation paper and recommended the proposed investment in Project Jupiter, for the Board's approval.

Meeting Attendance

During the financial period under review, directors meeting attendance are as follows:

Director	Designation	Total Meetings Attended			
		Board	NRC	ARC	BIC
Tan Sri Izzuddin Bin Dali	Independent Non-Executive Chairman	16/16	-	-	-
Dato' Noorazman Bin Abd Aziz	Independent Non-Executive Director	15/16	1/1	5/6	2/2
Datuk Azizan Bin Haji Abd Rahman[1]	Independent Non-Executive Director	16/16	-	8/8	-
Dennis Colin Martin	Non-Independent Executive Director / Group Chief Executive Officer	16/16	-	-	-
Loh Kok Leong	Non-Independent Non-Executive Director	16/16	1/1	-	2/2
Lynette Yeow Su-Yin	Independent Non-Executive Director	16/16	1/1	2/2	-
Nirmala A/P Doraisamy[2]	Independent Non-Executive Director	13/13	-	5/6	-
Su Puay Leng[3]	Independent Non-Executive Director	11/11	-	-	2/2
Wong Pau Min[4]	Alternate Director to Loh Kok Leong	-	-	-	-

[1] *Resigned with effect from 7 March 2022*
[2] *Appointed on 1 April 2021*
[3] *Appointed on 27 May 2021*
[4] *Resigned with effect from 15 February 2021 and appointed as alternate director to Loh Kok Leong on 15 February 2021*

Directors receive meeting materials, which are complete and accurate within seven (7) days prior to the meeting. The minutes of the meetings are circulated at least by seven (7) days after the meeting to allow directors to evaluate and follow-up previous discussions in the next Board meetings.

Company Secretaries

The Board is supported by a Company Secretary who is competent, qualified and her advice and services are available to the Board at any time and without restriction. The Company Secretary assists the Board of Directors in its leadership role, fiduciary duties, and governance stewardship.

Ms. Joanne Toh Joo Ann is the Principal Company Secretary of CTOS Digital. She further serves as the Company Secretary of CTOS Digital's subsidiaries. She is a Licensed Secretary with the Companies Commission of Malaysia / Suruhanjaya Syarikat Malaysia.

The Company Secretary advises the Board particularly on the Company's Constitution and Board policies and procedures, as well as compliance with applicable rules, regulations and MMLR. The Company Secretary ensures that the discussions and deliberations at Board and Board sub-committee meetings are well documented, and subsequently communicated to the Management for appropriate actions, as well as updating the Board on the follow-up of its decisions and recommendations.

Sustainability

The Board together with management are responsible for the governance of sustainability in the Group including setting the Group's sustainability strategies, priorities and targets. The Board provides guidance and has an oversight role for the Group's sustainability matters including among others the development and implementation of the sustainability strategies, business plans, major plans of action and risk management.

The governance of sustainability in the Group including setting the Group's sustainability strategies, priorities and targets and summary on the roles and responsibilities are outlined below.

Governing Body	Designation
Board of Directors	• Ensures alignment and integration of ESG components into the Group's overall business strategy • Has oversight on the entire CTOS' sustainability journey & progress
Board Committees	• Possesses delegated authority on decision making and implementation from the Board • Sustainability-related matters are presented to the Board Committees on a quarterly basis • Has oversight of the development and successful execution of CTOS' sustainability framework, in line with the strategic outcomes that have been previously set by the Board • Provides a forum for discussion and endorsement on key sustainability matters • Ensure effective communication of ESG strategies, priorities, targets and performance to internal and external stakeholders • Have a firm understanding of the sustainability issues relevant to the Group and its business

The Board has established a plan in communicating the Group's sustainability strategies, priorities and targets as well as performance against these targets to its internal and external stakeholders. This plan includes annual disclosures of material sustainability matter and engagement with the stakeholders, both are included in this annual report from page 26 to page 41.

The Board with the assistance of the NRC had developed the Directors' Performance Assessment Framework to set and monitor its sustainability Key Performance Indicators ("KPIs") targets. Under the Framework, assessment criteria for Directors were established. The Board had set material sustainability risks and opportunities for the Senior Management through the criteria assessment under their KPIs, inter alia, the execution of the Group's strategies through the efficient and effective implementation and the achievement of the Group's pre-set performance objectives based on qualitative and quantitative measures whereby these objectives form part of the KPIs and performance evaluation.

Under the Group's sustainability structure, the following designated officers of the Group are appointed to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Group, as summarised below:

Designated Officer	Roles and responsibilities
Mr. Dennis Colin Martin Group Chief Executive Officer ("GCEO")	• Responsible for the deliberation and approval of all key sustainability-related matters and decisions
Mr. Erick Hamburger Barraza Deputy GCEO	• Collaboratively sets CTOS' sustainability agenda together with GCEO, including its strategy, roadmap and the monitoring of the action plans.
Ms. Peggy Ding Sze Kay Group Head of Corporate Strategy & Planning	• Key Driver of CTOS' sustainability performance that spearheads the ESG strategic plans.
Other Senior Management (C-level Officers) and Head of Departments	• Operationalise CTOS' sustainability plans by implementing them in various business and operational areas, prioritising key ESG material issues
ESG Champion(s)	• Oversees the overall execution, mission and efficacy of CTOS' sustainability programme and implementation. Primarily accountable to ensure that the Group's sustainability culture and agenda cascades throughout the organisation by being the key contact person to perform and be accountable for duties such as: a) Reporting to the GCEO, Deputy GCEO and Group Head of Corporate Strategy and Planning on sustainability performance updates. b) Liaises and works closely with various department leaders to ensure that the Group's business activities, transactions and operations are in compliance with regulatory guidelines and evolving standards

II. Board Composition

Independent Non-Executive Directors

Under CTOS Digital's current Board composition, there are 7 Directors out of which 5 Directors are Independent Non-Executive Director ("INED"), including the Chairman of the Company. The Company complies with the MMLR of Bursa Malaysia and MCCG's recommendation whereby more than half of the Board are INEDs i.e. 5 out of 7 Directors are INEDs.

Below is the composition of Directors of the Company as at 31 December 2021:-

Director	Designation	Age	Gender	Nationality	Date of Appointment
1. Tan Sri Izzuddin bin Dali	Independent Non-Executive Chairman	72	Male	Malaysian	15 Aug 2014
2. Dato' Noorazman bin Abd Aziz	Independent Non-Executive Director	65	Male	Malaysian	24 Feb 2020
3. Datuk Azizan bin Haji Abdul Rahman[1]	Independent Non-Executive Director	65	Male	Malaysian	1 Oct 2014
4. Ms. Lynette Yeow Su-Yin	Independent Non-Executive Director	51	Female	Malaysian	1 Oct 2020
5. Nirmala A/P Doraisamy	Independent Non-Executive Director	54	Female	Malaysian	1 Apr 2021
6. Ms. Su Puay Leng	Independent Non-Executive Director	51	Female	Malaysian	27 May 2021
7. Ms. Shanti Isabelle A/P Geoffrey[2]	Independent Non-Executive Director	56	Female	Malaysian	15 Feb 2021
8. Mr. Loh Kok Leong	Non-Independent Non-Executive Director *Mr. Wong Pau Min[3] Alternate Director to Mr. Loh Kok Leong*	50	Male	Malaysian	15 Aug 2014
9. Mr. Dennis Colin Martin	Non-Independent Executive Director / Group Chief Executive Officer	58	Male	New Zealander	1 Nov 2020

[1] *Resigned with effect from 7 March 2022*
[2] *Resigned with effect from 17 May 2021*
[3] *Resigned with effect from 15 February 2021 and appointed as alternate director to Loh Kok Leong on 15 February 2021*

The Board opined that the current number of INEDs provides a fair check and balance in terms of bringing independence of judgement and ensuring the Board's decisions are made objectively in the best interest of the Company.

Tenure of Independent Directors

The Board meets the MCCG's recommendation that an independent director's tenure does not exceed a cumulative term of nine years unless shareholders' approval is obtained for such director to be retained as an independent director. Otherwise, such a director may continue to serve on the board if re-designated as a non-independent director. The tenure of the respective Independent Non-Executive Director as at 31 December 2021 are as follows:

Name of Directors	Tenure
Tan Sri Izzuddin Bin Dali	7 years, 4 months
Datuk Azizan bin Haji Abdul Rahman	*Resigned with effect from 7 March 2022*
Dato' Noorazman Bin Abd Aziz	1 year, 10 months
Lynette Yeow Su-Yin	1 year, 3 months
Nirmala A/P Doraisamy	9 months
Su Puay Leng	7 months

Boardroom Diversity

CTOS Digital recognises that having a board comprising of people from various background, experience, age, gender and race provide a compelling competitive advantage. These divergences allow for difference in opinion and perspectives and offer all options are deliberated before decisions are made. These distinctions are considered when deciding on the board composition.

The criteria, process, and requirements to be followed by the NRC and the Board in carrying out their responsibilities in terms of nomination, assessment, and re-election of board members are outlined in the Company's NRC's TOR. In addition, the Company has a diversity Policy, as part of the Board Charter, outlining the approach to diversity for the Board, including gender, age, and ethnic diversity.

As at 31 December 2021, three women, representing 37.5% of the Board members, serve as directors on the Board.

Read about our diversity Policy for board members in our Board Charter at https://ctosdigital.com/corporate-governance/

Appointment and Re-appointment of Directors

Appointment of Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the Company should be avoided.

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing directors, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the NRC will explain why these source(s) suffice and other sources were not used.

Under the NRC's TOR, the NRC may utilise independent sources and variety of approaches to identify suitably qualified candidates. The NRC would disclose the source, including whether such candidates were recommended by the existing Directors, Members of Senior Management or major shareholders.

In addition, the Board had established Directors' Selection Policy to capture the selection process for the appointment of Directors. Under the Policy, the NRC shall proactively exchange views with Board Members to study the needs of the Company for new Directors and would request nominations from the Board, as well as actively seek suggestions for possible nominees from other sources. The NRC may consider using executive search firms to assist with finding candidates with the required skills and background.

The Board ensures shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the listed company as a whole. A description on the general meetings is provided in communication to Shareholder Section.

The board achieved the gender diversity objective with women directors representing 37.5% of Board's member composition, and aims to mantain or exceed board composition of least 30% women directors in the coming years.

Annual Evaluation

The Board has adopted a formal and objective annual evaluation of the Board, Board Committees and Directors' performance as established under the Directors' Performance Assessment Framework. The Directors' Performance Assessment Framework developed with the assistance of the NRC, serves as a guidance, inter alia on the following:-

1. The assessment on the Board's leadership and effectiveness;
2. The annual assessment of Directors performance in discharging their responsibilities for the governance of Company's sustainability including setting the Company's sustainability strategies, priorities and targets; and
3. The assessment on the necessary quality, integrity, credibility, and competencies of the Directors that contribute to the development and growth of the Company.

The evaluation process was based on self/peer assessments whereby the Directors assessed themselves and also the Board as a whole as well as the performance of each Board Committee. The criteria and outcome of the assessment were properly documented. The evaluation process is led by the Chairman of the NRC, assisted by the Company Secretary. Each Director conducts the evaluation based on online questionnaire in a confidential manner.

Based on the recent assessment, the NRC was satisfied that the Board size and its composition are optimum as the Board comprises individuals with the requisite skills, knowledge, experience, characteristics and competencies to effectively discharge their roles. The Directors, the Board and the Board Committees had discharged their responsibilities in a commendable manner and contributed to the overall effectiveness of the Board and the Company. The Directors had committed the time necessary to responsibly fulfil their commitment to the Company during the year.

Directors' Training

The Board recognises the importance of continuous training for Directors and encourages all Directors to attend appropriate programmes, courses and seminars to stay abreast on relevant business development and industry outlook. This is done to ensure directors are equipped with the necessary skills and knowledge to perform their duties and responsibilities. In addition, The Company organises an induction programme and orientation for new Directors.

The Board had introduced its Accreditation and Training Programme in December 2021 outlining the Bursa Malaysia's Mandatory Accreditation Programme ("MAP") as a mandatory Programme for the Directors to complete. As at todate, all Directors of the Company had attended and completed the Mandatory Accreditation Programme.

Director	Date of MAP Training
1. Tan Sri Izzuddin bin Dali	26 – 28 July 2021
2. Dato' Noorazman bin Abd Aziz	26 – 28 July 2021
3. Ms. Lynette Yeow Su-Yin	7 - 10 April 2017
4. Mrs. Nirmala A/P Doraisamy	26 – 28 July 2021
5. Ms. Su Puay Leng	6 – 8 September 2021
6. Mr. Loh Kok Leong	29 – 30 July 2015
7. Mr. Dennis Colin Martin	26 – 28 July 2021
8. Mr. Wong Pau Min *(alternate to Mr. Loh Kok Leong)*	26 – 28 July 2021

In addition, some of the Board Members had attended trainings, seminars or workshops as follows:-

1. **Dato' Noorazman Bin Abd Aziz**

No	Course Title
1.	How to be an effective NED in a disruptive world - ICDM
2.	Directors Guide to Governance, Risk & Compliance - Institute of Enterprise Risk Practitioners
3.	Cybersecurity Risk -Tricor Axcelasia
4.	Cybersecurity Oversight in the Boardroom - Institute of Enterprise Risk Practitioners
5.	Malaysian Institute of Accountants ("MIA") Conference 2021
6.	Malaysian Code on Corporate Governance ("MCCG") 2021 Updates - Tricor Axcelasia
7.	Corporate Governance and ERM, including MCCG 2021 consideration - Institute of Enterprise Risk Practitioners
8.	Corporate Liability Provision in the MACC Act 2009, Adequate Procedures and the ISO 37001: 2016 Anti Bribery Management System - Institute of Enterprise Risk Practitioners
9.	Related Party Transactions and Recurrent Related Party Transactions - Tricor Axcelasia
10.	Khazanah Mega Trends Forum 2021
11.	Governance & Risk Conference - UEM Sunrise Berhad
12.	Pre-Board Convergence: Reshaping the Business Towards a Sustainable Future - UEM Edgenta Berhad
13.	Business Continuity Management Refreshment Training - Tricor Axcelasia
14.	Evolving Expectations of the Board - Institute of Enterprise Risk Practitioners

2. **Ms. Lynette Yeow Su-Yin**

No	Course Title
1.	Internal Capital Adequacy Assessment Process ("ICAAP") training by PwC for Malaysia Building Society Berhad ("MBSB")
2.	Shariah Perspective on Moratorium and R & R, Mufti's Perspective on FATWA issuance - MBSB
3.	BNM-FIDE FORUM Dialogue on Risk Management in Technology ("RMiT"): Insights 1 year
4.	MBSM Integrated Thinking Model ESG (Sustainability) training - MBSB
5.	Board and Senior Management Training on AML/CFT and Corporate Liability Training - MBSB

3. **Mrs. Nirmala A/P Doraisamy**

No	Course Title
1.	Audit Committee Virtual Conference 2021 by IIAM and MIA
2.	SIDC Economic Outlook 2021 Investing at the Right Time and Sector
3.	MIRA – RAM Webinar Sustainability Reporting Ensuring Relevance to Financial Market
4.	MIA Virtual Conference Series: Risk Management Conference 2021
5.	SIDC's SRI 2021 : Paving the Way for Profitability through Sustainability (Virtual Conference)
6.	Financial Digitalisation and Data Governance organised by CIMA
7.	Corruption Risk Management - by Asia School of Business
8.	"Dawn Raid: Since Section 17A MACC Act Has Come Into Force, Don't Be Caught Unprepared"
9.	Getting It Right At The Board: What Does It Take? Organised by 30% club and MICG
10.	Board Assessment A Key Cog in an Effective Governance Structure - organised by MIA
11.	SC's Audit Oversight Board Conversation with Audit Committee
12.	Risk Management in Strengthening Resilience Management and Unprecedented Times - by MIA

III. Board Remuneration

As the Company prospers, we believe in paying our employees appropriately by aligning remuneration and performance with the key strategic drivers of long-term growth. Our remuneration for directors aims to attract, retain, and motivate capable directors to successfully manage the Group. The remuneration has been designed to align with industry practices, taking into account the appropriate calibre of each Director whilst upholding of shareholders' interests.

Nomination & Remuneration Committee ("NRC")

The Nomination & Remuneration Committee comprises of:

Name of Director	Designation
Lynette Yeow Su-Yin	Chairperson - Independent Non-Executive Director
Dato' Noorazman Bin Abd Aziz	Member - Independent Non-Executive Director
Loh Kok Leong	Member – Non-Independent Non-Executive Director *Mr. Wong Pau Min - Alternate Director to Mr. Loh Kok Leong*

Remuneration Policy

The Board has remuneration policies and procedures to determine the remuneration of directors GCEO and framework for remuneration and assessment of Senior Management, taking into account the demands, complexities and performance of the Group, skills and experience required. The policies ensure remuneration level is sufficient to attract, retain and motivate high calibre individuals with the required qualification, skills, talent and experience in the Board and Board Committees.

The Group has established the following policies:

1. a Remuneration Policy for Directors; and
2. a Senior Management Remuneration and Assessment Framework

Both policies and remuneration framework objectives are to set an appropriate level of remuneration that allows the Group to attract and retain the services including employment of a suitable number of talented and well-qualified Directors and Senior Management staff (covers Group Chief Executive Officer "GCEO" and any personnel designated with "chief" title) in line with the long-term business strategies of the Group.

For the Directors, the remuneration policies and practices appropriately reflect the different roles and responsibilities of Non-Executive Directors, Executive Directors and Senior Management. These policies and practices are periodically reviewed by the NRC and its continued relevance periodically including salaries, benefits-in-kind, other emoluments and annual performance bonus in detail, ensuring the remuneration is attractive to retain and able to motivate them to run the Group.

The NRC is responsible for reviewing and recommending the remuneration package for the Executive Directors, GCEO and Senior Management to the Board; whilst the Board has overall responsibility to approve the remuneration for these positions.

Any revisions to the framework as recommended by the NRC will be submitted to the Board for consideration and approval. Both the policies are available on CTOS Digital's website.

Directors' Remuneration

Remuneration of the Independent Non-Executive Director ("INED"), Non-Independent Non-Executive Director ("NINED"), Executive Director and Alternate Director

The remuneration package for INED reflects the individual INEDs merits, valuable contribution, and level of responsibilities. The fees payable to INED's are set by the Board, with individual Director(s) abstaining from discussion of their own remuneration package.

The NINED and Alternative Director do not receive any Director's remuneration.

CTOS Digital Berhad		Monthly		Per Annum	
		Retainer Fee	Chairman Fee	Retainer Fee	Chairman Fee
Board Member	Chairman	RM6,000	RM2,000	RM72,000	RM24,000
	Member	RM6,000	N/A	RM72,000	N/A
Audit & Risk Committee ("ARC")	Chairman	N/A	RM1,000	N/A	RM12,000
	Member	N/A	N/A	N/A	N/A
Nomination & Remuneration Committee ("NRC")	Chairman	N/A	RM500	N/A	RM6,000
	Member	N/A	N/A	N/A	N/A
Board Investment Committee ("BIC")	Chairman	N/A	Meeting Allowance RM1,000 per meeting	N/A	Subject to a number of meetings conducted
	Member	N/A	Meeting Allowance RM1,000 per meeting	N/A	

The following are the details of the aggregate remuneration of Directors for the financial year ended 31 December 2021 *(Company and Group basis)*.

Name	Salaries RM	Fees RM	Bonus RM	Allowance RM	Benefits in Kind RM	Others RM	Total RM
Tan Sri Izzuddin Bin Dali	-	96,000	-	-	-	-	96,000
Datuk Azizan Bin Haji Abd Rahman[1]	-	84,000	-	-	-	-	84,000
Dato' Noorazman Bin Abd Aziz	-	72,000	-	-	-	-	72,000
Lynette Yeow Su-Yin	-	78,000	-	-	-	-	78,000
Dennis Colin Martin[5]	1,180,200	-	196,700	44,500	-	-	1,421,400
Loh Kok Leong	-	-	-	-	-	-	-
Nirmala A/P Doraisamy[2]	-	54,000	-	-	-	-	54,000
Su Puay Leng[3]	-	42,968	-	-	-	-	42,968
Shanti Isabelle A/P Geoffrey[4]	-	18,290	-	-	-	-	18,290

[1] *Resigned with effect from 7 March 2022*
[2] *Appointed on 1 April 2021*
[3] *Appointed on 27 May 2021*
[4] *Appointed on 15 February 2021 and resigned with effect from 17 May 2021*
[5] *For clarity, Mr. Dennis Colin Martin received the above remuneration under his capacity as the GCEO and he did not receive any remuneration in his capacity as the Executive Director of the Company.*

Group's Senior Management Remuneration

The Group's remuneration policy takes into account the various levels of Senior Management based on job grade structure, roles and responsibilities and levels of accountability. This ensure that remuneration packages are fair. For Senior Management of the Company, all bonuses are determined by the Board on the recommendation of the NRC after reviewing the individual performance appraisals and achievements.

Name	Position	Remuneration	Salary	Allowance	Bonus	Parking Subsidy	Medical Coverage	Insurance Coverage	Benefit in-kind
1. Dennis Colin Martin	Group Chief Executive Officer of CTOS Digital Berhad	**RM1.40mil - RM1.45mil**	Yes	Yes	Yes	Yes	Yes	Yes	No
2. Erick Hamburger Barraza *(joined 20/9/2021)*	Deputy Group Chief Executive Officer of CTOS Digital Berhad	**RM450K - RM500K**	Yes	Yes	Yes	Yes	Yes	Yes	No
3. Chin Kuan Weng, Eric	Chief Executive Officer of CTOS Data Systems Sdn Bhd	**RM750K-RM800K**	Yes	Yes	Yes	Yes	Yes	Yes	No
4. Chen Thai Foong, Garris	Group Chief Financial Officer of CTOS Digital Berhad	**RM750K-RM800K**	Yes	Yes	Yes	Yes	Yes	Yes	No
5. Tracy Gan Jo Lin	Chief Operating Officer of CTOS Data Systems Sdn Bhd	**RM750K-RM800K**	Yes	Yes	Yes	Yes	Yes	Yes	No
6. Benjamin Lau Chi Meng	Group General Manager, IT of CTOS Digital Berhad	**RM450K-RM500K**	Yes	Yes	Yes	Yes	Yes	Yes	No
7. Lim Sue Ling	Group Senior Head, Risk And Business Compliance of CTOS Digital Berhad	**RM250K-RM300K**	Yes	Yes	Yes	Yes	Yes	Yes	No

PRINCIPLE B – EFFECTIVE AUDIT & RISK MANAGEMENT

I. Audit & Risk Committee ("ARC")

The Board has delegated its authority to the ARC to carry out the Board's oversight functions on audit, risk and compliance matters as outlined under its Terms of Reference. The ARC assists the Board in carrying out its oversight responsibilities by reviewing financial information and providing an unbiased review of the effectiveness and efficiency of the Group's internal controls. Currently, no ARC member has been a former key audit partner of the Company and its Group.

The Chairman of ARC is not the Chairman of the Board. The ARC is made up of three members, all of which are Independent Directors with extensive experience in finance, legal, banking and consulting industry contributing to business strategy and corporate governance.

The composition of the ARC

Name of Director	Designation
Datuk Azizan Bin Haji Abd Rahman[1]	Chairman, Independent Non-Executive Director
Ms Lynette Yeow Su-Yin[2]	Member, Independent Non-Executive Director
Ms Shanti Isabelle Geoffrey[2]	Member, Independent Non-Executive Director
Nirmala A/P Doraisamy[4]	Member, Independent Non-Executive Director
Dato' Noorazman Bin Abd Aziz[3]	Member, Independent Non-Executive Director
Ms. Su Puay Leng[5]	Member, Independent Non-Executive Director

[1] Resigned with effect from 7 March 2022
[2] Ceased as the Committee member with effect from 17 May 2021
[3] Appointed as the Committee member with effect from 17 May 2021
[4] Appointed as the Committee member with effect from 17 May 2021 and Chairman with effect from 7 March 2022
[5] Appointed as the Committee Member with effect from 7 March 2022

All ARC members are financially literate and have sufficient understanding of the Group's business. This enables them to continuously apply a critical and probing view on the Group's financial reporting process, transactions and other financial information, and effectively challenge management's assertions on the company's financials.

The roles and responsibilities of ARC are:

1. To assist the Board in fulfilling its statutory and fiduciary responsibilities in examining and monitoring the the Group's management of business, financial risk processes, accounting and financial reporting practices;
2. To determine the adequacy and effectiveness of the administrative, operational and internal accounting controls of the Group and to ensure that the Group is operating in accordance with the prescribed procedures, codes of conduct and applicable legal and regulatory requirements;
3. Serve as an independent and objective party from management in the review of the financial information of the Company and Group presented by management for the distribution to shareholders and the public;
4. Provide direction and oversight over the internal and external auditors of the Company to ensure their independence from management; and
5. To evaluate the quality of audits conducted by the internal and external auditors on the Group and Group.

Review of External Auditors

The ARC has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements. It consider the following factors:

1. the competency, audit quality, experience and resource capacity of the external auditors in relation to the audit;
2. the persons assigned to the audit;
3. the audit firm's other audit engagements;
4. the external auditors' ability to meet deadlines in providing services and responding to issues timely as outlined in the external audit plan;
5. the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
6. obtaining 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 all relevant professional and regulatory requirements.

The assessment also considers the information presented in the Annual Transparency Report ("ATR"). The audit firm, PricewaterhouseCoopers PLT issued its ATR in 2021 on matters typically covered in the ATR including the firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks.

Policies are in place for any non-audit services proposal by external auditors to be presented to the ARC to determine whether the auditors' independence is maintained.

For more detailed explanation on ARC, please refer to ARC Report section in this annual report.

Internal Audit

The ARC's primary responsibility is to oversee the Group's internal controls. The Group's independent internal audit ("IA") function is valuable resource in carrying out this responsibility. The IA function is undertaken in-house and reports directly to the ARC.

The total cost incurred for the Internal Audit function for the financial year ended 31 December 2021 totalling RM100,000.

Further details on IA function are described in Statement on Risk Management and Internal Control section of this annual report.

Risk Management

Further details on the Group's Risk Management and Internal Control frameworks are described and explained in the Statement of Risk Management and Internal Control section of this annual report.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING & MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with stakeholders

The Group communicates with its stakeholders through various channels and media. A constructive and effective investor relationship is important to enhance shareholder value and to always keep shareholders and various stakeholders informed of the Group's businesses, corporate affairs and ensures that the Group's communication with them is transparent and timely.

Announcements, news, promotions and all relevant updates are posted on the Group's website regularly. The shareholders and other stakeholders can subscribe to the Group's Investor Relations alerts via its website to enable subscribers be alerted on the latest new announcements posted to its website. Shareholders may also communicate with the Group on investor relation matters by posting their enquiries to the Group through the Group's web enquiry form on its website. The Group strives to reply to these enquiries in the reasonable time.

The Group's objective is to build long-term relationships with shareholders and potential investors through appropriate channels for the management and disclosure of information. The Group strives to disclose all price sensitive information to the public as soon as practicable and in the disclosures, the Group is guided by Bursa Securities' Corporate Disclosure Guide.

All public announcements are electronically published and can be accessed at Bursa Malaysia's website at www.bursamalaysia.com or the Group's website at https://ctosdigital.com/. The Group's website includes dedicated sections for corporate governance, investor relations, news and events, and corporate information.

The Group communicates with its stakeholders through various means including:

- Corporate Website - provides an essential platform for investors and other stakeholders to access information periodically through the Investor Relations section at www.ctosdigital.com;
- Annual/Extraordinary General Meetings - offers an opportunity to our shareholders to raise their questions and concerns on the Group's performance directly to our Board and Management;
- One-on-One and Group Meetings/Investor Conferences/Roadshows - throughout the period, we held meetings with major institutional investors, individual shareholder groups and financial analysts to share and discuss the Group's business performance and its strategic plan; and
- Annual Reports - our Annual Report provides a comprehensive report on the Group's financial results, business operations and strategic direction.

The information published in the Investors Relations section at https://ctosdigital.com/investor-relations/.

Investor Relations Activities

During the period under review, we increased our engagements with the investment community and conducted more than 50 one-to-one and group meetings. During these engagements, the Group would address their concerns, where possible, to deliver sustainable value to its shareholders. In 2021, there were increased engagements with the Environmental, Social and Governance ("ESG") investors due to the higher focus on sustainability matters. Additionally, we are actively engaged with other IR stakeholders such as Bursa Securities, Malaysia Investor Relations Association ("MIRA"), and other IR service providers to ensure the Group practices the highest standards of transparency and disclosure.

II. Conduct of General Meetings

The Board and Senior Management implement several measures to ensure shareholders are able to participate, engage the Board and Senior Management effectively, and make informed voting decisions at general meetings. The Board, with the assistance of the Company Secretary, will be providing shareholders with sufficient notice and time to consider the resolutions that will be discussed and decided at the annual general meeting ("AGM") by issuing the notice for AGM at least 28 days before the meeting.

The Company will be having its first AGM upon its listing in year 2021. Notice for the 2022 AGM will be sent to shareholders at least 28 days prior to the AGM. The notice included details of the resolutions to be tabled and detailed explanations on the resolutions. Details of the resolutions proposed along with background information and reports or recommendations that are relevant were also provided with the notice for AGM.

In view of the prevailing Covid-19 pandemic and as part of the Group's precautionary measures, the AGM will be held in hybrid format both physical meeting and through live streaming, using Remote Participation & Voting ("RPV") facilities. During the AGM, shareholders will be given the opportunity to engage with the Board members and Senior Management via RPV facilities which will enhance the quality of engagement with shareholders and facilitate participation by shareholders at the AGM. All resolutions will be taken into consideration and to be passed by shareholders via RPV platform.

Minutes of the general meeting will be circulated to shareholders no later than 30 business days after the AGM.

COMPLIANCE STATEMENT BY THE BOARD ON THE CORPORATE GOVERNANCE OVERVIEW STATEMENT

This statement on the Company's corporate governance practices is made in compliance with paragraphs 15.25 and 15.08A of the MMLR of Bursa Malaysia.

Having reviewed and deliberated this statement, the Board is satisfied that to the best of its knowledge, the Company is substantially in compliance with the principles and practices set out in the MCCG 2021 as well as the relevant paragraphs under the MMLR of Bursa Malaysia for the financial period under review. Any practices in the MCCG 2021 which have not been implemented during the financial period would be reviewed by the Board and be implemented where practical and relevant to the Group's business.

This statement has been presented and approved by the Board at its meeting held on 22 April 2022.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the Act and Paragraph 15.26(a) of the MMLR of Bursa Malaysia, the Directors are required to prepare the financial statements for each financial year in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Act in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the financial position of the Group and of the Company at the end of the financial year, and of the financial performance and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies in accordance with applicable approved accounting standards and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis.

The Act also requires the Directors to ensure that the Group and the Company keep such accounting and other records of the Group and of the Company with reasonable accuracy to ensure that the financial statements comply with the provisions of the Act.

The Directors are also responsible for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE

Material Contracts

There were no material contracts entered into by the Group involving the interests of the Director, Chief Executive Officer and/or major shareholders during the FY2021 or still subsisting at the end of the FY2021.

Recurrent Related Party Transactions

The Company will not be seeking any shareholders' mandate for the Recurrent Related Party Transactions, following its listing on 19 July 2021, at its forthcoming 2022 Annual General Meeting to be held on 27 May 2022.

List Of Properties

The Group does not have any properties as at the end of the financial year.

Audit and Risk Committee Report

In line with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Board has established an Audit & Risk Committee ("ARC") to assist the Board in discharging its duties and responsibilities relating to audit, risk management, accounting, and financial reporting. The Terms of Reference of the ARC is publicly available on the Company's website at www.ctosdigital.com.

COMPOSITION

The ARC comprises of the following Independent Non-Executive Directors:

MEETING ATTENDANCE

There were eight (8) ARC meetings held during the financial year ended 31 December 2021. The Committee members' attendance details are as follows:

Committee members' total attendance				
Datuk Azizan Haji Abd Rahman	Dato' Noorazman Abd Aziz	Ms Nirmala Doraisamy	Ms Lynette Yeow Su-Yin	Ms Shanti Isabelle Geoffrey
8 of 8	5 of 6	5 of 6	2 of 2	2 of 2

The meeting quorum of two (2), where one of whom must be a member of the Malaysian Institute of Accountants ("MIA"), was adhered to, throughout the financial year. The following are members of the MIA:

1. Datuk Azizan Haji Abd Rahman.
2. Ms Nirmala Doraisamy.

These meetings were attended by the Group Chief Financial Officer, Group Senior Head of Risk & Business Compliance ("RBC"), Group Head of Internal Audit and the Company Secretaries as invitees. The ARC Chairman also invited other Board members and senior management to these meetings. Additionally, representatives of the external auditors also attended these meetings, where matters relating to the audit of the statutory accounts were deliberated.

ACTIVITIES UNDERTAKEN BY THE ARC DURING THE FINANCIAL YEAR

During the financial year ended 31 December 2021, the ARC discharged its responsibilities and performs its duties through a series of scheduled meetings. The ARC had undertaken the following work as set out in the Terms of Reference:

1. Overseen financial reporting process to ensure accurate and timely financial reporting and compliance with applicable financial reporting standards.
2. Evaluated the internal and external audit activities.
3. Overseen the risk management and internal control framework and policies of the Group, and assessing the effectiveness of the Group's risk management and internal control system.
4. Overseen the Group compliance with applicable laws, rules and regulations and has put in place an appropriate code of business conduct.
5. Reviewed related party transactions and conflict of interest.
6. Overseen the implementation of the Group's anti-bribery and anti-corruption policy, and monitoring its relating internal control practices, which includes monitoring of whistleblowing activities.

[1] *Resigned on 7 March 2022*
[2] *Ceased as the Committee member with effect from 17 May 2021*
[3] *Ceased as the Committee member with effect from 17 May 2021*
[4] *Appointed as the Committee member with effect from 17 May 2021*
[5] *Appointed as the Committee member with effect from 17 May 2021 and Chairman on 7 March 2022*

Activities undertaken by the ARC include the following:

Financial Performance and Reporting

1. Reviewed the annual audited financial statements of the Group and Company, and thereafter, recommended the same to the Board for adoption. In reviewing the annual audited financial statements, ARC discussed with the Management and the external auditors on the accounting principles and standards that were applied and key assumptions used by the Management and their opinion on the items that may affect the financial statements.
2. In the presence of the Group Chief Executive Officer, reviewed the quarterly financial results of the Group and subsequently recommended the same to the Board for approval to be released to Bursa Malaysia. During these meetings, the Group Chief Financial Officer presented the quarterly financial reports and highlighted the material variances or movements for the relevant reporting quarters.
3. Reviewed the documents for solvency test on the declarations and payments of dividends, as required by Section 132 of the Companies Act 2016, and thereafter, recommended the same to the Board for approval.
4. Reviewed the delegation of authority matrix and authorised bank signatories which were updated to reflect the changes in the Management and Group structure.
5. Reviewed the Budget for the financial year ending 31 December 2022 and deliberated on the key assumptions used by Management in the preparation of the Budget, and thereafter, recommended the same to the Board for approval.

External Audit

1. Reviewed the external auditors' audit plan for the financial year ended 31 December 2021, which outlined the audit scope, key areas of audit emphasis and the audit approach.
2. Reviewed the results of the annual audit and deliberated on the audit findings and internal control recommendations, including Management's response to the audit findings.
3. Reviewed the unaudited financial results of the Company and recommended the same for Board approval. This includes deliberating the results of the nine months' limited review carried out by the external auditor.
4. Noted the Board's approval of the external audit engagement partner's continuity of office to serve the Company for another two accounting years, taking into account the guidelines set out by the Malaysian Institute of Accountants ("MIA").
5. Reviewed the independence and effectiveness of the external auditors and recommend to the Board to propose to shareholders or the re-appointment of the external auditors at the Annual General Meeting of the Company. In relation to independence of external auditors:
   - The ARC received a formal written statement from the external auditors, delineating all relationships between the external auditors and the Company, consistent with International Standard on Auditing (ISA) 260, "Communication with Those Charged with Governance" supplemented as appropriate based on the Malaysian guidelines for auditors independence.
   - The ARC obtained confirmation from the external auditors that they are and have been, independent throughout the conduct of the audit engagement.
6. Reviewed the proposed fees for audit and non-audit services to be provided by the external auditors for financial year ended 31 December 2021 and recommended to the Board for approval.
   - The breakdown of fees for the services provided by the external auditors are as follows:

Description	Fee (RM)	Fee percentage
Statutory audit	285,000	48%
Audit related services (review of condensed consolidated financial services and agreed upon procedures)	214,000	36%
Non-audit related services (tax compliance and advisory)	94,200	16%
Total	**593,200**	**100%**

In addition, the ARC had also carried out an assessment of their performance for the period under review, in accordance with the Company's *Performance Evaluation Framework for External Audit and Internal Audit Function.*

Internal Audit

1. Approved the appointment of the Group Head of Internal Audit, who joined the Group on 3 August 2021.
2. Reviewed and approved the annual internal audit plan for financial year ended 31 December 2021 to ensure comprehensiveness of scope and coverage as well as the adequacy and competency of internal audit function. Additionally, the ARC reviewed and approved the revised annual internal audit plan in view of changes to the corporate risk profile.
3. Deliberated and approved GIA's organisation structure to promote independence.

4. Reviewed the formalisation of Internal Audit Charter and Internal Audit Framework, and subsequently endorsed these documents for the Board's approval.
5. Reviewed the internal audit reports presented by the internal auditors and assessed the internal audit observations, recommendations and the Management's action plans to address internal audit recommendations. These include reviewing the business improvement points highlighted by internal audit service provider, as well as the action plans agreed by the management.
6. Reviewed the adequacy and performance of internal audit function and its comprehensiveness of the coverage of activities within the Group.

In addition to holding a private meetings with the Group Head of Internal Auditor without the presence of the Management, the ARC had also carried out an assessment of the performance of the Group Head of Internal Audit for the period under review, in accordance with the Company's *Performance Evaluation Framework for External Audit and Internal Audit Function.*

Risk Management

ARC assisted the Board in its duty to review, monitor, on an ongoing basis, the effectiveness of the Group's risk management framework, which includes the following:

1. Reviewed the key risks as reported by Group Senior Head of RBC across the wide spectrum of risks facing the businesses and operations, which included strategic risk, business risk, financial risk and operational risk.
   - The ARC has also assessed the adequacy and effectiveness of controls and/or mitigation actions identified and/or implemented by the respective business units in addressing the identified risks.
   - Furthermore, business continuity risk, which was identified as one of the corporate key risks, were deliberated during ARC meetings. Key initiatives undertaken by the Group were also presented during these meetings to highlight the Management's action plans to manage such risk.
2. Reviewed the enhanced risk governance structure and framework to refine the roles and responsibilities of each line of defence to facilitate effective oversight of risk management function within the Group.
3. Received update on the formation of Risk Management Committee ("RMC") that comprises the Group's senior management team to assist ARC in overseeing the effective implementation and maintenance of the Group's risk management framework and programmes. This includes the composition of the RMC, its roles and responsibilities, its meeting frequency and meeting quorum.
4. Received update on risk management activities held within the Group on quarterly basis including half-yearly enterprise-wide and anti-bribery risk assessments.
5. Received update on the development status of the Risk Appetite Statement and Key Risk Indicators for the Group.
6. Discussed and received updates on the adequacy of resources for risk management function.

Compliance

1. Received updates from Group Senior Head of RBC on the compliance status of the Group, which include the following:
   - Reviewed the audit results carried out by the Registrar Office of Credit Reporting Agencies to assess the compliance status of the main operating subsidiary (i.e. CTOS Data Systems Sdn Bhd) with the Credit Reporting Agencies Act ("CRA Act") 2010.
   - Reviewed the audit results of the internal controls review carried out by the independent external party to assess the compliance status of the main operating subsidiary with Bank Negara Malaysia's ("BNM") requirement.
2. Reviewed the gap analysis report on Malaysian Code on Corporate Governance 2021 and the proposed action plan to be carried out. This is to ensure the Group has adopted corporate governance practices that are in line with global principles and internationally recognised practices of corporate governance.
3. Discussed and approved the scope of work to be carried out by the independent external party, Crowe Governance Sdn Bhd, prior to commencement of audit work (in relation to the compliance with BNM's requirement).

Related Party Transaction

1. Reviewed, on a quarterly basis, it any, all recurrent related party transactions within the Group to ensure these transactions were at arm's length basis and were in the ordinary course of business; on terms not more favourable than those generally available to the public.
2. Reviewed the procedures for recurrent related party transactions to ensure that the process and controls were in place to monitor the transactions.
3. Reviewed the announcement to Bursa Securities to comply with the Listing Requirements and other relevant rules and regulations, and considered procuring of shareholders' mandate if the aggregate value of the recurrent and related party transactions is expected to exceed the percentage ratio of 5% within a period of 12 months.

Other matters

1. Deliberated and recommended for Board approval the environmental, social and governance ("ESG") matters, as presented by the senior management and the external consultant; these were the ESG materiality assessment results, ESG priority areas and the Management's action plans as part of the Group's ESG initiative.
2. Reviewed and endorsed the ARC Report, Corporate Governance Overview Statement as well as the Statement on Risk Management and Internal Control, for Board approval, for the inclusion of these documents in the annual report.
3. Received updates from the senior management on the detailed review of CCRIS-related data assets and infrastructure with independent global cybersecurity experts as required by BNM, for the resumption of the main operating subsidiary's access to BNM's CCRIS.

INTERNAL AUDIT FUNCTION

Since August 2021, an in-house Group Internal Audit ("GIA") function was established. Prior to this, the Group outsourced its internal audit function to an internal audit service provider. The Group Head of Internal Audit has a direct reporting line to the ARC Chairperson, and administratively reports to the Deputy Group Chief Executive Officer.

The Internal Audit Charter, which was approved by the Board in December 2021, serves as a formal document that defines internal audit's purpose, authority, responsibility and position within the Company and its subsidiaries. The charter aims to define and establish the formal mission statement of the internal audit function in the Group, the objectives and scope of work of the internal audit function; and the internal audit function's position within the Group. This includes its reporting line, access to records, personnel, and physical properties relevant to the performance of engagements.

During the financial year ended 31 December 2021, seven (7) internal audit reviews were carried out to assess the adequacy of the internal controls of the Company and the main operating subsidiary. Internal audit observations and recommendations were reported to the ARC for deliberations.

The key internal audit activities undertaken during the period under review were as follows:

1. Presented to the ARC for the approval and formalisation of Internal Audit Charter and Internal Audit Framework.
2. Updated the risk-based annual internal audit plan, in view of changes to the corporate risk profile resulting from the Group risk register that was revised by the RBC function.
3. Tracked and reported the implementation of the Management's action plans to address internal audit observations highlighted by GIA.
4. Collaborated with the RBC function in developing an anti-bribery and anti-corruption risk assessment.
5. Assessed the following areas:
    - Fee waiver activities in relation to CCRIS report extractions, to ensure that cost savings were fully passed on to the main operating subsidiary's customers.
    - Fee waiver activities in relation to CCRIS report extractions, as part of its financial literacy exercise for corporations and individuals in Malaysia.
    - The main operating subsidiary's compliance with Section 47(2) of the Central Bank of Malaysia Act 2009.
    - Compliance of both the main operating subsidiary as well as CTOS Basis Sdn Bhd with Sections 22 to 27 and Sections 29 to 31 of the CRA Act 2010.
    - Revenue-to-receipt activities.
    - Human resource activities, including its management of anti-bribery and anti-corruption practices.
    - The Group's business continuity management and the Group's initiatives to improve its readiness to unforeseen events.

During the period under review, the Group Head of Internal Audit attended various trainings related to risk and internal audit. In particular, he attended the following:

1. Effective internal audit function *(organised by the Institute of Internal Auditors, or "the IIA")*; and
2. IT audit for non-IT auditors *(organised by the IIA)*.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Board Responsibility

The Board of Directors ("the Board") affirms its overall responsibility for CTOS Digital Berhad ("CTOS Digital" or "the Company") and its subsidiary companies ("CTOS" or "the Group") in establishing a sound system of risk management and internal control. The Board reviews the effectiveness, adequacy and integrity of the risk management framework and internal control system via the Audit & Risk Committee ("ARC"). This is to ensure that significant risks faced by the Group are being managed appropriately in proportionate to their level of significance, to allow the Group in responding timely and appropriately to changes in business and operating environment.

The Board has established a strong risk management and internal control governance structure that is crucial in setting the tone and culture towards effective risk management and internal control. To discharge its oversight roles and responsibilities more effectively, the Board has delegated the independent oversight over, inter alia, internal and external audit functions and internal controls and risk management to the ARC. The Board receives reports periodically from the ARC to keep the Board informed of its work, key deliberations and decisions on delegated matters.

The Board continually articulates, implements and reviews the adequacy and effectiveness of the Group's enterprise-wide risk management and internal control system which has been embedded in all aspects of the Group's activities. The Board, via the Audit & Risk Committee reviews the processes, responsibilities and assesses for reasonable assurance that risks have been mitigated by formalising relevant controls and processes and to ensure that the system is viable and robust.

The Board confirms that there is continuous effort to enhance the overall risk management and internal control processes by pursuing various initiatives that involve the Group. This is in accordance with the guidance as contained in the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers".

The Board has received assurances from the Group Chief Executive Officer and Group Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Senior Management Responsibility

Management is accountable for the comprehensiveness of the risk identified, their assessment and their bottom-up reporting as well as ensuring appropriate risk management is being demonstrated. Their principal roles and responsibilities are as follows:

- Provide executive leadership in the management of risk within their work responsibilities;
- Review, update and approve their respective divisional risk profile as registered by each business units;
- Report risk exposures and status of action plans to the Risk Management Committee;
- Ensuring significant risks are considered and assessed during business planning; and
- Ensuring significant risks are mitigated by appropriate mitigation actions.

Risk Management And Internal Control System

A. Risk Management

i. Risk Management Framework

The Enterprise Risk Management Policy and Procedure ("Framework") is aligned to ISO 31000:2018 "Risk Management - Principles and Guidelines". The Framework provides a structured and consistent approach to risk management implementation across the Group for informed decision-making.

With our Framework, we identify, analyse, evaluate and mitigate the risks to protect the Group from negative financial and non-financial consequences that exceed the risk appetite at operational function, business unit, divisional and group levels. All risks relevant to the achievement of business objectives are evaluated and monitored. The relevant controls, action plans and Risk Owners are also identified. Each risk is rated according to its severity level depending on its likelihood and impact.

The principles of our ERM Framework are described in table below:

No	Principles	Description
1	Culture of risk ownership	Risk management is part of the day-to-day job of all employees, driven through daily application of management and operational decisions.
2	Defined risk appetite and strategy	Clear articulation of the Board's risk appetite in pursuit of its business objectives.
3	Ensure proper governance and oversight function	A clear, effective and robust risk governance structure with clearly defined lines of accountabilities has been established within the Group.
4	Implement sound risk framework, policies and process	Implementation of integrated risk framework, policies and procedures to ensure that risk management practices and processes are effective at all levels.
5	Execute risk management practices and processes	Strong risk management processes are in place to actively identify, measure, control, monitor and report risks inherent in all products and activities undertaken by the Group.
6	Functional capabilities and capacity	The right talent pool and infrastructure are key to effectively carry out risk management activities.

ii. Risk Appetite

CTOS Digital's risk appetite is an integral component of the CTOS Digital's robust Enterprise Risk Management Framework and is driven by both top-down Board leadership and bottom-up involvement of Management at all levels.The detailed risk appetite statement and risk indicators will be developed in FY2022. These will enable the Board and Senior Management to communicate, understand and assess the types and levels of risks that CTOS Digital is willing to accept in pursuit of its business and strategic goals. It will also reflect the level of risk tolerance and limits to govern, manage and control the Group's risk-taking activities.

The risk appetite will be integrated into the strategic planning process, and will remain dynamic and responsive to the changing internal and external drivers such as market conditions, stakeholders' expectations and internal capabilities. Our risk appetite, once refined, will further provide a consistent structure in understanding risk and will be embedded in the day-to-day business activities and decisions throughout CTOS Digital.

All entities within the Group are required to develop risk indicators and risk limits that have considered the Group's risk guiding principles and the respective entities' strategic business directions, risk taking capacity, risk profile and the operating environment.

iii. Risk Governance and Oversight

The risk governance model of the Group is supported by a formal organisational structure with clear lines of authority and responsibility. It provides a formalised, transparent and effective governance structure that promotes active involvement from the Board and Senior Management in the risk management process to ensure a unified view of risk.

The risk management framework is effected through an organisational construct and escalation structure as depicted below:

BOARD OF DIRECTORS

The Board is responsible to ensure effective stewardship over the risk-control management mechanism, including approval of the appropriate risk governance structure and risk appetite.

BOARD COMMITTEE – AUDIT & RISK COMMITTEE

Board level oversight on risk exposure as well as the adequacy of risk management framework (and its components), and effective implementation of risk management strategies and practices in line with the tolerance and risk appetite limits as approved by the Board.

MANAGEMENT LEVEL – RISK MANAGEMENT COMMITTEE

The Risk Management Committee ("RMC") is established to assist the Audit & Risk Committee ("ARC") to oversee the effective implementation and maintenance of CTOS' risk management framework and programmes for the business units.

LINES OF DEFENSE

First Line

- The first line of defense is undertaken by Risk Owners.
- To identify risks that are associated with their daily business activities, analyse, assess and prioritise the risk, implement control measures and monitor the progress of the mitigating action plans.

Second Line

- The second line of defense is carried out by Risk and Business Compliance ("RBC").
- Establish frameworks, policies and procedures.
- Provide overall risk governance and oversight and challenge the first line.
- Monitor level of compliance to the applicable laws, regulations, established policies and procedures.

Third Line

- The third line of defense is Group Internal Audit ("GIA") who provides independent assurance on the adequacy and effectiveness of the risk management framework and its corresponding internal controls.
- This report shall be independently directed to the Audit & Risk Committee ("ARC") and subsequently to the Board of Directors.

iv. Risk and compliance culture

The risk and compliance culture of CTOS Digital is driven by a strong tone from the top by the Board and Senior Management and at the same time also inculcate an enterprise-wide awareness of risks at all level of the Group.

As part of the risk and compliance culture, CTOS Digital has instilled a culture where the Board, Senior Management and employees are committed to adhere to the requirements of relevant laws, rules, and regulations. This commitment is clearly demonstrated through the establishment and enhancement of policies, processes and controls in managing and preventing non-compliances.

Programmes related to risk and compliance including induction programme, e-Learnings and memorandums are established and driven by the Board and Senior Management as part of the journey toward effective risk management within the Group.

v. Risk management processes

The Group's risk management process is guided by ISO31000:2018 Risk Management Guidelines as illustrated below. It comprises of the following elements:

Identification
- Risk identification involves identifying and documenting risk across all areas of the business.
- Ensure early detection of risk and sound risk management policies and procedures are in place to manage and mitigate risk.

Measurement
- Develop both quantitative and qualitative measurement to determine the severity of risk depending on circumstances, information available and perception from all business units.

Controls
- Develop the necessary action plans and ensure its effectiveness to mitigate significant risks. This is guided by established risk treatments, for example, risk avoidance, risk acceptance, risk, reduction and risk sharing/transfer.

Monitoring and Reporting
- Monitor forward looking key risk indicators to ensure potential risk is reported and mitigation actions are taken on a timely manner.
- Periodic update to Management level and Board level risk committees as well as to the Board.

vi. Risk Assessment

During the financial year ended 31 December 2021, the Group conducted their risk management and internal control system reviews which were assessed by Risk Management Committee and reported to the Audit & Risk Committee quarterly.

The Group identified major risk areas of concern and mitigating actions were undertaken within appropriate timeframes. The management of the Group's significant risks identified for the financial year 2021 is outlined below:

No	Risk Name	Risk Description	Mitigation Actions Taken / Strategy
1.	**Cyber Threats and Data Security Risk**	As the technology landscape changes, increase adoption of digitalisation and service delivery via cyberspace, the Group could be more susceptible to external security attack, insider threats or network vulnerability.	The Group is vigilant on potential cyber threats and has been continuously upgrading and enhancing the Group's security system. To further mitigate the risk, an insurance programme to safeguard major assets against financial loss, is renewed annually.
2.	**Legal, Regulatory and Compliance Risk**	Regulatory and compliance risk due complex and changes in laws, policies or requirements, licenses, responsible business ethics or corporate liability.	The Group undertakes robust monitoring of developments in laws and regulations and assesses its impact to its processes, where applicable. The assessments are undertaken to identify gaps in existing processes so that actions are taken within defined timeframes to ensure that the Group is in compliance. Furthermore, the Group also maintains regular communication with the regulators, authorities, industry, accounting, tax and legal experts to ensure compliance at all times.

No	Risk Name	Risk Description	Mitigation Actions Taken / Strategy
3.	**Financial Risk**	The outbreak of COVID-19 pandemic may have an adverse effect on the Group's business, financial condition and results operations. The demand for the Group's products and services depends on the transaction volumes of its customers which, in turn, are sensitive to changes in general economic conditions. Furthermore, as competition intensifies amongst competitors, digital service providers and the rapid growth of the fintech industry in Malaysia, price and market erosion may impact both revenues and margin.	The Group has put in place a strategic plan to ensure that its operations and services are maintained fully functional in the event of a pandemic. The Group has a comprehensive suite of offerings encompassing end-to-end credit management suite that enables the Group to be more competitive within the digital space. The Group further invests in upgrading its suites of products on a continual basis to address changing and growing technological needs of the market.
4.	**Human Capital Risk**	The Group identified challenges in effective succession planning, attracting new talents to promote diversity and inclusion, retaining skilled and top employees to support business.	The Group has put in place comprehensive guidelines on the employment, performance appraisal and training programme for the retention of employees. In addition, the Group also reviews the remuneration benefits of employees from time to time to stay competitive.
5.	**Business Continuity and Crisis Management Risk**	With the advent of cyber threats, computer network and system failure and other potential hazards such as pandemic outbreak, fires, floods, earthquakes and major equipment failures, amongst others, the continuity of business operations is of a major concern to the Group.	The Group has put in place the necessary disaster recovery plan for its critical business system. Nevertheless, the management is in the midst of revising the disaster recovery plan to better manage critical events. During the financial year, the Group did not encounter any major business interruption or crises.
6.	**Operational Risk**	The Group's business relies on data from external data providers, including government agencies and other public sources.	The Group is constantly focus on enriching its data sources and developing alternative solutions to reduce dependency on external data sources.

B. Internal Control System

Key elements of the Group's internal control system include:

i. Strategic planning activities to set out the Group's direction on an annual basis;

ii. Budgetary planning that is carried out on an annual basis, and budgetary control and monitoring that are reported on a quarterly basis;

iii. Operational standard operating procedures for key activities within the Group;

iv. Periodic management review meeting, at both Group level (between Group management and subsidiary) and at subsidiary level;

v. Formal Limits of Authority – the Group has established a Limits of Authority that sets out guidance for entering into contracts, commitments and appropriating assets in the course of conducting the Group's business; and

vi. Group Compliance Function – The roles and responsibilities of Compliance are primarily guided by but not limited to the rules and regulations issued by the relevant regulators including Registrar of Credit Reporting Agency under Ministry of Finance, Bank Negara Malaysia, Securities Commission and Bursa Malaysia. Compliance provides solutions to business whilst ensuring business objectives and regulatory obligations are met.

Internal Audit Function

The internal audit function is headed by Mr. Fuad Hafis Shafie, as the Group Head of Internal Audit, who reports functionally to the ARC and administratively to the Deputy Group CEO. Mr. Fuad Hafis is a Certified Internal Auditor ('CIA'), a member of the Institute of Internal Auditors Malaysia. He also holds a Bachelor's degree in business administration and is currently pursuing his Master of Business Administration in Universiti Malaya. Mr. Fuad Hafis has more than 10 years of experience in the internal auditing and risk consulting field.

The internal audit was conducted using a risk-based approach and was guided by the International Professional Practices Framework ("IPPF") issued by the Institute of Internal Auditors (a global professional body for internal auditors) that provides guidance on internal audit standards and practices. Seven internal audit reports were issued and reported to the ARC for the financial year 2021.

The principles to having an effective internal audit function are outlined in the following documents:

- The Internal Audit Charter. This document sets out the purpose, authority, responsibilities and reporting of the internal audit function and maintaining independence and objectivity status; and

- The Internal Audit Framework. This document outlines a systematic methodology that is being used by internal audit (i.e. audit planning, audit fieldwork, audit reporting and audit follow-up).

Internal audit assessments were carried out based on the approved Internal Audit Plan for 2021, which was developed using a risk-based approach and in line with the Group's direction. The Internal Audit Plan was assessed on a quarterly basis in alignment with the business and risk environment. Root-cause analysis was conducted as part of the internal audit assessment work, to determine the underlying factors that contributing to the lapses or weaknesses in internal control system deployed. All internal audit observations were highlighted to relevant management team members responsible for ensuring that corrective actions for improvement areas are carried out within the required timeframe. Follow-up assessments were conducted to determine state of management's implementation of the internal audit recommendations, and its results were reported to the ARC.

Review by External Auditors

This Statement on Risk Management and Internal Control has been reviewed by our external auditor in accordance with Paragraph 15.23 of Bursa Listing's Main Market Listing Requirements for the financial year under review. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditor to form an opinion on the adequacy and effectiveness of the risk management and internal control system of our Group.

Conclusion

The system of internal control provides reasonable, rather than absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal control can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, losses, fraud or other irregularities.

The Board and Management are committed to operating a sound system of internal control and the internal control system will continue to be reviewed, updated and improved upon in line with changes in the operating environment.

For the financial year under review and up to the date of issuance of the financial statements, the Board is satisfied with the adequacy, integrity and effectiveness of the Group's system of risk management and internal control. No material losses, contingencies, or uncertainties have arisen from any inadequate or failure of the Group's system of internal control that would require separate disclosure in the Group's Annual Report.

The Board believes that, in the absence of any evidence to the contrary, the system of internal controls, including the financial, operational and compliance controls and risk management system, maintained by the Group's management, were in place throughout the financial year and up to and as of the date of the report, are adequate to meet the needs of the Group in its current business environment.

This statement is made in accordance with a resolution of the Board dated 30 March 2022.

Financial Reports

Contents

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, whilst the principal activities of the Group are credit reporting agency, digital software related services including software development, outsourcing and provision of training services. Details of the principal activities of the subsidiaries are shown in Note 14 to the financial statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit/(loss) for the financial year attributable to:		
- Owners of the Company		
- Continuing operations	**43,705**	**49,630**
- Discontinued operations	**(583)**	**-**
	43,122	**49,630**
- Non-controlling interests	**(551)**	**-**
	42,571	**49,630**

DIVIDENDS

The dividend declared since the end of the previous financial year was as follows:

	RM'000
In respect of the financial year ended 31 December 2020:	
- Single-tier tax exempt second interim dividend of 5.25 sen per share on 100,000,000 ordinary shares, paid on 21 January 2021	5,250
- Single-tier tax exempt third interim dividend of 9.00 sen per share on 100,000,000 ordinary shares, paid on 5 April 2021	9,000
- Single-tier tax exempt third interim dividend of 8.00 sen per share on 100,000,000 ordinary shares, paid on 22 June 2021	8,000
In respect of the financial year ended 31 December 2021:	
- Single-tier tax exempt first interim dividend of 0.533 sen per share on 2,200,000,000 ordinary shares, paid on 3 September 2021	11,726
- Single-tier tax exempt second interim dividend of 0.32 sen per share on 2,200,000,000 ordinary shares, paid on 10 December 2021	7,040
	41,016

DIVIDENDS (CONTINUED)

On 15 June 2021, the Company completed the distribution of 0.75 sen per ordinary share amounting to RM15.1 million by way of dividend-in-specie of 4,900,001 ordinary shares in CIBI Holdings Pte. Ltd. ("CIBI Holdings") held by the Company, representing the entire equity interest in CIBI Holdings to the existing shareholders of the Company ("Distribution"). CIBI Holdings holds a 51% equity interest in CIBI Information, Inc. ("CIBI"), a credit bureau incorporated in the Philippines. Upon completion of the Distribution, CIBI Holdings and CIBI ceased to be subsidiaries of the Company. All the assets and liabilities of CIBI Holdings and CIBI have been derecognised and distributed to the owners of the Company based on their carrying values with the corresponding charge to retained earnings.

Subsequent to the financial year, on 21 January 2022, the Company declared a third interim single-tier tax-exempt dividend of 0.33 sen per ordinary shares amounting to RM7.26 million in respect of the financial year ended 31 December 2021 which was paid on 25 February 2022. The financial statements for the financial year ended 31 December 2021 do not reflect these dividends. Upon declaration, the cash dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2022.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year have been disclosed in the financial statements.

SHARE CAPITAL

On 10 June 2021, the Company has undertaken a subdivision of the existing 100,000,000 ordinary shares in issue into 2,000,000,000 ordinary shares.

On 19 July 2021, the Company has a public issue of 200,000,000 new ordinary shares in conjunction with the Initial Public Offering ("IPO") of the Company. Following the allotment of new shares, the Company's total number of share capital has increased to 2,200,000,000 shares.

Other than the above, there were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

DIRECTORS

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

Tan Sri Izzuddin bin Dali
Dato' Noorazman bin Abd Aziz
Nirmala A/P Doraisamy
Lynette Yeow Su-Yin
Dennis Colin Martin
Loh Kok Leong
Su Puay Leng (appointed on 27 May 2021)
Wong Pau Min (resigned on 15 February 2021. Appointed as alternate director to Loh Kok Leong on 15 February 2021)
Datuk Azizan bin Haji Abd Rahman (resigned on 7 March 2022)
Shanti Isabelle A/P Geoffrey (appointed on 15 February 2021 and resigned on 17 May 2021)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than remuneration received or due and receivable by the Directors as shown in Note 8 to the financial statements and certain related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements 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.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

	No. of ordinary shares in the Company			
	As at 1.1.2021 / date of appointment	Acquired	Sold	As at 31.12.2021
Tan Sri Izzuddin bin Dali	-	300,000	(170,000)	130,000
Dato' Noorazman bin Abd Aziz	-	300,000	(100,000)	200,000
Lynette Yeow Su-Yin	-	300,000	-	300,000
Dennis Colin Martin	-	500,000	(250,000)	250,000
Loh Kok Leong	-	500,000	(200,000)	300,000
Su Puay Leng	-	300,000	-	300,000
Wong Pau Min	-	700,000	-	700,000
Datuk Azizan bin Haji Abd Rahman	-	300,000	-	300,000

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 8 to the financial statements.

The Company has effected Directors' and Officers' Liability Insurance for the Directors of the Group and the Company, for up to a maximum of RM5.0 million for any one claim and in aggregate, at a total premium cost of RM14,850 in the current financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment of doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(a) which would render the amounts written off for bad debts or the amount of the allowance for impairment of doubtful debt inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

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

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liabilities of any other person except as disclosed in Note 24 to the financial statements; and

(b) any contingent liabilities of the Group and the Company which has arisen since the end of the financial year except as disclosed in Note 33 to the financial statements.

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

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) except as disclosed in Note 41 to the financial statements, 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 Company for the financial year in which this report is made.

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The number of options granted under ESOS in the previous financial year and the number of options outstanding at the end of the previous financial year are as follows:

	Number of options over ordinary shares in the Company				
Grant date	Outstanding as at 1 January '000	Granted '000	Forfeited '000	Cancelled '000	Outstanding as at 31 December '000
2020					
1 January 2015	5	-	-	(5)	-
1 January 2016	2	-	-	(2)	-
1 January 2017	395	-	-	(395)	-
1 January 2018	590	-	-	(590)	-
1 January 2019	460	-	-	(460)	-
1 January 2020	-	908	(908)	-	-
	1,452	908	(908)	(1,452)	-

Details of the scheme are set out in Note 34 to the financial statements.

SUBSIDIARIES

Details of subsidiaries are set out in Note 14 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 7 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 30 March 2022. Signed on behalf of the Board of Directors:

TAN SRI IZZUDDIN BIN DALI
DIRECTOR

NIRMALA A/P DORAISAMY
DIRECTOR

Kuala Lumpur

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
CONTINUING OPERATIONS					
Revenue	5	**153,166**	133,225	**64,461**	21,180
Cost of sales		**(19,190)**	(17,509)	**-**	-
Gross profit		**133,976**	115,716	**64,461**	21,180
Other income/(expenses)		**375**	129	**259**	(17)
Selling and marketing expenses		**(29,243)**	(30,258)	**(227)**	-
Administrative expenses		**(54,015)**	(40,379)	**(9,382)**	2,131
Finance income	6	**412**	-	**195**	-
Finance costs	6	**(5,679)**	(4,197)	**(5,617)**	(897)
Share of profits of associates	15	**7,217**	1,785	**-**	-
Profit before tax	7	**53,043**	42,796	**49,689**	22,397
Tax expense	10	**(9,338)**	(2,274)	**(59)**	(1)
Profit from continuing operations		**43,705**	40,522	**49,630**	22,396
DISCONTINUED OPERATIONS					
Loss from discontinued operations	38	**(1,134)**	(2,545)	**-**	-
Profit for the financial year		**42,571**	37,977	**49,630**	22,396
Other comprehensive (loss)/income:					
Items that will be subsequently reclassified to profit or loss:					
Exchange differences on translation of foreign operations		**(6,742)**	-	**-**	-
Share of other comprehensive income of associate accounted for using equity method		**(13)**	86	**-**	-
Exchange differences on translation of discontinued operations		**392**	(231)	**-**	-
Items that will not be subsequently reclassified to profit or loss:					
Exchange differences on translation of foreign operations		**171**	(120)	**-**	-
Share of other comprehensive income of associate accounted for using equity method		**-**	243	**-**	-
Remeasurement of provision for defined benefit plan, net of tax		**-**	(280)	**-**	-
Other comprehensive loss for the financial year		**(6,192)**	(302)	**-**	-
Total comprehensive income for the financial year		**36,379**	37,675	**49,630**	22,396

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(CONTINUED)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Profit/(loss) for the financial year attributable to:					
Owners of the Company					
- from continuing operations		**43,705**	40,522	**49,630**	22,396
- from discontinued operations		**(583)**	(1,335)	**-**	-
		43,122	39,187	**49,630**	22,396
Non-controlling interests		**(551)**	(1,210)	**-**	-
		42,571	37,977	**49,630**	22,396
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the Company					
- from continuing operations		**36,950**	40,851	**49,630**	22,396
- from discontinued operations		**(191)**	(1,709)	**-**	-
		36,759	39,142	**49,630**	22,396
Non-controlling interests		**(380)**	(1,467)	**-**	-
		36,379	37,675	**49,630**	22,396
Earnings per share for profit attributable to ordinary equity holders of the Company:					
- Basic (sen)	35(a)				
- Continuing operations		**2.1**	2.0	**-**	-
- Discontinued operations		**-**	-	**-**	-
		2.1	2.0	**-**	-
- Diluted (sen)	35(b)				
- Continuing operations		**2.1**	2.0	**-**	-
- Discontinued operations		**-**	-	**-**	-
		2.1	2.0	**-**	-

The notes on pages 80 to 178 form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	11	**14,694**	16,911	**21**	-
Right-of-use assets	12	**4,631**	2,071	**205**	-
Intangible assets	13	**79,176**	49,572	**-**	-
Investments in subsidiaries	14	**-**	-	**342,828**	316,439
Investments in associates	15	**172,904**	150,835	**118,712**	91,911
Other investment	16	**17,664**	-	**17,664**	-
Receivables, deposits and prepayments	18	**554**	905	**26**	-
Deferred tax assets	17	**1,237**	1,080	**-**	-
TOTAL NON-CURRENT ASSETS		**290,860**	221,374	**479,456**	408,350
CURRENT ASSETS					
Receivables, deposits and prepayments	18	**25,161**	28,223	**107**	635
Other investments	16	**26,000**	-	**15,000**	-
Amount due from related parties	19	**1,422**	3	**-**	-
Amount due from subsidiaries	23	**-**	-	**1,050**	61
Tax recoverable		**9**	13	**-**	3
Cash and bank balances	20	**17,131**	26,371	**2,147**	1,911
TOTAL CURRENT ASSETS		**69,723**	54,610	**18,304**	2,610
CURRENT LIABILITIES					
Payables and accruals	21	**21,755**	17,120	**2,062**	522
Contract liabilities	5	**8,208**	6,681	**-**	-
Lease liabilities	12	**1,546**	1,876	**70**	-
Provision for restoration costs	25	**-**	603	**-**	-
Amount due to immediate holding company	22	**-**	-	**-**	-
Amount due to related parties	19	**144**	371	**-**	-
Amount due to subsidiaries	23	**-**	-	**-**	-
Borrowings	24	**-**	132,320	**-**	132,320
Taxation		**7,970**	489	**18**	-
TOTAL CURRENT LIABILITIES		**39,623**	159,460	**2,150**	132,842
NET CURRENT ASSETS/(LIABILITIES)		**30,100**	(104,850)	**16,154**	(130,232)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
(CONTINUED)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
NON-CURRENT LIABILITIES					
Lease liabilities	12	**3,100**	375	**136**	-
Contingent consideration	37(b)	**9,267**	-	**9,267**	-
Deferred tax liabilities	17	**100**	-	**-**	-
Provision for restoration costs	25	**612**	-	**-**	-
Provision for defined benefit plan	28	**-**	421	**-**	-
TOTAL NON-CURRENT LIABILITIES		**13,079**	796	**9,403**	-
NET ASSETS		**307,881**	115,728	**486,207**	278,118
EQUITY					
Share capital	26	**412,524**	197,994	**412,524**	197,994
Reverse acquisition reserve		**(193,528)**	(193,528)	**-**	-
Equity contribution from shareholder		**315**	315	**315**	315
Other reserves	27	**(6,426)**	(45)	**5,797**	5,797
Retained earnings		**94,996**	106,025	**67,571**	74,012
Equity attributable to the owners of the Company		**307,881**	110,761	**486,207**	278,118
Non-controlling interests		**-**	4,967	**-**	-
TOTAL EQUITY		**307,881**	115,728	**486,207**	278,118

The notes on pages 80 to 178 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Ordinary shares: Number of shares '000	Ordinary shares: Share capital RM'000	Equity contribution from shareholders RM'000	Other reserves: Reverse acquisition reserve[(1)] RM'000	Other reserves: Foreign currency translation reserve RM'000	Other reserves: Retirement benefit reserve and fair value reserve RM'000	Retained earnings RM'000	Total attributable to owners of the Company RM'000	Non-controlling interest RM'000	Total equity RM'000
As at 1 January 2021	100,000	197,994	315	(193,528)	(145)	100	106,025	110,761	4,967	115,728
Subdivision of shares	1,900,000	-	-	-	-	-	-	-	-	-
Issuance of new shares	200,000	220,000	-	-	-	-	-	220,000	-	220,000
Share issuance expenses	-	(5,470)	-	-	-	-	-	(5,470)	-	(5,470)
Profit/(loss) for the financial year	-	-	-	-	-	-	43,122	43,122	(551)	42,571
Other comprehensive (loss)/income	-	-	-	-	(6,363)	-	-	(6,363)	171	(6,192)
Distribution of subsidiaries (Note 38)	-	-	-	-	(161)	143	(13,135)	(13,153)	(4,587)	(17,740)
Transaction with owners:										
Dividends paid (Note 32)	-	-	-	-	-	-	(41,016)	(41,016)	-	(41,016)
As at 31 December 2021	2,200,000	412,524	315	(193,528)	(6,669)	243	94,996	307,881	-	307,881

Note:

(1) *The reverse acquisition reserve was created during the acquisition of CTOS Business Systems Sdn. Bhd. ("CBS"), CTOS Data Systems Sdn. Bhd. ("CDS") and Automated Mail Responder Sdn. Bhd. ("AMR") by the Company in 2014. CBS was identified as the accounting acquirer in accordance with MFRS 3 "Business Combination". The difference between the issued equity of the Company and issued equity of CBS together with the deemed purchase consideration of subsidiaries other than CBS is recorded as reverse acquisition reserve.*

Group	Ordinary shares			Other reserves							
	Number of shares '000	Share capital RM'000	Equity contribution from shareholders RM'000	Reverse acquisition reserve[1] RM'000	Foreign currency translation reserve RM'000	Retirement benefit reserve and fair value reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total attributable to owners of the Company RM'000	Non-controlling interest RM'000	Total equity RM'000
As at 1 January 2020	100,000	197,994	315	(193,528)	-	-	2,626	71,541	78,948	-	78,948
Profit/(loss) for the financial year	-	-	-	-	-	-	-	39,187	39,187	(1,210)	37,977
Other comprehensive (loss)/income	-	-	-	-	(145)	100	-	-	(45)	(257)	(302)
Transaction with owners:											
Dividends paid (Note 32)	-	-	-	-	-	-	-	(10,500)	(10,500)	-	(10,500)
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	6,434	6,434
Share-based payment expense for the financial year	-	-	-	-	-	-	3,284	-	3,284	-	3,284
Settlement of ESOS with option holders	-	-	-	-	-	-	(113)	-	(113)	-	(113)
Reclassification of ESOS reserve to retained earnings	-	-	-	-	-	-	(5,797)	5,797	-	-	-
As at 31 December 2020	100,000	197,994	315	(193,528)	(145)	100	-	106,025	110,761	4,967	115,728

Note:

[1] *The reverse acquisition reserve was created during the acquisition of CBS, CDS, AMR by the Company in 2014. CBS was identified as the accounting acquirer in accordance with MFRS 3 "Business Combination". The difference between the issued equity of the Company and issued equity of CBS together with the deemed purchase consideration of subsidiaries other than CBS is recorded as reverse acquisition reserve.*

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(CONTINUED)

Company	Note	Number of shares '000	Share capital RM'000	Equity contribution from shareholders RM'000	Other reserves RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 January 2021		**100,000**	**197,994**	**315**	**5,797**	**74,012**	**278,118**
Subdivision of shares	26	**1,900,000**	-	-	-	-	-
Issuance of new shares	26	**200,000**	**220,000**	-	-	-	**220,000**
Share issuance expenses	26	-	**(5,470)**	-	-	-	**(5,470)**
Profit and total comprehensive income for the financial year		-	-	-	-	**49,630**	**49,630**
Distribution of subsidiaries	38	-	-	-	-	**(15,055)**	**(15,055)**
Transaction with owners:							
Dividends paid	32	-	-	-	-	**(41,016)**	**(41,016)**
As at 31 December 2021		**2,200,000**	**412,524**	**315**	**5,797**	**67,571**	**486,207**
As at 1 January 2020		100,000	197,994	315	2,626	62,116	263,051
Profit and total comprehensive income for the financial year		-	-	-	-	22,396	22,396
Transaction with owners:							
Dividends paid	32	-	-	-	-	(10,500)	(10,500)
Share-based payment expense for the financial year		-	-	-	3,284	-	3,284
Settlement of ESOS with option holders		-	-	-	(113)	-	(113)
As at 31 December 2020		100,000	197,994	315	5,797	74,012	278,118

The notes on pages 80 to 178 form part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax					
Continuing operations		**53,043**	42,796	**49,689**	22,397
Discontinued operations		**(970)**	(2,464)	**-**	-
		52,073	40,332	**49,689**	22,397
Adjustments for:					
Allowance for impairment of receivables and deposits - net	30(c)	**304**	530	**-**	-
Depreciation of property, plant and equipment	11	**5,989**	5,474	**6**	-
Depreciation of right-of-use assets	12	**1,729**	1,739	**12**	-
Amortisation of intangible assets	13	**880**	266	**-**	-
Interest income		**(156)**	(244)	**(22)**	(9)
Distribution income from money market fund		**(258)**	-	**(173)**	-
Bad debts written off	7	**-**	4	**-**	-
Bad debts recovered	7	**-**	(1)	**-**	-
(Gain)/loss on disposal of property, plant and equipment		**(4)**	82	**-**	-
Accretion of provision for restoration costs	25	**9**	19	**-**	-
Changes in fair value of contingent consideration payable		**(177)**	-	**(177)**	-
Interest expense	6	**5,616**	4,053	**5,616**	897
Lease interest	12	**81**	162	**1**	-
Share-based payment expense		**-**	3,284	**-**	-
Share of profits of associates		**(7,217)**	(1,785)	**-**	-
Defined benefit plan expense		**49**	71	**-**	-
Loss/(gain) on foreign exchange differences		**4,417**	(3,191)	**4,477**	(3,241)
Dividend income		**-**	-	**(62,013)**	(21,180)
Operating cash flows before working capital changes		**63,335**	50,795	**(2,584)**	(1,136)
Changes in working capital:					
Receivables, deposits and prepayments		**(3,070)**	(1,063)	**519**	(637)
Payables and accruals		**5,820**	(855)	**1,541**	90
Contract liabilities		**1,310**	2,240	**-**	-
Related parties balances		**(1,646)**	369	**-**	-
Amounts due to subsidiaries		**-**	-	**(989)**	(6)
Cash flow generated from/(used in) operations		**65,749**	51,486	**(1,513)**	(1,689)
Interest received		**156**	244	**22**	9
Tax paid		**(3,283)**	(2,077)	**(38)**	(4)
Tax refunded		**6**	-	**1**	-
Share based payment		**(113)**	-	**-**	-
Defined benefit plan contribution		**(373)**	(47)	**-**	-
Dividend received	31	**5,195**	-	**62,013**	12,470
Net cash flows generated from operating activities		**67,337**	49,606	**60,485**	10,786

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	11	**(2,587)**	(4,713)	**(27)**	-
Purchase of intangible assets	13	**(2,038)**	(2,182)	**-**	-
Proceeds from disposal of property, plant and equipment		**27**	7	**-**	-
Dividend received		**-**	130	**-**	-
Distribution income from money market funds		**215**	-	**148**	-
Acquisition of subsidiary, net of cash acquired	37	**(28,018)**	(5,372)	**(32,000)**	(15,055)
Investments in associate	15	**(26,802)**	(91,911)	**(26,802)**	(91,911)
Purchase of other investment	16	**(17,664)**	-	**(17,664)**	-
Purchase of investment in money market funds	16	**(26,000)**	-	**(15,000)**	-
Net cash outflow on distribution of subsidiaries	38	**(3,147)**	-	**-**	-
Net cash flows used in investing activities		**(106,014)**	(104,041)	**(91,345)**	(106,966)
CASH FLOWS FROM FINANCING ACTIVITIES					
Restricted cash for term loan facility	20	**1,435**	(816)	**1,435**	(1,435)
Proceeds from issuance of shares	26	**220,000**	-	**220,000**	-
Payment of share issuance expenses	26	**(5,470)**	-	**(5,470)**	-
Dividends paid	32	**(41,016)**	(10,500)	**(41,016)**	(10,500)
Drawdown of borrowings	24	**32,000**	193,553	**32,000**	137,553
Repayment of borrowings	24	**(170,646)**	(86,193)	**(170,646)**	-
Payment of lease liabilities	12	**(1,885)**	(1,847)	**(13)**	-
Transaction cost paid	24	**(627)**	(2,999)	**(627)**	(2,193)
Interest paid	24	**(3,092)**	(2,813)	**(3,092)**	(680)
Repayment of advances from immediate holding company	22	**-**	(14,297)	**-**	(14,297)
Advances from a subsidiary	23	**-**	-	**-**	35,542
Repayment to a subsidiary	23	**-**	-	**-**	(47,880)
Net cash flows generated from financing activities		**30,699**	74,088	**32,571**	96,110
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(7,978)**	19,653	**1,711**	(70)
EFFECT OF EXCHANGE RATE CHANGES		**173**	(206)	**(40)**	(14)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**24,936**	5,489	**476**	560
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	20	**17,131**	24,936	**2,147**	476

The notes on pages 80 to 178 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

1 GENERAL INFORMATION

The principal activity of the Company is investment holding, whilst the principal activities of the Group are credit reporting agency, digital software related services including software development, outsourcing and provision of training services.

The Directors regard Inodes Limited ("Inodes"), incorporated in British Virgin Islands as the immediate holding company and Creador II, LLC, incorporated in Mauritius as the ultimate holding company.

The address of the registered office and principal place of business of the Company are as follows:

Registered office	Principal place of business
Unit 30-1, Level 30, Tower A	Unit 1-12, Level 8, Tower A
Vertical Business Suite	Vertical Business Suite
Avenue 3, Bangsar South	Avenue 3, Bangsar South
No.8, Jalan Kerinchi	No.8, Jalan Kerinchi
59200 Kuala Lumpur	59200 Kuala Lumpur

2 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The financial statements have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies in Note 3 to the financial statements.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

As at 31 December 2020, the Group and the Company were in net current liabilities positions of RM104.9 million and RM130.2 million respectively. The Group and the Company have prepared the financial statements on a going concern basis premised upon the sufficiency of cash flows to enable the Group and the Company to meet their liabilities as and when they fall due and to carry out their operations without a significant curtailment. See Note 30(b) for details.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 of the financial statements.

2 BASIS OF PREPARATION (CONTINUED)

(a) Standards, amendments to published standards and Issues Committee ("IC") Interpretations that are effective to the Group and the Company

The standards, amendments and improvements to published standards that are effective for the Group's and the Company's financial year beginning on or after 1 January 2021 are as follows:

- Amendments to MFRS 16 'COVID-19-Related Rent Concessions'
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform-Phase 2'

The adoption of the amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Standards, amendments to published standards and IC Interpretations that are applicable to the Group and the Company but not yet effective:

A number of new standards and amendments to standards and interpretations are effective for financial year beginning on or after 1 January 2022. None of these is expected to have a significant effect on the financial statements of the Group and the Company except the following:

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

  An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

  The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

  The amendments shall be applied prospectively.

- Amendments to MFRS 137 'Onerous contracts — cost of fulfilling a contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

  The amendments shall be applied retrospectively.

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments to published standards and IC Interpretations that are applicable to the Group and the Company but not yet effective (continued):

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

  The assessment of whether an entity has the right to defer settlement of a liability at reporting date is not affected by expectations of the entity or events after the reporting date. In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (e.g. a conversion option in a convertible bond), conversion option that is not an equity instrument as defined in MFRS 132 'Financial Instruments: Presentation' is considered in the current or non-current classification of the convertible instrument.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 112 'Deferred tax related to assets and liabilities arising from a single transaction' (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

The amendments above are not expected to have a material impact to the Group and the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations when the acquired sets of activities and assets meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The consideration transferred for the acquisition of a subsidiary 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 and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, 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.

The excess 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 recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss. See accounting policy Note 3(d)(i) on goodwill.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in the profit or loss.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(iii) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, 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. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(iv) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iv) Associates (continued)

Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of profit/(loss) of an associate' in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in profit or loss.

The cost of acquiring an additional stake in an associate is added to the carrying amount of associate and equity accounted. Goodwill arising on the purchase of additional stake is computed using fair value information at the date the additional interest is purchased. The previously held interest is not re-measured.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within administrative expenses. All other foreign exchange gains and losses are presented in profit or loss on a net basis within other income/(expenses).

Changes in the fair value of monetary securities denominated in foreign currency classified as debt instruments classified as at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as at fair value through other comprehensive income, are included in other comprehensive income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currencies (continued)

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss, as part of the gain or loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

Property, plant and equipment are stated at historical cost or valuation less accumulated depreciation and impairment. The cost of an item of property, plant and equipment initially recognised includes its purchase price, import duties, non-refundable purchase taxes and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in other income/(expenses) in profit or loss.

Depreciation of property, plant and equipment is calculated so as to write off the cost of property, plant and equipment over their estimated useful lives on a straight-line basis at the following annual rates:

Computers	20% - 33%
Office equipment	20% - 33%
Renovation	15% - 20%
Furniture and fittings	15% - 33%
Motor vehicles	20% - 25%

Work-in-progress will be reclassified to the respective categories of property, plant and equipment and depreciated when they are ready for their intended use.

At each reporting date, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the property, plant and equipment is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

(d) Intangible assets

The Group acquires intangible assets either as part of a business combination or through separate acquisition. Intangible assets acquired in a business combination are recorded at their fair values at the date of acquisition and recognised separately from goodwill. On initial acquisition, management judgement is applied to determine the appropriate allocation of purchase consideration to the assets being acquired, including goodwill and identifiable intangible assets.

Intangible assets that are considered to have a finite life are amortised on a straight-line basis over the period of expected benefit. Intangible assets that are considered to have an indefinite economic useful life are not amortised but tested for impairment in accordance with Note 3(g) on an annual basis, or where an indication of impairment exists.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Intangible assets (continued)

(i) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Database and customer relationship

Database and customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The acquired database and customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship, not exceeding 5 years.

(iii) Brand names and trademarks

Separately acquired brand names and trademarks are shown at historical cost. Brand names and trademarks acquired in a business combination are recognised at fair value at the acquisition date. Brand names and trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of brand names and trademarks over their estimated useful lives of 20 years.

(iv) License fee

Separately acquired licenses are shown at historical cost. Licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives of 3 years.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Intangible assets (continued)

(v) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

(i) it is technically feasible to complete the software product so that it will be available for use;
(ii) management intends to complete the software product and use or sell it;
(iii) there is an ability to use or sell the software product;
(iv) it can be demonstrated how the software product will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
(vi) the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised using the straight-line method from the point at which the asset is ready for use over their estimated useful lives, which does not exceed 5 years.

Some computer software is part of a system that cannot operate without being integrated with the related hardware. The Group treats this computer software as property, plant and equipment as it is an integral part of the property, plant and equipment. The Group uses judgement to assess which element is more significant. When the software is not an integral part of the related hardware, computer software is treated as an intangible asset.

(e) Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(g) on impairment of non-financial assets.

On disposal of investment in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investment are recognised in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

Financial assets

(i) Classification

The Group and the Company classify their financial assets to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group and the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

Financial assets (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income/(expenses) using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(expenses) together with foreign exchange gains and losses. Impairment losses are presented within administrative expenses in the statement of comprehensive income.

(iv) Subsequent measurement - impairment

The Group and the Company assess on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have few types of financial instruments that are subject to the ECL model:

- trade receivables
- other receivables
- deposits
- amount due from subsidiaries
- amount due from related parties

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

Financial assets (continued)

(iv) Subsequent measurement - impairment (continued)

(a) General 3-stage approach for other receivables, deposits, amount due from subsidiaries and amount due from related parties

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

(b) Simplified approach for trade receivables and contract assets

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets.

Significant increase in credit risk

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and the Company and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

Financial assets (continued)

(iv) Subsequent measurement - impairment (continued)

(b) Simplified approach for trade receivables and contract assets (continued)

Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Group and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- the debtor is in breach of contractual terms;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

Groupings of instruments for ECL measured on collective basis

(i) Collective assessment

To measure ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics of customer's business segment and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(ii) Individual assessment

Trade receivables and contract assets which are in default or credit-impaired are assessed individually.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

Financial assets (continued)

(iv) Subsequent measurement - impairment (continued)

Write-off

(i) Trade receivables and contract assets

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Company, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables and contract assets are presented in administrative expenses in the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other receivables, amount due from subsidiaries and amount due from related parties

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor’s sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity. These are presented in administrative expenses in the statement of comprehensive income. Subsequent recoveries of amounts previously written off will result in impairment gains.

Financial liabilities

(i) Classification and measurement

The Group and the Company classify their financial liabilities in the following categories: at fair value through profit or loss, other financial liabilities and financial guarantee contracts. Management determines the classification of financial liabilities at initial recognition.

The Group and the Company do not hold any financial liabilities carried at fair value through profit or loss and financial guarantee contracts.

Other financial liabilities are non-derivative financial liabilities. Other financial liabilities are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method. Changes in the carrying value of these liabilities are recognised in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

Financial liabilities (continued)

(i) Classification and measurement (continued)

The Group's and the Company's other financial liabilities comprise payables (including amount due to fellow subsidiaries) and borrowings in the statement of financial position. Financial liabilities are classified as current liabilities, except for maturities greater than 12 months after the reporting date, in which case they are classified as non-current liabilities.

(ii) Recognition of financial liabilities

Financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the instrument.

(iii) Derecognition of financial liabilities

Financial liabilities are derecognised when the liability is either discharged, cancelled, has expired or has been restructured with substantially different terms.

(iv) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. The Group also assesses goodwill, intangible assets with indefinite useful life and other assets that are subject to amortisation for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Fair value estimation

The fair value of the financial assets, financial liabilities and derivative financial instruments are estimated for recognition and measurement or for disclosure purposes.

In assessing the fair value of financial instruments, the Group and the Company makes certain assumptions and applies the estimated discounted value of future cash flows to determine the fair value of financial instruments. The fair values of financial assets and financial liabilities are estimated by discounting future cash flows at the current interest rate available to the respective companies.

The face values for financial assets and financial liabilities with a maturity of less than one year are assumed to be approximately equal to their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group and the Company for similar financial instruments.

(i) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance. See Note 3(f)(iv) for the impairment policy of financial assets. When the debt becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in the statement of comprehensive income.

(j) Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Payables

Payables, including accruals, represent liabilities for goods received and services rendered to the Group and the Company prior to the end of the financial year and which remain unpaid. Payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Current and deferred income tax

The tax expenses for the period comprise current and deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in the profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group and its associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled taking into consideration of the expiry date of tax incentive, based on the tax rates and tax laws substantially enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, investment tax allowance or unused tax losses can be utilised.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred tax liability is recognised for all taxable temporary differences arising on investments in subsidiaries except for deferred tax liability where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority or either the taxable entity or different taxable entities when there is an intention to settle the balances on a net basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Provision for restoration costs

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provision for restoration costs is the estimated costs of dismantling and removing the fixtures and effects of the Group and the Company to restore the rental premises back to its original state and condition.

(n) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as payables and accruals in the statement of financial position. The Group and the Company recognise provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(ii) Post-employment pension benefits

The Group and the Company have various post-employment pension benefit schemes in accordance with local conditions and practices in the countries in which the Group and the Company operate. These benefits plans are either defined contribution or defined benefit plans.

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Group and the Company have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits (continued)

(ii) Post-employment pension benefits (continued)

Defined contribution plans

The Group's and the Company's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligation.

Defined benefit plans

The liability or asset recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan reflects the increase in the defined benefit obligation resulting from employee service in the current year. It is recognised in profit or loss in employee benefit expense, except where included in the cost of an asset.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income in the period in which they arise.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statements of comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits (continued)

(iii) Share-based payment

The Group and the Company operate an equity-settled, share-based compensation plan under which the Company and its subsidiaries receive services from employees as consideration for equity instruments (option) of the Company, pursuant to the Employee Share Option Scheme ("ESOS"). The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense over the vesting period with a corresponding increase to share option reserves within equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding of shares for a specific period of time).

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve in equity.

In circumstances where employees provide services in advance of the grant date, the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

In its separate financial statements of the Company, the grant by the Company of options over its equity instruments to the employees of subsidiary in the Company are treated as a capital contribution to the subsidiary. The fair value of options granted to employees of the subsidiary in exchange for the services of the employees to the subsidiary are recognised as investment in subsidiary, with a corresponding credit to equity of the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits (continued)

(iii) Share-based payment (continued)

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognised for that award, as at the date of forfeiture, is treated as if it had never been recognised. At the same time, any expense previously recognised on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

Any payment made to employees on the cancellation or settlement of the grant is accounted for as the repurchase of an equity interest, i.e. as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments granted, measured at the repurchase date. Any such excess is recognised as an expense. However, if the share-based payment arrangement included liability components, the Group remeasures the fair value of the liability at the date of cancellation or settlement. Any payment made to settle the liability component is accounted for as an extinguishment of the liability.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(o) Leases

Group as lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

(i) Lease term

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (periods after termination options) are only included in the term if the lease is reasonably certain to be extended (or not to be terminated).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases (continued)

Group as lessee (continued)

(i) Lease term (continued)

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affects whether the Group and the Company are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities (refer to (iv) below).

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- decommissioning or restoration costs.

ROU assets are subsequently measured at cost, less any accumulated depreciation and impairment loss, if any. The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, ROU asset is depreciated over asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

ROU assets are presented as a separate line item in the statement of financial position.

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group and the Company under residual value guarantees;
- the exercise price of a purchase and extension options if the Group and the Company are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases (continued)

Group as lessee (continued)

(iii) Lease liabilities (continued)

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the leases in the Group and the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group and the Company present the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of comprehensive income.

(iv) Reassessment of lease liabilities

After the commencement date, a lessee shall remeasure the lease liability to reflect changes to the lease payments by using a revised discount rate if either:

i) a change in lease term due to the lessee exercises an option (purchase/termination/extension) in a different way than the Group and the Company have previously determined was reasonably certain; or
ii) a change in lease term due to an event occurs that contractually obliged/prohibits the lessee from exercise the option.

In contrast, a lessee shall use an unchanged discount rate to remeasure lease liability to reflect changes to lease payments if either:

i) a change in the amounts expected to be payable under a residual value guarantee; or
ii) a change in future lease payments resulting from a change in an index or rate used to determine those payments.

A lessee shall recognise the amount of the remeasurement of the lease liability as an adjustment to the ROU. However, if the carrying amount of the ROU is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognise any remaining amount of the remeasurement in profit or loss.

(v) Short-term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office equipment. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue recognition

Revenue from contracts with customers

(i) Provision of services

The Group's revenue arises from a range of products including subscriptions fees for access to the Group's online credit risk management platform, sale of reports, trade referencing and monitoring services, CTOS electronic Know-Your-Customer ("eKYC") services, CTOS Application and Decisioning ("CAD") services, fraud bureau services and portfolio reviews.

The Group recognises revenue when it satisfies a performance obligation by transferring control of a promised product or service to a customer. The Group determines whether goods or services are distinct, and therefore separate performance obligations, when there are multiple promises in a contract.

At the inception of the contract, the Group determines the consideration or transaction price that it expects to be entitled in exchange for transferring promised goods or services to the customer, which may include fixed consideration and variable consideration. Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The total consideration is allocated to the performance obligations identified based on their standalone selling price, and is recognised when those performance obligations are satisfied and the control of goods or services is transferred to the customer, either over time or at a point in time.

Credit reporting services

Revenue from the subscription of the Group's online credit risk management platform is from fixed subscription fees. The Group recognises revenue from the fixed subscription fees on a straight-line basis over the subscription period. The subscription can be renewed monthly or annually.

Revenue from the sales of reports (CTOS digital reports and external reports) is recognised when control of the reports are transferred to the customers.

Revenue from trade referencing and monitoring services is from fixed monthly subscription fees, which are recognised over the period in which the services are performed.

Revenue from fraud bureau services is from fixed subscription fees, which are recognised at a point in time when the results are transferred to the customers.

Revenue from the comprehensive portfolio reviews is recognised when control of the review results or deliverables are transferred to the customers.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue recognition (continued)

Revenue from contracts with customers (continued)

(i) Provision of services (continued)

Credit reporting services (continued)

The eKYC services that are provided in a bundled contract comprise multiple promises which may include the sale of software licenses, setup and installation services at the customer's premises, document verification, facial recognition, bureau file verification, knowledge-based authentication services (collectively "verification services") and maintenance and technical services. The Group accounts for each service in the bundled contract as separate performance obligations as the services are not inputs to a combined item that the customer has contracted to receive. The Group can fulfil its promise to transfer each of the goods or services separately and does not provide any significant integration, modification, or customisation services.

For each of the verification services, revenue is recognised at the point in time when the verification services are completed and the results are shared with the customer. Bundled contracts usually comprise fixed and variable considerations. The transaction fees for the verification services are variable depending on the volume of transactions. Accumulated experience is used to estimate the volume of the verification services using the expected value method. The transaction price is allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on the expected cost-plus margin.

For eKYC contracts which only comprise sales of verification services, revenue is recognised when the verification services are completed and the results are shared with the customers.

For CAD contracts that consist of multiple promises such as credit decisioning results and access to the Group's hosted loan management systems, the Group determines that each promise is distinct and are therefore separate performance obligations. These contracts usually comprise fixed and variable considerations. The transaction fees for the credit decisioning results are variable depending on the volume of transactions. Accumulated experience is used to estimate the volume of the verification services using the expected value method. The transaction price is allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on the expected cost-plus margin. The Group recognises revenue from access to the hosted loan management system over the service period, while revenue from credit decisioning results is recognised at the point in time when the results are shared with the customers.

For CAD contracts which only comprise credit decisioning results, revenue is recognised when the credit decisioning results are completed and shared with the customers.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue recognition (continued)

Revenue from contracts with customers (continued)

(i) Provision of services (continued)

Sale of software licenses

The Group recognises revenue from the sale of software license at the point in time when control of the software license has been transferred to the customer.

When another party is involved in providing the software licenses to the customer, the Group is a principal as it controls the software licenses before they are transferred to the customers. As the principal, the Group recognises as revenue on the gross consideration allocated to the software licenses with the corresponding direct costs of satisfying the contract.

Installation and maintenance services

The Group recognises revenue from installation services over time as and when the installation progresses. Revenue in respect of maintenance and technical services are recognised over the period the maintenance and technical services are performed.

(ii) Contract assets

Contract assets are the right to consideration in exchange for goods or services that the Group has transferred to a customer when the right is conditioned on something other than the passage of time. A contract asset is different from trade receivable.

(iii) Contract liabilities

Contract liability is the unsatisfied obligation by the Group to transfer goods or services to customer for which the Group has received the consideration in advance or has billed the customer.

Revenue from other sources

(i) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

(ii) Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Incremental costs incurred to obtain or fulfil a contract

The Group has elected the practical expedient by recognising the costs incurred to obtain a contract as an expense where the costs incurred to obtain a contract are in respect of contracts with amortisation period of less than one year.

(r) Share capital

(i) Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Distributions to holder of a financial instrument classified as an equity instrument are charged directly to equity.

(ii) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against equity.

(iii) Dividends to shareholders of the Group

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period. Distributions to holders of an equity instrument is recognised directly in equity.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets. Other borrowing costs are recognised as an expense in the statement of profit or loss when incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss within finance costs.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Borrowings (continued)

Interest expense, redeemable preference shares dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the statement of profit or loss.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares, and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Group Chief Executive Officer, Deputy Group Chief Executive Officer, Group Chief Financial Officer, Chief Executive Officer and Chief Operating Officer of the respective subsidiaries.

(v) Administrative expenses

The nature of expenses classified within administrative expenses are those which are not directly attributable to revenue generating activities of the Group but are part of the Group's overall operating activities. The expenses classified within administrative expenses includes staff cost other than staff cost for sales and marketing employees, depreciation expenses of property, plant and equipment and ROU assets, IT support expenses, professional fees and foreign exchange gain or loss amongst others.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Distribution of non-cash assets to owners

The distribution of a non-cash asset that is ultimately controlled by the same party or parties (that is, common control) before and after the distribution is based on the book value of the non-cash asset that is being distributed. At the Group level, the Distribution has been reflected as a distribution of the net assets at their carrying amounts to the equity owners of the Company with a corresponding charge to retained earnings.

(x) Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

(y) Investments in subsidiaries and associates in separate financial statements

In the Company's separate financial statements, investments in subsidiaries and associates are carried at cost less accumulated impairment losses. The cost includes any contingent consideration to be transferred by the Company and is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is accounted for as an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact on the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Allowance for impairment of receivables

The Group and the Company apply the MFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Allowance for impairment of receivables (continued)

The expected loss rates are determined based on 3-years historical ageing profile and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Such allowance is adjusted periodically to reflect the actual and anticipated impairment.

(b) Revenue from customer contracts

Identification of performance obligations ("PO")

For the various models of the eKYC contracts and certain types of CAD contracts, they are considered to be bundled solutions that consist of multiple products and services promised to the customers. The Group accounts for individual products and services separately as separate performance obligations if they are distinct promised products and services, i.e. if a product or service is separately identifiable from other items in the bundled solution and if a customer can benefit from it separately. The Group exercises judgements in determining whether the products and services are considered distinct and are separate performance obligations for the eKYC and CAD revenue contracts. This determination will affect the allocation of consideration in the contract and revenue recognised for each performance obligation.

The Group recognises the revenue at a point in time or over time depending on when the control over the provision of services are transferred to the customers. The Group also exercises judgement on the timing when the control is transferred to determine the timing of recognition.

Determining stand-alone selling price ("SSP")

The Group has exercised judgement in estimating the SSP of each PO in the eKYC and CAD revenue contracts, given that SSPs for products and services are not directly observable in the market. The Group has used a cost plus margin approach, by incorporating the expected cost of satisfying a PO and an appropriate margin for the particular product or service.

Determining transaction price

The Group has determined that the volume of transactions that are highly probable for each revenue contract as the basis to estimate the variable volume and consideration in determining the variable consideration it will be entitled to from respective contracts. The estimates of variable consideration should be updated at the end of each reporting period and any changes are accounted for as a change in estimates (adjustments to revenue) in the period in which the transaction price changes.

5 REVENUE

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Provision of services:	(a)				
- sale of reports		**53,663**	47,577	**-**	-
- monitoring and trade referencing services		**81,132**	76,803	**-**	-
- comprehensive portfolio review and analytics		**9,823**	4,764	**-**	-
- digital solution		**7,329**	2,928	**-**	-
- other services		**1,219**	1,153	**2,448**	-
- dividend income from subsidiaries and associates		**-**	-	**62,013**	21,180
		153,166	133,225	**64,461**	21,180

(a) Revenue from contracts with customers:

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Timing of revenue recognition:				
- at a point in time	**68,971**	54,997	**2,448**	-
- over time	**84,195**	78,228	**-**	-
Revenue from contracts with customers	**153,166**	133,225	**2,448**	-

The Group serves three distinct types of customers, namely Key Accounts, Commercial and Direct-to-Consumer. Key Accounts customers comprise of the Group's highest revenue-generating customers as well as other selected customers, such as those with complex requirements or well-recognised brands. Commercial customers comprise (i) the Group's Malaysian segment commercial customers other than Key Accounts customers and (ii) all of CTOS Basis Sdn. Bhd.'s, a wholly owned subsidiary of the Company, customers which are all commercial customers included within the international segment. Direct-to-Consumer comprise the Group's retail consumers.

The disaggregation of revenue by types of customers are as follows:

	Group 2021 RM'000	Group 2020 RM'000
Type of customers:		
- Key Accounts	**53,589**	47,335
- Commercial - Malaysia	**83,205**	79,600
- Commercial - International	**7,260**	-
- Direct-to-Consumer	**9,112**	6,290
Total	**153,166**	133,225

5 REVENUE (CONTINUED)

(b) Contract assets and liabilities related to contracts with customers

The Group has recognised the following contract assets and liabilities related to contracts with customers:

	Note	Group 2021 RM'000	2020 RM'000
Contract liabilities	(i),(iii)	**8,208**	6,681

(i) Significant changes in contract assets and liabilities

	Note	Group 2021 RM'00	2020 RM'000
Contract liabilities			
Balance at the beginning of the year		**6,681**	4,195
Acquisition of subsidiary	37	**376**	249
Distribution of subsidiary	38	**(163)**	-
Revenue recognised that was included in the contract liability balance at the beginning of the year		**(7,057)**	(4,359)
Increases due to cash received, excluding amounts recognised as revenue during the year		**8,367**	6,597
Currency translation differences		**4**	(1)
Balance at the end of the year		**8,208**	6,681

(ii) Asset recognised from costs to obtain or fulfil a contract

The Group has elected the practical expedient to recognise contract cost incurred related to contracts with an amortisation period of less than one year as an expense when incurred.

(iii) Unsatisfied performance obligations

In the previous financial years, the Group applied the practical expedient in MFRS 15 and did not disclose information about recognising performance obligations that have original expected duration of one year or less.

As of 31 December 2021, the aggregate amount of the transaction price allocated to the remaining performance obligations for eKYC and CAD contracts amounts to RM5.4 million (2020: RM7.1 million) and the Group will recognise this revenue as and when the services are performed, which is expected to occur over the next 12 – 36 months.

5 REVENUE (CONTINUED)

(b) Contract assets and liabilities related to contracts with customers (continued)

(iii) Unsatisfied performance obligations (continued)

The Group expects that the transaction price of RM2.4 million (2020: RM2.5 million) allocated to unsatisfied performance obligations as of 31 December 2021 will be recognised as revenue within the next 12 months. The remaining allocated transaction price of RM3.0 million (2020: RM4.6 million) will be recognised over the next 24 - 36 months.

The Group applied the practical expedient in MFRS 15 for all other contracts with periods of one year or less and the unsatisfied performance obligations for these contracts are not disclosed.

6 FINANCE INCOME AND FINANCE COSTS

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Finance income					
Interest income		**154**	-	**22**	-
Distribution income from money market funds		**258**	-	**173**	-
		412	-	**195**	-
Finance costs					
Interest expense on:					
- bank borrowings		**5,608**	4,018	**5,608**	895
- lease liabilities		**54**	131	**1**	-
Accretion of provision for restoration costs	25	**9**	19	**-**	-
Others		**8**	29	**8**	2
		5,679	4,197	**5,617**	897

7 PROFIT BEFORE TAX

The following items have been charged/(credited) in arriving at the profit before tax:

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Allowance for impairment of receivables - net	30(c)	**222**	658	**-**	-
Auditors' remuneration					
- fees for statutory audit to PricewaterhouseCoopers PLT		**285**	278	**99**	165
- fees for audit related services[1]		**214**	15	**175**	-
- fees for other services[2]		**94**	56	**17**	8
- fees for statutory audit to other auditors		**5**	5	**-**	-
Depreciation of property, plant and equipment		**5,853**	5,256	**6**	-
Depreciation on right-of-use assets		**1,540**	1,519	**12**	-
Amortisation of intangible assets		**731**	102	**-**	-
Search charges and data fees		**14,291**	15,273	**-**	-
Advertising, promotion and sales commission expenses		**8,803**	10,252	**228**	-
IT support expenses		**6,591**	5,180	**2**	-
Legal and professional fees		**2,496**	1,225	**68**	36
Rental of buildings		**240**	252	**-**	-
Realised loss on foreign exchange		**4,297**	243	**4,316**	-
Unrealised (gain)/loss on foreign exchange		**(54)**	(3,242)	**40**	(3,241)
Bad debts written off		**-**	4	**-**	-
Bad debts recovered		**-**	(1)	**-**	-
Staff cost (including Directors' remuneration)	9	**44,876**	42,711	**3,088**	-
Loss on disposal of property, plant and equipment		**4**	55	**-**	-
Interest income		**(154)**	(218)	**(22)**	(9)

Notes:

[1] *Fees incurred mainly in connection with performance of quarter review and agreed-upon procedures paid or payable to PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) and member firms of PricewaterhouseCoopers International Limited.*

[2] *Fees incurred for assisting the Group in connection with tax compliance and tax advisory services paid or payable to member firms of PricewaterhouseCoopers International Limited.*

8 DIRECTORS' REMUNERATION

The Directors of the Company in office during the financial year are as follows:

Tan Sri Izzuddin bin Dali
Dato' Noorazman bin Abd Aziz
Nirmala A/P Doraisamy
Lynette Yeow Su-Yin
Dennis Colin Martin
Loh Kok Leong
Su Puay Leng (appointed on 27 May 2021)
Wong Pau Min (resigned on 15 February 2021. Appointed as alternate director to Loh Kok Leong on 15 February 2021)
Datuk Azizan bin Haji Abd Rahman (resigned on 7 March 2022)
Shanti Isabelle A/P Geoffrey (appointed on 15 February 2021 and resigned on 17 May 2021)

The aggregate amount of emoluments received/receivable by the Directors of the Company during the financial year are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fees	**465**	444	**336**	-
Wages, salaries and bonuses	**1,422**	197	**791**	-
	1,887	641	**1,127**	-

There was no benefit-in-kind provided to Directors of the Company during the financial year.

9 STAFF COST (INCLUDING DIRECTORS' REMUNERATION)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fees	**465**	477	**336**	-
Wages, salaries and bonuses	**39,252**	34,090	**2,563**	-
Defined contribution plan	**5,159**	4,860	**189**	-
Share-based payment expense	**-**	3,284	**-**	-
	44,876	42,711	**3,088**	-

10 TAX EXPENSE

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Continuing operations					
Current tax:					
- current year		**10,045**	2,400	**59**	1
- under/(over) accrual in prior years		**331**	(27)	**-**	-
Deferred tax:					
- origination and reversal of temporary differences		**(1,038)**	(99)	**-**	-
	17	**9,338**	2,274	**59**	1
Discontinued operations					
Tax expense	38	**164**	81	**-**	-
		9,502	2,355	**59**	1

The Company's subsidiary, CDS is entitled to pioneer status incentives under the Promotion of Investments Act ("PIA") 1986 for MSC Malaysia Qualifying Activities. As a result, certain CDS's profits are exempted from tax for a period of 10 years, beginning on 9 November 2016. However, based on the provisions of the PIA 1986, the incentive's effective period is only for the first 5 years. CDS can enjoy an extension of a second 5-year incentive period by applying to the Malaysian Investment Development Authority ("MIDA").

The tax relief period under CDS's MSC Pioneer Certificate is from 9 November 2016 to 8 November 2021. However, pursuant to the Grandfathering and Transitional Guidelines issued by Malaysia Digital Economy Corporation ("MDEC") which became effective on 1 January 2019, such tax relief period will only last until 30 June 2021. CDS requires approval from the MDEC or the relevant authorities to continue enjoying these tax incentives from 1 July 2021 until 8 November 2021 (the "Transitional Period").

MDEC has provided the new conditions for the Transitional Period and extension of the second 5-year incentive period under the MSC Malaysia Status Services Incentive Guideline. The Company is of the view that CDS will be able to meet the conditions and has submitted its application for approval to continue to enjoy the tax incentives during the Transitional Period and second 5-year incentive period based on the timeline stipulated by MDEC. Pending approval from MDEC, CDS's tax expense for the period 1 July 2021 to 31 December 2021 was computed using the corporate income tax rate of 24%.

Tax expense for the taxation authorities in the Philippines is calculated at the rate prevailing in that jurisdiction.

10 TAX EXPENSE (CONTINUED)

The explanation of the relationship between the tax expenses and profit before tax is as follows:

	Group		Company	
	2021	2020	2021	2020
	%	%	%	%
Numerical reconciliation between the Malaysian tax rate and effective tax rate				
Malaysian tax rate:	**24**	24	**24**	24
Tax effects of:				
- pioneer status tax exemption	**(10)**	(25)	**-**	-
- income not subject to tax	**-**	(2)	**(30)**	(26)
- expenses not deductible for tax purposes	**6**	7	**6**	2
- share of profits of associates	**(3)**	(1)	**-**	-
- deferred tax not recognised at statutory rates	**-**	1	**-**	-
- temporary differences not recognised	**-**	2	**-**	-
- under accruals in prior years	**1**	-	**-**	-
Effective tax rate	**18**	6	**-**	-

11 PROPERTY, PLANT AND EQUIPMENT

Group	Computers RM'000	Office equipment RM'000	Renovation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Work in progress RM'000	Total RM'000
2021							
Cost							
As at 1 January	30,046	902	5,184	85	124	1,962	38,303
Additions	2,138	18	21	3	-	2,152	4,332
Disposals	(4,241)	(329)	(28)	(64)	-	-	(4,662)
Reclassifications	1,400	-	-	-	-	(1,400)	-
Distribution of subsidiary	(778)	(9)	(63)	24	(66)	-	(892)
Currency translation differences	29	-	3	-	2	-	34
As at 31 December	28,594	582	5,117	48	60	2,714	37,115
Accumulated depreciation							
As at 1 January	16,663	843	3,734	58	94	-	21,392
Charge to statement of comprehensive income	5,116	22	824	10	17	-	5,989
Disposals	(4,218)	(329)	(28)	(64)	-	-	(4,639)
Distribution of subsidiary	(234)	(6)	(63)	24	(53)	-	(332)
Currency translation differences	7	-	2	-	2	-	11
As at 31 December	17,334	530	4,469	28	60	-	22,421
Net book value	11,260	52	648	20	-	2,714	14,694

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Computers RM'000	Office equipment RM'000	Renovation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Work in progress RM'000	Total RM'000
2020							
Cost							
As at 1 January	24,361	870	5,091	102	61	2,453	32,938
Acquisition of subsidiary	192	9	63	36	65	-	365
Additions	4,677	24	37	11	-	506	5,255
Disposals	(119)	-	(6)	(64)	-	(45)	(234)
Reclassifications	952	-	-	-	-	(952)	-
Currency translation differences	(17)	(1)	(1)	-	(2)	-	(21)
As at 31 December	30,046	902	5,184	85	124	1,962	38,303
Accumulated depreciation							
As at 1 January	12,355	724	2,853	75	61	-	16,068
Charge to statement of comprehensive income	4,420	119	886	15	34	-	5,474
Disposals	(109)	-	(4)	(32)	-	-	(145)
Currency translation differences	(3)	-	(1)	-	(1)	-	(5)
As at 31 December	16,663	843	3,734	58	94	-	21,392
Net book value	13,383	59	1,450	27	30	1,962	16,911

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Company		
	Cost RM'000	Accumulated Depreciation RM'000	Net book value RM'000
Computers			
At 1 January 2021	-	-	-
Additions	27	(6)	21
At 31 December 2021	27	(6)	21

12 LEASES

(i) The statement of financial position shows the following amounts relating to leases:

Right-of-use assets

		Group		
Buildings	Note	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
At 1 January 2021		5,577	(3,506)	2,071
Acquisition of subsidiary	37(b)	5	-	5
Distribution of subsidiary	38	(1,058)	416	(642)
Additions		4,899	-	4,899
Expired		(4,556)	4,556	-
Charged to statement of comprehensive income		-	(1,729)	(1,729)
Currency translation differences		38	(11)	27
At 31 December 2021		4,905	(274)	4,631
At 1 January 2020		4,556	(1,772)	2,784
Acquisition of subsidiary	37(a)	243	-	243
Additions		801	-	801
Charged to statement of comprehensive income		-	(1,739)	(1,739)
Currency translation differences		(23)	5	(18)
At 31 December 2020		5,577	(3,506)	2,071

12 LEASES (CONTINUED)

(i) The statement of financial position shows the following amounts relating to leases (continued):

Right-of-use assets (continued)

Buildings	Note	Company Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
At 1 January 2021		-	-	-
Additions		**217**	-	**217**
Charged to statement of comprehensive income	7	-	**(12)**	**(12)**
At 31 December 2021		**217**	**(12)**	**205**

Lease liabilities

	Group 2021 RM'000	2020 RM'000	Company 2021 RM'000	2020 RM'000
Current	**1,546**	1,876	**70**	-
Non-current	**3,100**	375	**136**	-
As at 31 December	**4,646**	2,251	**206**	-

(ii) Nature of the lessee's leasing activities and restrictions or covenants imposed by leases

The Group and the Company leases various office spaces. Rental contracts are typically made for fixed periods of 3 years but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowings.

(iii) Variable payments terms

The Group and the Company do not have any variable payment terms on their lease agreements.

12 LEASES (CONTINUED)

(iv) Extension options and termination options

Extension and termination options are included in lease contracts across the Group and the Company. Extension and termination options are included, when possible, to provide greater flexibility. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

In cases in which the Group and the Company are not reasonably certain to exercise an optional extended lease term, payments associated with the optional period are not included within lease liabilities. As at 31 December 2021, the Group and the Company did not exercise any extension option, therefore no financial effect recognised in lease liabilities.

Potential future rental payments to periods following the exercise date of extension options are summarised below.

	Potential future lease payments not included in lease liabilities (undiscounted)				
	2024 RM'000	2025 RM'000	2026 RM'000	2027 RM'000	Total RM'000
At 31 December 2021					
Group					
Office space	267	1,604	1,604	1,336	4,811
Company					
Office space	13	77	77	63	230

	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
At 31 December 2020					
Group					
Office space	277	1,663	1,663	1,386	4,989

(v) Movement in lease liabilities arising from financing activities is as below:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	**2,251**	2,881	**-**	-
Acquisition of subsidiary	**6**	276	**-**	-
Additions	**4,899**	801	**217**	-
Repayment of lease liabilities	**(1,885)**	(1,847)	**(13)**	-
Distribution of subsidiary (Note 38)	**(736)**	-	**-**	-
Non-cash changes:				
- interest expense	**81**	162	**1**	-
- currency translation differences	**30**	(22)	**-**	-
At 31 December	**4,646**	2,251	**205**	-

13 INTANGIBLE ASSETS

Group	Note	Goodwill	Database and customer relationship	Brand name and trademark	License fee	Computer software	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2021</u>							
As at 1 January		**46,062**	**256**	**676**	**-**	**2,578**	**49,572**
Acquisition of subsidiary	37(b)	**36,735**	**873**	**-**	**-**	**-**	**37,608**
Additions		**-**	**-**	**-**	**-**	**2,572**	**2,572**
Amortisation charge for the financial year		**-**	**(199)**	**(15)**	**-**	**(666)**	**(880)**
Distribution of subsidiaries	38	**(8,369)**	**(241)**	**(687)**	**-**	**(672)**	**(9,969)**
Currency translation differences		**214**	**9**	**26**	**-**	**24**	**273**
As at 31 December		**74,642**	**698**	**-**	**-**	**3,836**	**79,176**
Cost		**74,642**	**3,919**	**-**	**1,443**	**4,495**	**84,499**
Accumulated amortisation		**-**	**(3,221)**	**-**	**(1,443)**	**(659)**	**5,323**
As at 31 December		**74,642**	**698**	**-**	**-**	**3,836**	**79,176**
<u>2020</u>							
As at 1 January		37,906	-	-	-	-	37,906
Acquisition of subsidiary	37(a)	8,260	291	710	-	628	9,889
Additions		-	-	-	-	2,182	2,182
Amortisation charge for the financial year		-	(29)	(18)	-	(219)	(266)
Currency translation differences		(104)	(6)	(16)	-	(13)	(139)
As at 31 December		46,062	256	676	-	2,578	49,572
Cost		46,062	3,331	694	1,443	2,797	54,327
Accumulated amortisation		-	(3,075)	(18)	(1,443)	(219)	(4,755)
As at 31 December		46,062	256	676	-	2,578	49,572

13 INTANGIBLE ASSETS (CONTINUED)

Impairment testing for cash-generating units ("CGU") containing goodwill

For the purpose of impairment testing, the carrying amount of goodwill is allocated to CGUs identified at the operating segments, which are the Malaysian and International operations as disclosed in Note 36.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on internally approved financial forecasts covering five years period which reflect management's expectations of revenue and earnings before interest, taxes, depreciation and amortisation ("EBITDA") based on past experience and future expectations of business performance.

A segment-level summary of the Group's net book value of goodwill allocation is as follows:

	Group	
	2021 RM'000	**2020 RM'000**
Malaysia	**37,906**	37,906
International*	**36,735**	8,156

* *The goodwill allocated to the International segment as at 31 December 2021 relates to the acquisition of CTOS Basis Sdn. Bhd. during the year. The prior year goodwill relates to CIBI Information, Inc which its immediate holding company was distributed by way of dividend in specie during the year.*

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

Malaysia

For the financial year ended 31 December 2021

a) revenue growth ranging from 5% to 24% for the next five years financial forecast period;
b) EBITDA margin ranging from 33% to 36% for the next five years financial forecast period;
c) pre-tax discount rate of 10.49%; and
d) terminal growth rate of 3.2%.

For the financial year ended 31 December 2020

a) revenue growth ranging from 5% to 21% for the next five years financial forecast period;
b) EBITDA margin ranging from 38% to 40% for the next five years financial forecast period;
c) pre-tax discount rate of 9.55%; and
d) terminal growth rate of 2.42%.

There is no reasonably possible change in a key assumption on which management has based the determination of the CGU's recoverable amount that would cause the CGUs carrying amount to exceed its recoverable amount.

13 INTANGIBLE ASSETS (CONTINUED)

Impairment testing for cash-generating units ("CGU") containing goodwill (continued)

International

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

For the financial year ended 31 December 2021 (in relation to CTOS Basis Sdn. Bhd.)

(a) average revenue growth of approximately 13% for the next five years financial forecast period;
(b) average EBITDA margin of approximately 62% for the next five years financial forecast period;
(c) pre-tax discount rate of 10.4%; and
(d) terminal growth rate of 3.2%.

For the financial year ended 31 December 2020 (in relation to CIBI Information, Inc.)

(a) average revenue growth of approximately 11% for the next five years financial forecast period;
(b) average EBITDA margin of approximately 12% for the next five years financial forecast period;
(c) pre-tax discount rate of 11.6%; and
(d) terminal growth rate of 2.4%.

There is no reasonably possible change in a key assumption on which management has based the determination of the CGU's recoverable amount that would cause the CGUs carrying amount to exceed its recoverable amount.

14 INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost	**336,918**	310,529
Fair value of share options granted, over the Company's equity instruments for employees of subsidiaries	**5,910**	5,910
	342,828	316,439

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The information on the subsidiaries are as follows:

Name	Principal activities	Group's effective interest 2021	Group's effective interest 2020
Incorporated in Malaysia			
CTOS Data Systems Sdn. Bhd. ("CDS") [1]	Credit reporting agency and other digital software related services	**100%**	100%
CTOS Business Systems Sdn. Bhd. ("CBS") [1]	Software developer and other related services	**100%**	100%
Automated Mail Responder Sdn. Bhd. ("AMR") [1]	Dormant	**100%**	100%
CTOS IDS Sdn. Bhd. ("IDS", formerly known as Intellidata Solutions Sdn. Bhd.) [1]	Outsourcing and training services	**100%**	100%
Enfo Sdn. Bhd. ("Enfo") [2]	Investment holding	**100%**	100%
CTOS Insights Sdn. Bhd. ("CTOS Insights") [2]	Investment holding	**100%**	100%
CTOS Basis Sdn. Bhd. ("CTOS Basis", formerly known as Basis Corporation Sdn. Bhd.) [1]	Credit reporting service, business information service, credit bureau, marketing list, market research, industry studies and related consultation services	**100%**	-
Incorporated in Singapore			
CIBI Holdings Pte. Ltd. ("CIBI Holdings", formerly known as CTOS SG Pte. Ltd.) [3]	Investment holding	**-**	100%
Incorporated in the Philippines			
Subsidiary of CIBI Holdings Pte. Ltd.			
CIBI Information, Inc. ("CIBI") [2]	Credit information bureau, business information reporting and data analytics services such as pre-employment check	**-**	51%

1 *Audited by PricewaterhouseCoopers PLT, Malaysia auditors of the Company*
2 *The financial statements of these companies are audited by firms other than the auditors of the Company*
3 *The financial statements of these companies are audited by member firms of PricewaterhouseCoopers International Limited which are separate and independent legal entities from PricewaterhouseCoopers PLT, Malaysia.*

15 INVESTMENTS IN ASSOCIATES

The details of the associates are as below:

Name	Principal activities	Group's effective interest 2021	Group's effective interest 2020
Incorporated in Malaysia			
Associate held through Enfo and CTOS Insights	Provision of credit reporting business, credit bureau and information services	**26%**	26%
Experian Information Services (Malaysia) Sdn. Bhd. ("Experian")			
Incorporated in Thailand			
Associate held by the Company			
Business Online Public Company Limited ("BOL")	Service provider and developer of local and global financial information system and as an online and offline business information service provider as well as consulting service and database management	**22.65%**	20%
Incorporated in the Philippines			
Associate held by CIBI			
Consumer CreditScore Philippines, Inc. ("CCSP")	Credit sourcing company	**-**	20%

(a) Acquisition of equity interest in associates

On 12 October 2020, the Company entered into a sale and purchase agreement to acquire 164,101,100 shares in the share capital of Business Online Public Company Limited ("BOL"), representing 20% of equity interest in BOL for a total cash consideration of USD22.1 million (equivalent to RM91.9 million). BOL is a business information service provider in Thailand listed on the Stock Exchange of Thailand. The acquisition was completed on 28 October 2020.

On 6 August 2021, the Company acquired additional 21,743,300 ordinary shares in BOL representing 2.65% of the total paid up share capital of BOL, for a total cash purchase consideration of THB208.7 million (equivalent to RM26.8 million). The acquisition was completed on 10 August 2021. Upon completion of the acquisition, the shareholdings in BOL increased to 185,844,400 ordinary shares, representing 22.65% of the equity interest in BOL.

15 INVESTMENTS IN ASSOCIATES (CONTINUED)

(b) Disposal of associate

On 11 February 2021, CIBI, a 51% owned subsidiary of CIBI Holdings, which in turn is a wholly owned subsidiary of the Company, had entered into a Deed of Assignment to dispose of its entire 20% equity interest in Consumer CreditScore Philippines, Inc. ("CCSP") for a total consideration of PHP8,333 equivalent to RM702. The Group's investment in CCSP was fully impaired as at 31 December 2020. The gain on completion of the disposal is insignificant.

(c) Contingent liabilities

There are no contingent liabilities relating to the Group's interest in the associates.

(d) Summarised financial information

The tables below provide summarised financial information for the associates of the Group which are accounted for using the equity method. The information disclosed reflects the amounts presented in the financial statements of the associates and not the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments.

	Experian	
	2021 RM'000	**2020 RM'000**
Summarised statement of financial position		
Current assets	**37,798**	30,165
Non-current assets	**2,047**	2,926
Current liabilities	**(11,342)**	(8,561)
Non-current liabilities	**(25)**	(68)
Net assets	**28,478**	24,462
Group's share in %	**26%**	26%
Group's share of net assets	**7,404**	6,360
Goodwill	**51,796**	51,796
Carrying amount at end of financial year	**59,200**	58,156

15 INVESTMENTS IN ASSOCIATES (CONTINUED)

(d) Summarised financial information (continued)

The tables below provide summarised financial information for the associates of the Group which are accounted for using the equity method. The information disclosed reflects the amounts presented in the financial statements of the associates and not the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments. (continued)

	Experian	
	2021 **RM'000**	**2020** **RM'000**
Summarised statement of comprehensive income		
Revenue	**40,124**	34,384
Profit/total comprehensive income for the financial year	**6,179**	5,172
Share of total comprehensive income of associate	**1,606**	1,345

	BOL	
	2021 **RM'000**	**2020** **RM'000**
Summarised statement of financial position		
Current assets	**67,171**	66,101
Non-current assets	**87,730**	94,679
Current liabilities	**(26,356)**	(28,502)
Non-current liabilities	**(14,171)**	(15,066)
Net assets	**114,374**	117,212
Group's share in %	**22.65%**	20%
Group's share of net assets	**25,906**	23,442
Goodwill	**87,798**	69,237
Carrying amount at end of financial year	**113,704**	92,679
Quoted fair value	**362,428**	145,120

15 INVESTMENTS IN ASSOCIATES (CONTINUED)

(d) Summarised financial information (continued)

The tables below provide summarised financial information for the associates of the Group which are accounted for using the equity method. The information disclosed reflects the amounts presented in the financial statements of the associates and not the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments (continued).

	BOL	
	2021	**28.10.2020-31.12.2020**
	RM'000	**RM'000**
Summarised statement of comprehensive income		
Revenue	**84,197**	12,814
Profit for the financial period	**25,178**	2,200
Other comprehensive (loss)/income	**(57)**	1,644
Share of total comprehensive income of associate	**5,598**	769

16 OTHER INVESTMENTS

		Group		Company	
	Note	**2021**	**2020**	**2021**	**2020**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current					
Unquoted equity investment	(a)	**17,664**	-	**17,664**	-
Current					
Investment in money market funds		**26,000**	-	**15,000**	-

(a) During the financial year, the Company acquired a total of 812,500 ordinary shares in RAM Holdings Berhad ("RAM Holdings"), representing 8.125% of the total issued and paid-up share capital of RAM Holdings for a total cash consideration of RM17,663,750.

17 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Deferred tax assets	**1,237**	1,080
Deferred tax liabilities	**(100)**	-

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Deferred tax assets:		
- to be recovered after more than 12 months	**690**	1,100
- to be recovered within 12 months	**2,637**	410
	3,327	1,510
Deferred tax liabilities:		
- to be settled after more than 12 months	**(1,570)**	(320)
- to be settled within 12 months	**(620)**	(110)
	(2,190)	(430)
Deferred tax assets (net)	**1,137**	1,080

17 DEFERRED TAXATION (CONTINUED)

The analysis of deferred tax assets and deferred tax liabilities is as follows (continued):

	Note	Group 2021 RM'000	Group 2020 RM'000
As at 1 January		**1,080**	123
Acquisition of subsidiary	37	**(120)**	865
- contract liabilities		**90**	61
- unutilised business losses		**-**	512
- defined benefit plan		**-**	82
- receivables		**-**	507
- intangible assets		**(210)**	(300)
- others		**-**	3
Distribution of subsidiary	38	**(704)**	-
- receivables		**(396)**	-
- intangible assets		**280**	-
- contract liabilities		**(30)**	-
- defined benefit plan		**(62)**	-
- unutilised business losses		**(454)**	-
- others		**(42)**	-
Credited/(charged) to profit or loss:		**867**	113
- provisions and accruals		**69**	(1)
- property, plant and equipment		**(826)**	16
- right-of-use assets		**(1,012)**	77
- contract liabilities		**1,612**	45
- lease liabilities		**981**	(47)
- unutilised business losses		**(71)**	26
- defined benefit plan		**(10)**	(8)
- receivables		**120**	(24)
- intangible assets		**(5)**	14
- others		**9**	15
Credited/(charged) to other comprehensive income:		**14**	(21)
- currency translation differences		**14**	(21)
As at 31 December		**1,137**	1,080

17 DEFERRED TAXATION (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year comprise the following:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Deferred tax assets (before offsetting):		
- provisions and accruals	**83**	14
- property, plant and equipment	**23**	20
- unutilised business losses	**-**	525
- defined benefit plan	**-**	72
- contract liabilities	**1,970**	298
- lease liabilities	**1,065**	84
- receivables	**209**	485
- others	**-**	19
	3,350	1,517
Offsetting	**(2,213)**	(437)
Deferred tax assets (after offsetting)	**1,137**	1,080
Deferred tax liabilities (before offsetting):		
- property, plant and equipment	**(936)**	(107)
- right-of-use assets	**(1,062)**	(50)
- intangible assets	**(215)**	(280)
	(2,213)	(437)
Offsetting	**2,213**	437
Deferred tax liabilities (after offsetting)	**-**	-

18 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non-current					
Prepayments		**-**	905	**-**	-
Deposits		**554**	-	**26**	-
		554	905	**26**	-
Current					
Trade receivables	(a)	**19,404**	21,190	**-**	-
Allowance for impairment				**-**	-
- trade receivables	30(c)	**(1,276)**	(1,338)	**-**	-
Trade receivables - net		**18,128**	19,852	**-**	-
Other receivables		**93**	1,346	**24**	-
Deposits		**223**	763	**6**	-
Prepayments		**6,717**	6,262	**77**	635
		25,161	28,223	**107**	635

(a) Trade receivables

Information about the impairment of trade receivables and the Group's exposure to credit risk is disclosed in Note 30(c).

19 AMOUNT DUE FROM/(TO) RELATED PARTIES

The amount due from/(to) related parties are trade in nature, unsecured, interest free and with credit periods of up to 45 days. The amount is denominated in RM.

20 CASH AND BANK BALANCES

Cash and cash equivalents at the end of the financial year comprise the following:

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash and bank balances	**17,131**	26,371	**2,147**	1,911
Less: restricted cash	**-**	(1,435)	**-**	(1,435)
Cash and cash equivalents	**17,131**	24,936	**2,147**	476

Restricted cash comprise amounts held in a debt service reserve account associated with the term loan facilities.

20 CASH AND BANK BALANCES (CONTINUED)

The credit quality of bank balances can be assessed by reference to external credit ratings as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Local licensed banks[1]:				
- AAA	**8,313**	18,704	**374**	55
- AA2	**8,481**	1,975	**1,773**	1,856
- AA3	**331**	-	**-**	-
- A1	**-**	1	**-**	-
- A2	**-**	9	**-**	-
- Unrated	**6**	5	**-**	-
Non-local licensed bank	**-**	5,677	**-**	-
	17,131	26,371	**2,147**	1,911

Note:

[1] *Source: Ratings provided by RAM Ratings Services Berhad.*

21 PAYABLES AND ACCRUALS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
Trade payables and accruals	**3,141**	2,178	**-**	43
Other payables and accruals	**10,388**	7,108	**1,373**	468
Deposits payable to customers	**2,197**	2,395	**-**	-
Duties and tax payable	**1,667**	1,998	**-**	11
Payroll liabilities	**1,827**	1,529	**96**	-
Payroll accruals	**2,535**	1,912	**593**	-
	21,755	17,120	**2,062**	522

Trade and other payables of the Group and the Company carry credit periods ranging from 0 to 60 days (2020: 0 to 60 days).

22 AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount due to immediate holding company is unsecured, interest free and is repayable on demand. The amount is denominated in USD.

Reconciliation of amount due to immediate holding company from financing activities:

	Group and Company	
	2021 RM'000	2020 RM'000
At 1 January	-	14,297
Repayment of advances from immediate holding company	-	(14,297)
At 31 December	-	-

23 AMOUNT DUE FROM/(TO) SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest free and are repayable on demand. The amounts are denominated in RM.

Reconciliation of amount due to subsidiaries from financing activities:

	Company	
	2021 RM'000	2020 RM'000
At 1 January	-	21,000
Dividend income	-	(21,180)
Dividend received	-	12,470
Advances from a subsidiary	-	35,542
Repayment of advances to a subsidiary	-	(47,880)
Non-cash transaction	-	48
At 31 December	-	-

24 BORROWINGS

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Current</u>					
Term loan	(a)	-	132,320	-	132,320
Revolving credit	(b)	-	-	-	-
Total borrowings		-	132,320	-	132,320

24 BORROWINGS (CONTINUED)

(a) Term loan

(i) Term loan facility RM15.0 million

RM7.0 million of the term loan facility was drawn down on 2 November 2018, which was net-off against the arrangement fee of RM0.3 million. The term loan facility was fully utilised with RM8.0 million being drawn down on 19 December 2019. The term loan facility is repayable in 55 monthly instalments commencing on 2 May 2019 with final maturity on 2 November 2023.The term loan bears interest at a variable rate of 6.00% in 2019, based on rate of 2.5% above cost of funds.

RM2.2 million of the term loan was repaid in the financial year ended 31 December 2019.

Upon the occurrence of a mandatory prepayment event, the lender has the right to cancel the term loan facility and the total outstanding loan balance will become immediately due and payable.

This term loan was early settled on 28 October 2020.

(ii) Accordion RM38.0 million

The Accordion was fully drawn down on 14 February 2020 and is repayable in 45 monthly instalments commencing on 16 February 2020 and the balance repayable in one bullet repayment on 2 November 2023.

This term loan bears interest at a variable rate of 4.525% in October 2020, based on a rate of 2.5% above Cost of Funds.

Upon the occurrence of a mandatory prepayment event, the lender has the right to cancel the term loan facility and the total outstanding loan balance will become immediately due and payable.

This Accordion was early settled on 28 October 2020.

(iii) Term loan facility USD22.1 million

USD22.1 million of the USD term loan facility was drawn down on 28 October 2020 and is repayable in quarterly instalments commencing on 28 January 2021 with final maturity on 28 October 2025.

This term loan bears interest at a variable rate of 2.48% in July 2021, based on rate of 2.0% above Cost of Funds.

Upon the occurrence of certain mandatory prepayment events which includes a change in equity interests of the holding companies in the Company or an initial public offering ("IPO"), the lender has the right to cancel the term loan facility and the total outstanding loan balance will become immediately due and payable. In the event of an IPO, the proceeds derived from the IPO shall be utilised to repay the total outstanding loan balance.

This term loan was early settled on 23 July 2021 utilising the IPO proceeds.

24 BORROWINGS (CONTINUED)

(a) Term loan (continued)

(iv) Term loan facility RM45.6 million

RM45.6 million of the term loan facility was drawn down on 28 October 2020 and is repayable in quarterly instalments commencing on 28 January 2021 with final maturity on 28 October 2025.

This term loan bears interest at a variable rate of 4.32% in July 2021, based on a rate of 2.0% above Cost of Funds.

Upon the occurrence of certain mandatory prepayment events which includes a change in equity interests of the holding companies in the Company or an IPO, the lender has the right to cancel the term loan facility and the total outstanding loan balance will become immediately due and payable. In the event of an IPO, the proceeds derived from the IPO shall be utilised to repay the total outstanding loan balance.

This term loan was early settled on 23 July 2021 utilising the IPO proceeds.

(v) Term loan facility RM32.0 million

The Company entered into a RM32.0 million loan facility agreement on 21 December 2020. The Company has drawn down RM28.7 million and RM3.3 million of the term loan on 4 January 2021 and 18 February 2021 respectively to fund the acquisition of CTOS Basis and incurred transaction costs of RM0.6 million. The term loan is repayable on a quarterly basis commencing on 5 April 2021 with final maturity on 3 December 2025.

This term loan bears interest at a variable rate of 4.32% in July 2021, based on a rate of 2.0% above Cost of Funds.

Upon the occurrence of certain mandatory prepayment events which includes a change in equity interests of the holding companies in the Company or an IPO, the lenders have the right to cancel the term loan facilities and the total outstanding borrowings will become immediately due and payable. In the event of an IPO, the proceeds derived from the IPO shall be utilised to repay the total outstanding borrowings.

This term loan was early settled on 23 July 2021 utilising the IPO proceeds.

(b) Revolving credit

The revolving credit facility provides for borrowings of up to a maximum aggregate principal amount of RM15.0 million with a variable rate of 5.50% in 2019 based on a rate of 2.0% above Cost of Funds. The revolving credit facility is repayable 12 months from the date of utilisation or date of renewal.

Upon the occurrence of a mandatory prepayment event, the lender has the right to cancel the revolving credit facility and the total outstanding revolving credit balance will become immediately due and payable.

24 BORROWINGS (CONTINUED)

(b) Revolving credit (continued)

RM24.0 million was drawn down from the revolving credit facility and RM14.0 million was repaid during the financial year ended 31 December 2020. A total of RM18.0 million was drawn down from the revolving credit facility and RM33.0 million was repaid during the financial year ended 31 December 2020.

Reconciliation of borrowings from financing activities:

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
As at 1 January		**132,320**	27,628	**132,320**	-
Acquisition of subsidiary	37(a)	**-**	2,376	**-**	-
Drawdown during the financial year		**32,000**	193,553	**32,000**	137,553
Repayment		**(170,646)**	(86,193)	**(170,646)**	-
Transaction costs		**(627)**	(2,999)	**(627)**	(2,193)
Interest on borrowings		**5,608**	4,024	**5,608**	895
Interest paid		**(3,092)**	(2,813)	**(3,092)**	(680)
Loss/(gain) on foreign exchange		**4,437**	(3,255)	**4,437**	(3,255)
Currency translation differences		**-**	(1)	**-**	-
As at 31 December		**-**	132,320	**-**	132,320

<u>Term loan facility of RM15.0 million, Accordion of RM38.0 million and Revolving credit</u>

In accordance with the facilities agreement, the Company and its subsidiaries were restricted from, amongst others:

(a) disposing or acquiring any assets unless the prior consent of the lenders have been obtained other than those permitted in the facilities agreement.

(b) incurring or to remain outstanding any financial indebtedness other than existing borrowings or to provide any loans and guarantees other than those permitted in the facilities agreement.

(c) making any payment and/or cash distribution including dividends, save for the dividend payments made for Inodes to repay its principal and interest under Inodes' financing facility.

The borrowings were secured against:

(a) Debentures

- by way of fixed and floating charges over all the assets, properties, and undertakings (both movable and immovable, present, and future) of the Company; and
- by way of assignment of the benefit to the security agent of all rights and claims entitled by the Company in relation to the Company's assets and contracts or agreements both present and future.

24 BORROWINGS (CONTINUED)

Term loan facility of RM15.0 million, Accordion of RM38.0 million and Revolving credit (continued)

The borrowings were secured against (continued):

(b) Charge over Revenue Collection Account

- by way of first ranking legal charge:

    i. the revenue collection account[(1)];
    ii. the credit balances[(2)]; and
    iii. all rights of the Company to payment or repayment of the credit balances and all other rights from time to time accruing in respect of the revenue collection account.

(c) Charge over subsidiaries' shares

- by way of first ranking legal charge over all shares of the subsidiaries held by the Company.

Notes:

[(1)] *Revenue collection account opened or to be opened by the Company pursuant to the terms of the charge over revenue collection account.*

[(2)] *All amounts whether principal or interest deposited in or credited to, and for the time being standing to the credit of the revenue collection account.*

Term loan facility of USD22.1 million, RM45.6 million and RM32.0 million

In accordance with the facilities agreement, the Company and its subsidiaries were restricted from, amongst others:

(a) disposing or acquiring any assets unless the prior consent of the lenders have been obtained other than those permitted in the facilities agreement.

(b) incurring or to remain outstanding any financial indebtedness other than existing borrowings or to provide any loans and guarantees other than those permitted in the facilities agreement.

(c) making any payment and/or cash distribution including dividends, save for the dividend payments made for Inodes to repay its principal and interest under Inodes' financing facility.

The borrowings were secured against:

(a) Debentures

- by way of fixed and floating charges over all the assets, properties and undertakings (both movable and immovable, present and future) of the Company. The amount of the Company's assets charged as of 31 December 2020 is RM317.9 million.

(b) Charge over designated accounts

- by way of first party first legal charge over all designated accounts of the Borrower, inclusive of Proceeds Account and Debt Service Reserve Account ("DSRA").

24 BORROWINGS (CONTINUED)

Term loan facility of USD22.1 million, RM45.6 million and RM32.0 million (continued)

The borrowings were secured against (continued):

(c) Charge over Associates' shares

- by way of first party pledge over 20% the BOL Shares acquired and held by the Company; and
- by way of third party first legal charge by way of Deed of Share Pledge over 26% of Experian Shares.

(d) Charge over subsidiary's shares

- by way of first party first legal charge by way of Deed of Share Pledge over 100% of the CTOS Basis share acquired and held by the Company.

(e) Cross Corporate Guarantee

- cross Corporate Guarantee of up to USD22.1 million, RM45.6 million and RM32.0 million by the following companies:

  i. CTOS Data Systems Sdn. Bhd.
  ii. CTOS Business Systems Sdn. Bhd.
  iii. Intellidata Solutions Sdn. Bhd.
  iv. Enfo Sdn. Bhd.
  v. CTOS Insights Sdn. Bhd.

Contractual terms of borrowings

	Contractual interest rate at reporting date (per annum)	Functional currency/ currency exposure	Total carrying amount	2021	2022	2023-2025
				Maturity profile		
				<1 year	1-2 years	2-5 years
At 31 December 2020	%		RM'000	RM'000	RM'000	RM'000
Term loan	2.0% + COF[1]	USD	87,558	87,558	-	-
Term loan	2.0% + COF[1]	RM	44,762	44,762	-	-
			132,320	132,320	-	-

Note:
[1] *COF denotes Cost of Fund*

25 PROVISION FOR RESTORATION COSTS

	Group	
	2021	**2020**
	RM'000	**RM'000**
As at 1 January	**603**	584
Accretion expense included in finance costs	**9**	19
As at 31 December	**612**	603

	Group	
	2021	**2020**
	RM'000	**RM'000**
Current	**-**	603
Non-current	**612**	-
As at 31 December	**612**	603

26 SHARE CAPITAL

	Group and Company			
	Number of shares '000	**2021 RM'000**	**Number of shares '000**	**2020 RM'000**
Issued and fully paid:				
Ordinary shares:				
At 1 January	**100,000**	**197,994**	100,000	197,994
Subdivision of shares	**1,900,000**	**-**	-	-
Issuance of shares during the year	**200,000**	**220,000**	-	-
Share issuance expenses	**-**	**(5,470)**	-	-
At 31 December	**2,200,000**	**412,524**	100,000	197,994

On 10 June 2021, the Company had undertaken a subdivision of the existing 100,000,000 ordinary shares in issue into 2,000,000,000 ordinary shares.

On 19 July 2021, the Company had a public issue of 200,000,000 new ordinary shares in conjunction with the IPO of the company. Following the allotment of new shares, the Company's total number of share capital has increased to 2,200,000,000 shares.

27 OTHER RESERVES

	Group	
	2021 RM'000	2020 RM'000
Share-based payment reserve		
At 1 January	**-**	2,626
Share-based payment expense during the financial year	**-**	3,284
Settlement of ESOS with option holders	**-**	(113)
Reclassification of share-based payment reserve to retained earnings	**-**	(5,797)
At 31 December	**-**	-
Foreign currency translation reserve		
At 1 January	**(145)**	-
Currency translation differences arising from translation of:		
- subsidiary	**392**	(231)
- associate	**(6,755)**	86
Reclassification of foreign currency translation reserve to retained earnings (Note 38)	**(161)**	-
At 31 December	**(6,669)**	(145)
Retirement benefit reserve		
At 1 January	**(143)**	-
Other comprehensive loss:		
- remeasurement on retirement liability	**-**	(143)
Reclassification of retirement benefit reserve to retained earnings (Note 38)	**143**	-
At 31 December	**-**	(143)
Fair value reserve		
At 1 January	**243**	-
Other comprehensive income:		
- gain on changes in value of equity investments designated at fair value through other comprehensive income - net of income tax	**-**	243
At 31 December	**243**	243
Total other reserves	**(6,426)**	(45)

27 OTHER RESERVES (CONTINUED)

	Company	
	2021 RM'000	2020 RM'000
Share-based payment reserve		
At 1 January	**5,797**	2,626
Share-based payment expense during the financial year	**-**	3,284
Settlement of ESOS to option holders	**-**	(113)
At 31 December	**5,797**	5,797

The share-based payment reserve arose from share options granted to eligible executives of the subsidiary in the Group pursuant to the ESOS. Terms of the scheme are disclosed in Note 34.

Foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of a subsidiary and an associate whose functional currency differs from the Group's presentation currency.

28 PROVISION FOR DEFINED BENEFIT PLAN

The Group's post-employment benefits obligation solely arises from its subsidiary, CIBI in the Philippines. CIBI provides defined post-employment benefits to their employees in accordance with Republic Act ("RA") No.7641, The Philippines Retirement Law, which provides for its qualified employees a defined benefit ("DB") minimum guarantee.

The DB obligation is valued annually by E.M. Zalamea Actuarial Services, Inc., a qualified independent actuary in the Philippines. The method used in the actuarial valuation is the projected unit credit method with the following principal assumptions:

	Group	
	2021	2020
Discount rates	-	3.79%
Future salary increases	-	5.00%

The movement during the financial year in the amounts recognised in the statements of financial position of the Group are as follows:

	Group	
	2021 RM'000	2020 RM'000
Present value of retirement obligation	-	1,870
Fair value of plan assets	-	(1,449)
Net retirement liability	-	421

28 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The movements in the net retirement liability are as follows:

	Note	Group 2021 RM'000	Group 2020 RM'000
As at 1 January		**421**	-
Acquisition of subsidiary	37(a)	**-**	126
Contribution paid		**(373)**	(47)
Defined benefit plan expense		**49**	71
Actuarial loss		**(81)**	280
Distribution of subsidiary	38	**(22)**	-
Currency translation differences		**6**	(9)
At 31 December		**-**	421

The movements in the present value of the pension obligation are as follows:

	Group 2021 RM'000	Group 2020 RM'000
As at 1 January/acquisition date	**1,870**	1,391
Current service cost	**-**	74
Interest cost	**-**	35
Benefit paid	**-**	(55)
Actuarial loss	**-**	469
Distribution of subsidiary	**(1,870)**	-
Currency translation differences	**-**	(44)
At 31 December	**-**	1,870

The movements in the fair value of plan assets are as follows:

	Group 2021 RM'000	Group 2020 RM'000
As at 1 January/acquisition date	**1,449**	1,473
Contribution paid by employer	**-**	47
Actuarial gains	**-**	(31)
Return on plan assets	**-**	49
Benefit paid	**-**	(55)
Distribution of subsidiary	**(1,449)**	-
Currency translation differences	**-**	(34)
At 31 December	**-**	1,449

The Group's defined benefit plan includes an asset ceiling amounting to RM0.2 million and nil as at acquisition date and 31 December 2020.

28 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The fair value of the plan assets by each class as at the end of the financial year are as follows:

	Group	
	2021	2020
	%	%
Deposit in banks	-	0.61
Investment in unit investment trust fund	-	45.20
Investment in government securities	-	57.91
Investment in other securities and debt instruments	-	3.28
Other receivables	-	(7.00)
Total assets	-	100.00

The amounts recognised in consolidated statement of comprehensive income in respect of the defined benefit plan are as follows:

	Group	
	2021	2020
	RM'000	RM'000
Current service cost	-	74
Interest cost	-	35
Return on plan assets	-	(49)
Interest on the effect of asset ceiling	-	11
Decrease in net income	-	71
Net actuarial loss recognised from date of acquisition to 31 December 2020	-	280
Total loss	-	351

29 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Financial assets at amortised cost					
Receivables and deposits (excluding prepayments)	18	**18,998**	21,475	**56**	-
Other investments	16	**43,664**	-	**32,664**	-
Amount due from related parties	19	**1,422**	3	**-**	-
Amount due from subsidiaries	23	**-**	-	**1,050**	61
Cash and bank balances	20	**17,131**	26,371	**2,147**	1,911
		81,215	47,849	**35,917**	1,972
Financial liabilities at amortised cost					
Payables and accruals (excluding statutory liabilities)	21	**15,725**	11,692	**1,373**	522
Amount due to related parties	19	**144**	371	**-**	-
Lease liabilities	12	**4,646**	2,251	**206**	-
Contingent consideration		**9,267**	-	**9,267**	-
Borrowings	24	**-**	132,320	**-**	132,320
		29,782	146,634	**10,846**	132,842

30 FINANCIAL RISK MANAGEMENT

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing its interest rate risk, credit risk, liquidity risk and cash flow risk. The Group and the Company operate within clearly defined guidelines that are approved by the Directors and the Group's and the Company's policy is to not engage in speculative transactions.

(a) Market risk

Market risk is the risk that the fair value or future cash flow of the financial instruments that will fluctuate because of changes in market prices. The various components of market risk that the Group and the Company are exposed to are discussed below.

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Foreign exchange risk

The objectives of the Group's and of the Company's currency risk management policies are to allow the Group and the Company to effectively manage the foreign exchange fluctuation against its functional currency that may arise from future commercial transactions and recognised assets and liabilities. The Group and the Company monitor the movement in foreign currency exchange rates closely to ensure their exposures are minimised.

The currency exposure of financial assets and financial liabilities of the Group and of the Company that are not denominated in the functional currency are set out below.

	Currency exposure				
	USD RM'000	SGD RM'000	GBP RM'000	EUR RM'000	Others RM'000
Group					
At 31 December 2021					
Receivables	**535**	**212**	**4**	**638**	**-**
Cash and bank balances	**583**	**214**	**7**	**-**	*
Payables	**(545)**	**(8)**	**-**	*	*
Net exposure	**573**	**418**	**11**	**638**	*
At 31 December 2020					
Receivables	655	-	-	-	-
Cash and bank balances	2,536	-	-	-	-
Payables	(87)	-	-	-	-
Borrowings	(87,558)	-	-	-	-
Net exposure	(84,454)	-	-	-	-
Company					
At 31 December 2021					
Cash and bank balances	**23**	**-**	**-**	**-**	**-**

* Less than RM1,000

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The sensitivity of the Group's and the Company's profit after tax for the financial year and equity to a reasonably possible change in the USD, SGD, GBP and EUR exchange rate against the functional currencies, of RM and Philippine Peso ("PHP"), with all other factors remaining constant and based on the composition of assets and liabilities at the reporting date are set out as below.

	Impact on profit after tax for the financial year ended			
	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 31 December				
USD/RM				
- strengthened 10%	**57**	(8,696)	**2**	-
- weakened 10%	**(57)**	8,696	**(2)**	-
SGD/RM				
- strengthened 10%	**42**	-	**-**	-
- weakened 10%	**(42)**	-	**-**	-
GBP/RM				
- strengthened 10%	**1**	-	**-**	-
- weakened 10%	**(1)**	-	**-**	-
EUR/RM				
- strengthened 10%	**64**	-	**-**	-
- weakened 10%	**(64)**	-	**-**	-
USD/PHP				
- strengthened 10%	**-**	251	**-**	-
- weakened 10%	**-**	(251)	**-**	-

The impact on profit after tax for the financial year are mainly as a result of foreign currency gain/losses on translating of USD, SGD, GBP and EUR denominated receivables, cash and bank balances, payables and borrowings.

(ii) Interest rate risk

The Group's and the Company's interest rate risk arises from revolving credit and term loan carrying variable interest rates.

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The net exposure of financial liabilities of the Group and Company to interest rate risk and the periods in which the borrowings mature or reprice (whichever is earlier) are as follows:

	Weighted average effective interest rate at reporting date	Total carrying amount	Floating interest rate		
			< 1 year	1-2 years	2-5 years
	%	RM'000	RM'000	RM'000	RM'000
Group and Company					
At 31 December 2020					
Term loan	2.58	87,558	87,558	-	-
Term loan	4.33	44,762	44,762	-	-
		132,320	132,320	-	-

Interest rate sensitivity

This is mainly attributable to the Group's and the Company's exposure to interest rates on its variable rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

As at 31 December 2020, the sensitivity of the Group's and Company's profit after tax to a reasonably possible change in interest rates with all other factors held constant and based on the composition of liabilities with floating interest rates at the reporting date are as follows:

Group	Impact on profit after tax for the financial year ended RM'000
31 December 2020	
Interest rate	
- increased by 1%	(1,323)
- decreased by 1%	1,323

The impact on profit after tax for the financial year is mainly as a result of interest expenses on floating rate borrowings.

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

The objectives of the Group's and the Company's liquidity risk management policies are to monitor rolling forecasts of the Group's and the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs and availability of funding to cater for growth and expansion. Liquidity risk can be mitigated by forecasting and monitoring cash flow regularly, optimising working capital and managing credit facilities effectively.

The undiscounted contractual cash flow of the financial instruments as at the reporting date are as follows:

	Carrying amount RM'000	Total undiscounted contractual cash flow RM'000	<1 year RM'000	1-2 years RM'000	2-5 years RM'000
31 December 2021					
Group					
Payables and accruals	**15,725**	**15,725**	**15,725**	**-**	**-**
Amount due to related parties	**144**	**144**	**144**	**-**	**-**
Lease liabilities	**4,646**	**4,920**	**1,697**	**1,697**	**1,526**
Contingent consideration	**9,267**	**9,671**	**-**	**9,671**	**-**
	29,782	**30,460**	**17,566**	**11,368**	**1,526**
Company					
Payables and accruals	**1,373**	**1,373**	**1,373**	**-**	**-**
Lease liabilities	**206**	**218**	**77**	**77**	**64**
Contingent consideration	**9,267**	**9,671**	**-**	**9,671**	**-**
	10,846	**11,262**	**1,450**	**9,748**	**64**
31 December 2020					
Group					
Payables and accruals	11,692	11,692	11,692	-	-
Amount due to related parties	371	371	371	-	-
Lease liabilities	2,251	2,285	1,891	356	38
Term loan	132,320	146,345	146,345	-	-
	146,634	160,693	160,299	356	38
Company					
Payables and accruals	511	511	511	-	-
Term loan	132,320	146,345	146,345	-	-
	132,831	146,856	146,856	-	-

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

As at 31 December 2020, the Group and the Company were in a net current liability positions of RM104.9 million and RM130.2 million respectively which was mainly contributed by the Group's and the Company's borrowings as at 31 December 2020. The Group's and the Company's borrowings have been classified as current liabilities as at 31 December 2020 due to the mandatory repayment term in the loan agreements which requires the proceeds from an IPO be utilised to repay the outstanding borrowings in an IPO event. A cash flow forecasts for the financial year 2020 were prepared taking into account the operational, capital commitments and the availability of facilities from financial institutions. Based on the assessment, there was sufficient cash flows to enable the Group and the Company to meet its liabilities as and when they fall due and to carry out its operations without a significant curtailment of operations. Therefore, the Directors have prepared the financial statements of the Group and the Company on a going concern basis.

The Group and the Company had access to the following undrawn borrowing facilities at the end of the reporting date:

	Group and Company	
	2021 RM'000	2020 RM'000
Floating rate		
Revolving credit	-	5,000
Term loan	-	32,000
	-	37,000

The undrawn term loan facility of RM32.0 million as at 31 December 2020 was drawn down during the financial year ended 31 December 2021 for the purpose of financing the acquisition of CTOS Basis, as disclosed in Note 37(b).

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk

The objectives of the Group's and of the Company's credit risk management policies are to manage its exposure to credit risk from deposits, cash and bank balances, receivables and derivative financial instruments. It does not expect any third parties to fail to meet their obligations given the Group's and the Company's policy of selecting creditworthy counterparties. The Group and the Company do not have any derivative financial instruments as at the reporting date.

Trade and other receivables

Credit risks of trade and other receivables are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via limiting the Group's and the Company's dealings with creditworthy business partners and customers. Trade and other receivables are monitored on an ongoing basis via the Group's and the Company's management reporting procedures. For amounts due from immediate holding company and related parties, the exposure to bad debts is not significant since the immediate holding company and the related parties do not have historical default.

Concentration of credit risk

The Group and the Company have no significant concentration of credit risk as the Group's and the Company's policy limits the concentration of financial exposure to any single counterparty.

Impairment of trade receivables

The Group applies the MFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are determined based on 3-year historical ageing profile and the corresponding historical credit losses experienced within this period.

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (continued)

Impairment of trade receivables (continued)

The historical loss rates are adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Some of the factors which the Group has identified include Malaysia Consumer Price Index and exchange rate of RM:USD(2020: Consumption Credit and exchange rate of RM:USD) and has adjusted the historical loss rates based on expected changes in such factors.

On that basis, the loss allowances as at 31 December 2021 and 31 December 2020 were determined as follows for trade receivables:

At 31 December 2021 Group	Current to 30 days past due RM'000	31 to 60 days past due RM'000	61 to 90 days past due RM'000	91 to 120 days past due RM'000	121 to 150 days past due RM'000	> 150 days past due RM'000	Total RM'000
Expected loss rate [(1)]	0.01% - 3.68%	0.01% - 4.13%	0.01% - 9.46%	0.02% - 21.74%	0.05% - 41.06%	0.13% - 99.75%	
Gross carrying amount:							
- trade receivables	17,799	833	116	74	35	547	19,404
Less allowance:							
- trade receivables	(655)	(34)	(11)	(16)	(15)	(545)	(1,276)

Note:

[(1)] *The expected loss rate comprises customers with different risk profiles.*

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (continued)

Impairment of trade receivables (continued)

On that basis, the loss allowances as at 31 December 2021 and 31 December 2020 were determined as follows for trade receivables (continued):

At 31 December 2020 Group	Current to 30 days past due RM'000	31 to 60 days past due RM'000	61 to 90 days past due RM'000	91 to 120 days past due RM'000	121 to 150 days past due RM'000	> 150 days past due RM'000	Total RM'000
Expected loss rate [1]	0.01%-0.37%	0.01%-9.93%	0.01%-11.73%	0.02%-14.62%	0.05%-56.10%	0.13%-87.00%	
Gross carrying amount:							
- trade receivables	17,977	1,279	392	260	164	1,118	21,190
Less allowance:							
- trade receivables	(67)	(127)	(46)	(38)	(92)	(968)	(1,338)

Note:

[1] *The expected loss rate comprises customers with different risk profiles.*

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (continued)

Impairment of trade receivables (continued)

Movement on the Group's loss allowances for receivables is as follows:

	Group	
	2021 RM'000	2020 RM'000
As at 1 January	**1,338**	1,178
Charged to statement of profit or loss	**304**	530
Amount written off	**(409)**	(373)
Distribution of subsidiary	**43**	-
Currency translation differences	**-**	3
As at 31 December	**1,276**	1,338

Deposits, cash and bank balances

For deposits, cash and bank balances and short-term investments, the Group and the Company seek to ensure that cash assets are invested safely and profitably by assessing counterparty risks and allocating placement limits for various creditworthy financial institutions. The Group and the Company consider the risk of material loss in the event of non-performance by the above parties to be unlikely. The Group's and the Company's maximum exposure to credit risk is equal to the carrying value of those financial instruments.

Other receivables and deposits

Other receivables and deposits are considered to have low risk of defaults and historically there were minimal instances where contractual cash flow obligations have not been met. The identified impairment loss was immaterial.

(d) Capital risk management

The Group's and the Company's primary objective of capital risk management is to maintain an optimal capital base to support the businesses and maximise shareholders value. The Directors monitor the debt levels to maintain an optimum debt-to-equity ratio that complies with the debt covenants. The Group manages the capital structure and makes adjustment to it, in light of changes in economic condition including the interest rate movements. To maintain and adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

During the financial year ended 31 December 2020, the Company had entered into borrowing facilities agreements as disclosed in Note 24 and Note 30(b) to the financial statements. The external lenders of the term loan facility of USD22.1 million and RM45.6 million require the Group to maintain financial covenant ratios on its DSCR, EBITDA and maintain a positive Tangible Net Worth at all times. The Group has maintained a positive Tangible Net Worth for the financial year ended 31 December 2020. The compliance with the financial covenant ratios is only required for the financial year ended 31 December 2020 as stipulated in the loan facilities agreement.

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk management (continued)

The Group's net debt-to-equity ratio as of the reporting date is as follows:

		Group	
	Note	2021 RM'000	2020 RM'000
Total borrowings	24	-	132,320
Cash and cash equivalents (excluding restricted cash)	20	**(17,731)**	(24,936)
Net (cash)/debt		**(17,731)**	107,384
Total equity		**307,881**	115,728
Net debt-to-equity ratio (times)		*	0.93

* The net-debt-to-equity ratio for the Group is not presented as the Group is in a net cash position

There were no changes in the Group's approach to capital management during the financial year. Other than the securities on borrowings as disclosed in Note 24 in the financial year ended 31 December 2020, the Group is not subject to any other externally imposed capital requirements.

(e) Offsetting financial assets and financial liabilities

(i) Financial assets

There is no offsetting arrangement in 2020 and 2021.

(ii) Financial liabilities

There is no offsetting arrangement in 2020 and 2021.

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Fair value estimation

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

a. Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities of the Group and the Company at the reporting date approximated their fair values.

b. Financial instruments carried at fair value

The following table represents the assets and liabilities measured at fair value, using the respective valuation techniques at the end of reporting date:

	Group		Company	
	Level 1 RM'000	Level 3 RM'000	Level 1 RM'000	Level 3 RM'000
31 December 2021				
Non-current asset				
Other investment	-	17,664	-	17,664
Current asset				
Other investments				
- investment in money market funds	26,000	-	15,000	-
Non-current liability				
Contingent consideration	-	9,267	-	9,267

The fair value is calculated based on market approach using market multiples, financial information of the equity investments and a discount/premium applied in the valuation. Fair value gain and loss is presented in other comprehensive income.

The fair value of the contingent consideration is calculated as the present value of estimated future cash flow using a discount rate that is adjusted for projection and credit risk. Net fair value gain of RM0.2 million (2020: nil) was recognised in profit or loss within other income during the financial year.

31 RELATED PARTIES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant transactions, balances and commitments. The related party transactions described below were carried out on agreed terms with the related parties.

Creador Sdn. Bhd., being an entity connected to the Company's directors, provided certain support services to CDS pursuant to an expense reimbursement agreement dated 1 August 2014. The expense reimbursement agreement was mutually terminated in 2020.

Credisense Limited ("Credisense"), being an entity connected to the immediate holding company, Inodes, is principally engaged in software development. Credisense has been providing services to CDS pursuant to a master software license and service agreement dated 8 June 2018 comprising software, consultancy, training, maintenance and support.

CIBI Holdings, being an entity connected to certain directors of the Company, is an investment holding company. CDS provides advisory and support services relating to credit bureaus to CIBI Holdings from September 2021.

Outsource Network Contact Center and Back Office Services Inc. ("ONET") and Equicom Shared Services, Inc., being subsidiaries of a person connected to the Company's former subsidiary, CIBI, provides outsourcing services such as contact center, human capital management and accounting services to CIBI.

	2021 RM'000	2020 RM'000
Significant related parties transactions		
Group		
Purchase of services:		
- professional services from Credisense	**941**	1,096
- outsourcing services from ONET	**66**	29
- outsourcing services from Equicom Share Service, Inc.	**-**	5
Sale of services:		
- advisory and support services to CIBI Holdings	**1,420**	-
Significant inter-company transaction		
Company		
Amount charged to subsidiaries:		
- management fees	**2,448**	-

Inodes, the immediate holding company of the Company bears certain listing expenses arising from the Offer for Sale shares in connection with the IPO exercise undertaken by the Company during the financial year ended 31 December 2021 and 31 December 2020. The total listing expenses incurred by Inodes for the financial year ended 31 December 2021 and 31 December 2020 approximates RM9.5 million and RM3.1 million respectively.

31 RELATED PARTIES (CONTINUED)

Dividends from subsidiaries

During the financial year ended 31 December 2021, the dividend income recognised by the Company from investment in subsidiaries amounted to RM62.0 million (2020: RM21.2 million), of which RM62.0 million (2020: RM12.5 million) was received in cash, while none (2020: RM8.7 million) was off-set against amount due to subsidiaries balances.

Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director of that entity (both executive and non-executive).

The aggregate amount of emoluments received/receivable by key management personnel including Directors of the Company during the financial year is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fees	**465**	689	**336**	-
Salaries and other short-term employee benefits	**4,680**	4,848	**1,586**	-
Defined contribution plan	**336**	343	**97**	-
Share-based payments	**-**	2,724	**-**	-
	5,481	8,604	**2,019**	-

32 DIVIDENDS

	2021	
	Single-tier tax-exempt dividend per share sen	Amount of dividends, single-tier tax-exempt RM'000
Dividends paid in respect of the financial year ended 31 December 2020[1]:		
- second interim ordinary, paid on 21 January 2021	5.250	5,250
- third interim ordinary, paid on 5 April 2021	9.000	9,000
- third interim ordinary, paid on 22 June 2021	8.000	8,000
	22.250	22,250
Dividends paid in respect of the financial year ended 31 December 2021[2]:		
- first interim ordinary, paid on 3 September 2021	**0.533**	**11,726**
- second interim ordinary, paid on 10 December 2021	**0.320**	**7,040**
	0.853	**18,766**

Notes:

1 *Dividend per share is calculated based on 100,000,000 ordinary shares*

2 *Dividend per share is calculated based on 2,200,000,000 ordinary shares*

32 DIVIDENDS (CONTINUED)

	2020	
	Single-tier tax-exempt dividend per share sen	Amount of dividends, single-tier tax-exempt RM'000
Dividends paid in respect of the financial year ended 31 December 2019:		
- fourth interim ordinary, paid on 12 May 2020	8.000	8,000
Dividends paid in respect of the financial year ended 31 December 2020:		
- first interim ordinary, paid on 13 August 2020	2.500	2,500
	10.500	10,500

On 21 January 2022, the Company declared a single-tier tax-exempt interim dividend of 0.33 sen per ordinary shares amounting to RM7.26 million in respect of the financial year ended 31 December 2021 which was paid on 25 February 2022.

The financial statements for the financial year ended 31 December 2021 do not reflect these dividends as it was declared subsequent to year end. These dividends will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2022.

33 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

Significant capital expenditure contracted for at the end of reporting date but not recognised as liabilities is as follows:

	2021 RM'000	2020 RM'000
Contracted:		
- property, plant and equipment	**319**	356
- intangible assets	**1,240**	2,253
- investment in subsidiary	**-**	42,280
	1,559	44,889

33 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(b) Contingent liabilities

In the normal course of business, there are contingent liabilities arising from legal recourse sought on the Group's credit reporting operations. There were no material losses anticipated as a result of these transactions.

(i) In January 2020, CDS, a wholly owned subsidiary of the Company was served a legal notice on the basis of an alleged negligence in reporting credit information. The Court has directed parties to comply with pre-trial case management directions. The Court has fixed the matter for full trial on 12 and 13 May 2022. The Directors and the Group's legal counsel are of the view that the Group has a fair chance in successfully defending the case based on past precedents and no provision is required in the condensed consolidated financial information as at 31 December 2021.

(ii) In February 2020, CDS was served a legal notice for defamation due to an alleged misreporting of trade reference in respect of a company in which the Plaintiff is a director. The case was struck out on the basis that the Plaintiff has no cause of action since the information concerned only the company and not the Plaintiff personally. Subsequently, the Plaintiff has filed a Notice of Appeal at the Court of Appeal. On 5 August 2021, the Plaintiff's appeal filed in the Court of Appeal was heard and dismissed with costs and accordingly, the case has been closed.

34 SHARE-BASED PAYMENT

Pursuant to the ESOS implemented on 1 January 2015, the Company offered options over ordinary shares in the issued capital of the Company to the eligible executives. It is in force for a maximum period of seven (7) years.

The salient features of the ESOS are as follows:

(i) Eligible executives are persons as defined by the ESOS pursuant to Bye-Laws.

(ii) The allocation of shares to be made available for option offers shall be determined by the Board at any time and from time to time.

(iii) At any point of time during the existence of the ESOS, the number of shares comprised in exercised options, unexercised options and unexpired option offers pending acceptance by the eligible executives shall not exceed an amount equivalent to 5% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any one time.

(iv) An earned option may be exercised during the period of thirty (30) days, commencing from the date of a Trigger Event, which is defined as whichever of the following that shall first occur:
- final approval for an initial public offering of the shares of the Company having been obtained;
- all conditions to the sale of a majority interest in the Company to any party having been fulfilled;
- last day of the ESOS period or the date of earlier termination of the ESOS by the Company.

34 SHARE-BASED PAYMENT (CONTINUED)

The salient features of the ESOS are as follows (continued):

(v) The exercise of the options under the ESOS may, at the absolute discretion of the Board, be satisfied by way of issuance of new shares; payment to the option holder to the differential sum; or a combination of both new shares and differential sum.

During the financial year ended 31 December 2020, 907,500 options have been granted under the ESOS with no options remaining outstanding. The options granted are subject to terms and conditions contained in the option certificate.

During the financial year ended 31 December 2020, the Group had cancelled all outstanding ESOS and recognised RM3,284,000 of share-based payment expenses immediately in the statement of comprehensive income. The ESOS granted in the financial year ended 31 December 2020 was cancelled by forfeiture as the vesting conditions were not met and no share-based payment expense was recognised. As part of the cancellation, the Group will pay RM0.1 million to the eligible executives which was accounted for as a repurchase of equity interest and deducted from the share-based payment reserved accordingly. The amount payable to eligible executives of RM0.1 million has been recognised within other payables as at 31 December 2020.

The movement in the total number of share grants during the financial periods is as follows:

	Number of options over ordinary shares in the Company				
Grant date	Outstanding as at 1 January '000	Granted '000	Forfeited '000	Cancelled '000	Outstanding as at 31 December '000
2020					
1 January 2015	5	-	-	(5)	-
1 January 2016	2	-	-	(2)	-
1 January 2017	395	-	-	(395)	-
1 January 2018	590	-	-	(590)	-
1 January 2019	460	-	-	(460)	-
1 January 2020	-	908	(908)	-	-
	1,452	908	(908)	(1,452)	-

35 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit attributable to the owners of the Company by the weighted average numbers of ordinary shares in issue during the financial year.

	Group	
	2021	**2020**
Profit/(loss) attributable to the owners of the Company (RM'000)		
- Continuing operations	**43,705**	40,522
- Discontinued operations	**(583)**	(1,335)
	43,122	39,187
Weighted average number of ordinary shares after subdivision of shares ('000)	**2,000,000**	2,000,000
Adjusted for increase in number of shares on 19 July 2021 ('000)	**90,959**	-
	2,090,959	2,000,000
Basic earnings per ordinary share (sen)		
- Continuing operations	**2.1**	2.0
- Discontinued operations	**-**	-
	2.1	2.0

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Group	
	2021	**2020**
Profit/(loss) attributable to the owners of the Company (RM'000)		
- Continuing operations	43,705	40,522
- Discontinued operations	(583)	(1,335)
	43,122	39,187
Weighted average number of ordinary shares after subdivision of shares ('000)	2,000,000	2,000,000
Adjusted for ESOS ('000)	-	1,078
Adjusted for increase in number of shares on 19 July 2021 ('000)	90,959	-
	2,090,959	2,001,078
Basic earnings per ordinary share (sen)		
- Continuing operations	2.1	2.0
- Discontinued operations	-	-
	2.1	2.0

36 OPERATING SEGMENTS

The Group is primarily engaged in credit reporting, digital software related services including software development, outsourcing and provision of training. Management has determined the operating segments to be based on the management reports reviewed by the chief operating decision makers ("CODM") that are used to make strategic decisions, for which discrete financial information is available. For management purposes, the Group is organised into two reportable segments based on their geographical locations. The reportable segments are summarised as follows:

(i) Malaysia which comprise the provision of credit reporting services (sale of reports, monitoring and trade referencing services and other services), sale of software licenses and provision of installation and maintenance services to 3 types of customers, namely Key Accounts, Commercial and Direct-to-Consumer; and

(ii) International which comprise the provision of comprehensive commercial credit reports and bulk commercial data sales by CTOS Basis to international customers.

The provision of credit reporting services (sale of reports) by CIBI previously included in the International segment is presented as discontinued operations following the completion of the Distribution on 15 June 2021.

The performance of the operating segments is measured based on segment profit calculated as profit for the relevant financial year plus tax expense, finance costs, depreciation and amortisation, share-based payment expense and foreign exchange losses less interest income, foreign exchange gains and share of profits of associates.

The share of results of associates represents the business of a service provider, developer of local and global financial information system and as an online and offline business information service provider as well as consulting service and database management in Thailand and business of a credit reporting, credit bureau and information services in Malaysia.

The CODM also reviews the revenue of the Malaysia and International segments by type of customers as disclosed in Note 5. All assets are managed based on their geographical locations. Capital expenditure comprises additions to property, plant and equipment, right-of-use ("ROU") assets and intangible assets.

36 OPERATING SEGMENTS (CONTINUED)

Business segments

The table below summarises the segment revenue and profit for the Group:

	2021			
	Malaysia RM'000	International RM'000	Elimination RM'000	Total RM'000
Revenue				
Sales to external customers				
- Continuing operations	145,906	7,260	-	153,166
- Discontinued operations	-	7,732	-	7,732
Inter-segment sales	274	244	(518)	-
Total revenue	146,180	15,236	(518)	160,898
Gross profit	127,700	11,896	-	139,596
Segment profit				
- Continuing operations	58,986	4,474	-	63,460
- Discontinued operations	-	(437)	-	(437)
Total segment profit	58,986	4,037	-	63,023

36 OPERATING SEGMENT (CONTINUED)

Business segments (continued)

With the distribution of CIBI to the Company's shareholders with effect from 15 June 2021, the CODM focused on review of continuing operations only. A reconciliation of the segment revenue and segment profit for continuing operations only are set out below:

	2021				2020		
	Malaysia RM'000	International RM'000	Elimination RM'000	Total RM'000	Malaysia RM'000	International RM'000	Total RM'000
CONTINUING OPERATIONS							
Revenue							
Sales to external customers	**145,906**	**7,260**	**-**	**153,166**	133,225	-	133,225
Inter-segment sales	**274**	**244**	**(518)**	**-**	-	-	-
Total revenue	**146,180**	**7,504**	**(518)**	**153,166**	133,225	-	133,225
Gross profit	**127,700**	**6,276**	**-**	**133,976**	115,716	-	115,716
Segment profit	**58,986**	**4,474**	**-**	**63,460**	52,152	-	52,152
Depreciation and amortisation	**(7,938)**	**(186)**	**-**	**(8,124)**	(6,877)	-	(6,877)
Finance costs	**(5,679)**	**-**	**-**	**(5,679)**	(4,197)	-	(4,197)
Interest income	**124**	**30**	**-**	**154**	218	-	218
Distribution income from money market funds	**258**	**-**	**-**	**258**	-	-	-
Share-based payment expense	**-**	**-**	**-**	**-**	(3,284)	-	(3,284)
Share of profits of associates	**1,606**	**5,611**	**-**	**7,217**	1,345	440	1,785
Realised and unrealised (losses) / gains on foreign exchange - net	**(4,394)**	**151**	**-**	**(4,243)**	2,999	-	2,999
Profit before taxation	**42,963**	**10,080**	**-**	**53,043**	42,356	440	42,796
Tax expense	**(8,250)**	**(1,088)**	**-**	**(9,338)**	(2,274)	-	(2,274)
Profit from continuing operations	**34,713**	**8,992**	**-**	**43,705**	40,082	440	40,522
DISCONTINUED OPERATIONS							
Loss from discontinued operations				**(1,134)**			(2,545)
Profit for the financial year				**42,571**			37,977

36 OPERATING SEGMENT (CONTINUED)

Business segments (continued)

With the distribution of CIBI to the Company's shareholders with effect from 15 June 2021, the CODM focused on review of continuing operations only. A presentation of the segment revenue and profit for continuing operations only are set out below: (continued)

	2021				2020		
	Malaysia RM'000	International RM'000	Elimination RM'000	Total RM'000	Malaysia RM'000	International RM'000	Total RM'000
Assets	**202,974**	**157,609**	**-**	**360,583**	159,165	116,819	275,984
Other disclosures							
Non-cash item* (other than depreciation and amortisation)	**4,681**	**(97)**	**-**	**4,584**	(2,582)	(5)	(2,587)
Capital expenditure arising from:							
- acquisition of subsidiary	**-**	**37,613**	**-**	**37,613**	-	10,497	10,497
- property, plant and equipment, ROU assets and intangible assets additions	**11,589**	**37**	**-**	**11,626**	6,781	1,457	8,238

* Included in non-cash items are allowance for impairment of receivables and deposits - net, bad debts written off and recovered, defined benefit plan expenses and unrealised (gain)/loss on foreign exchange.

36 OPERATING SEGMENTS (CONTINUED)

Geographical segments

Non-current assets

Non-current assets are determined according to the country of the operating segment. Non-current assets exclude financial instruments and deferred tax assets.

	2021 RM'000	2020 RM'000
Malaysia	**175,364**	115,563
Philippines	**-**	12,052
Thailand	**113,704**	92,679
	289,068	220,294

Borrowings and lease liabilities

	2021 RM'000	2020 RM'000
Malaysia	**4,646**	133,682
Philippines	**-**	889
	4,646	134,571

Information about a major customer

There is no single customer that contributed 10% or more of the Group's revenue throughout the reported financial years.

37 BUSINESS COMBINATION

Acquisition of subsidiary

(a) On 19 June 2020, the Company, through its newly incorporated subsidiary, CIBI Holdings completed the acquisition of CIBI via purchase of 110,680 shares of CIBI from existing shareholders and subscribing to an additional 398,612 shares in the share capital of CIBI for a total cash consideration of PHP174.9 million (equivalent to RM15.0 million). Upon completion of the acquisition, the Group holds 51% equity interest in CIBI and CIBI became a subsidiary of the Group.

37 BUSINESS COMBINATION (CONTINUED)

Acquisition of subsidiary (continued)

(a) Details of the net assets, acquired goodwill and cash flows as of 19 June 2020 arising from business combination are as follows:

	Book value RM'000	Fair value RM'000
Property, plant and equipment	365	365
Intangible assets	628	1,629
Trade receivables	5,146	5,146
Other receivables and prepayments	2,121	2,121
Right-of-use assets	243	243
Deferred tax assets	1,165	865
Tax recoverable	50	50
Cash and cash equivalents	9,584	9,584
Payables and accruals	(2,282)	(2,282)
Customer deposits	(1,564)	(1,564)
Contract liabilities	(249)	(249)
Provision for defined benefit plan	(126)	(126)
Lease liabilities	(276)	(276)
Borrowings	(2,376)	(2,376)
Net identifiable assets acquired	12,429	13,130
Non-controlling interest		(6,434)
Goodwill arising on acquisition		8,260
Cash consideration		14,956
Less: cash and cash equivalents of subsidiary acquired		(9,584)
Net cash outflow of the Group on acquisition of subsidiary		5,372

The goodwill recognised on the acquisition is mainly attributable to the growth expected of the acquired business arising from the established market reputation, relationships with its customers and track record of compliance with regulatory requirements. It will not be deductible for tax purposes.

The fair value of acquired trade receivables is RM5.1 million. The gross contractual amount for trade receivables due is RM6.8 million, with a loss allowance of RM1.7 million recognised on acquisition.

For the non-controlling interest in CIBI, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets. See Note 3(a)(i) for the Group's accounting policies for business combinations.

In relation to the acquisition, the Group has recognised non-recurring acquisition related cost of RM0.1 million, which was expensed and included within administrative expenses in the profit or loss.

The revenue and net loss of CIBI included in the consolidated statements of comprehensive income of the period from the date of acquisition to 31 December 2020 amounted to RM7.3 million and RM2.5 million, respectively.

37 BUSINESS COMBINATION (CONTINUED)

Acquisition of subsidiary (continued)

(a) If the acquisition had occurred on 1 January 2020, consolidated pro-forma revenue and profit for the financial year ended 31 December 2020 would have been RM147.5 million and RM36.8 million respectively.

(b) On 8 December 2020, the Company entered into a Sale and Purchase Agreement ("SPA") to acquire the entire equity interest in CTOS Basis comprising 1,000,000 ordinary shares for an upfront purchase consideration of RM32.0 million and an earn-out payment that is computed based on the revenue target of CTOS Basis. The earn-out payment is computed based on two times the total revenue of CTOS Basis for the financial year ended 30 June 2020, adjusted in proportion to the achievement of the revenue target for the year of January 2021 to December 2022. As stated in the SPA, for an estimated revenue target of RM14.0 million ("Revenue Target"), the earn-out payment will be RM8.0 million. The earn-out payment will be adjusted accordingly based on the actual Revenue Target achieved and is not capped. The earn-out payment is accounted for as a contingent consideration and is payable no later than 30 March 2023. The acquisition was completed on 4 January 2021.

The Group and the Company have estimated a contingent consideration of RM9.4 million, by applying a discount rate of 3.8% and assumed a probability-adjusted revenue of CTOS Basis of between RM15.7 million and RM18.5 million for the next 2 years on the date of acquisition. The potential undiscounted amount payable under the arrangement is between RM8.8 million and RM10.4 million for actual revenue target between RM15.7 million and RM18.5 million.

Details of the net assets acquired, goodwill and cash flows as of 4 January 2021 arising from business combination are as follows:

	Book value RM'000	Fair value RM'000
Intangible assets	-	873
Right-of-use assets	5	5
Deferred tax assets	90	90
Trade debtors	846	846
Other receivables, deposits and prepayments	62	62
Cash and cash equivalents	3,982	3,982
Trade payables	(154)	(154)
Other payables and accruals	(54)	(54)
Contract liabilities	(376)	(376)
Lease liabilities	(6)	(6)
Taxation	(349)	(349)
Deferred tax liabilities	-	(210)
Net identifiable assets acquired	4,046	4,709
Goodwill arising on acquisition		36,735
Less: contingent consideration		(9,444)
Cash consideration		32,000
Less: cash and cash equivalents of subsidiary acquired		(3,982)
Net cash outflow of the Group on acquisition of subsidiary		28,018

37 BUSINESS COMBINATION (CONTINUED)

Acquisition of subsidiary (continued)

(b) The goodwill represents the synergies to be realised in the Group's credit reporting business moving forward. The acquisition of CTOS Basis is mainly attributable to the expansion of the Group's range of reports to include international business reports and provides the Group with a complementary base of international customers in industries such as insurance, services and credit reporting who are located primarily in Asia Pacific and Europe. It will not be deductible for tax purposes.

The fair value of acquired trade receivables is RM0.8 million. The gross contractual amount for trade receivables due is RM0.8 million recognised on acquisition.

In relation to the acquisition, the Group has recognised non-recurring acquisition related costs of RM0.3 million, which was expensed and included within administrative expenses in the profit or loss.

The revenue and net income of CTOS Basis included in the consolidated statement of comprehensive income for the year from the date of acquisition of 4 January 2021 to 31 December 2021 amounted to RM7.5 million and RM3.5 million, respectively and would not have been materially different if the acquisition had occurred on 1 January 2021.

38 DISTRIBUTIONS OF SUBSIDIARIES AND DISCONTINUED OPERATIONS

On 15 June 2021, the Company completed the distribution amounting to RM15.1 million by way of dividend-in-specie of 4,900,001 ordinary shares in CIBI Holdings held by the Company, representing the entire equity interest in CIBI Holdings, to the existing shareholders of the Company ("Distribution"). CIBI Holdings holds a 51% equity interest in CIBI, a credit bureau incorporated in the Philippines. Upon completion of the Distribution, CIBI Holdings and CIBI ceased to be subsidiaries of the Company. All the assets and liabilities of CIBI Holdings and CIBI are derecognised and distributed to the owners of the Company based on their carrying values with the corresponding charge to retained earnings.

Details of net assets and net cash outflow arising from the distribution of the subsidiaries are as follows:

	Note	2021 RM'000
Property, plant and equipment		**560**
Right-of-use assets	12	**642**
Intangible assets	13	**9,969**
Receivables, deposits and prepayments		**7,433**
Deferred tax assets	17	**704**
Cash and cash equivalents		**3,147**
Payables and accruals		**(3,794)**
Contract liabilities	5	**(163)**
Lease liabilities	12	**(736)**
Provision for defined benefit plan	28	**(22)**
Total net assets		**17,740**
Non-controlling interest	39(i)	**(4,587)**
Net assets of subsidiaries		**13,153**

38 DISTRIBUTIONS OF SUBSIDIARIES AND DISCONTINUED OPERATIONS (CONTINUED)

Details of net assets and net cash outflow arising from the distribution of the subsidiaries are as follows (continued):

	Note	2021 RM'000
Other reserves transferred to retained earnings		**(18)**
- foreign currency translation reserve	27	**(161)**
- retirement benefit reserve	27	**143**
Total charge to retained earnings		**13,135**
Cash and cash equivalents of subsidiaries		**3,147**
Net cash outflow of the Group on distribution of subsidiaries		**3,147**

Details of the financial performance for the financial period ended 15 June 2021 and from the date of acquisition to 31 December 2020 are as follows:

	1.1.2021- 15.6.2021 RM'000	19.6.2020- 31.12.2020 RM'000
Revenue	**7,732**	7,271
Cost of sales	**(2,112)**	(1,547)
Gross profit	**5,620**	5,724
Other (expenses)/income	**(26)**	45
Selling and marketing expenses	**(2,978)**	(3,644)
Administrative expenses	**(3,561)**	(4,552)
Finance income	**2**	-
Finance costs	**(27)**	(37)
Loss before tax	**(970)**	(2,464)
Tax expense	**(164)**	(81)
Loss from discontinued operations		
- Owners of the Company	**(583)**	(1,335)
- Non-controlling interests	**(551)**	(1,210)
	(1,134)	(2,545)
Other comprehensive income/(loss) from discontinued operations		
- Owners of the Company	**392**	(374)
- Non-controlling interests	**171**	(257)
	563	(631)
Total comprehensive loss from discontinued operations		
- Owners of the Company	**(191)**	(1,709)
- Non-controlling interests (Note 39(ii))	**(380)**	(1,467)
	(571)	(3,176)

38 DISTRIBUTIONS OF SUBSIDIARIES AND DISCONTINUED OPERATIONS (CONTINUED)

The summarised statement of cash flows for the financial period ended 15 June 2021 and from the date of acquisition to 31 December 2020 are as follows:

	1.1.2021-15.6.2021 RM'000	19.6.2020-31.12.2020 RM'000
Cash flows from operating activities	(2,252)	(585)
Cash flows from investing activities	(178)	(15,428)
Cash flows from financing activities	(209)	12,473
Effects of exchange rate changes	109	(367)
Net decrease in cash and cash equivalents	(2,530)	(3,907)

39 NON-CONTROLLING INTERESTS

The financial information (before intercompany eliminations) of CIBI that has material non-controlling interest ("NCI") to the Group is as follows:

(i) Summarised statement of financial position as at 15 June 2021 and 31 December 2020:

	As at	
	15.6.2021 RM'000	31.12.2020 RM'000
NCI percentage	**49%**	49%
Non-current assets	**4,361**	4,755
Current assets	**9,666**	11,153
Non-current liabilities	**(225)**	(796)
Current liabilities	**(4,442)**	(4,976)
Net assets	**9,360**	10,136
Net assets attributable to NCI	**4,587**	4,967

39 NON-CONTROLLING INTERESTS (CONTINUED)

(ii) Summarised statement of comprehensive income from the date of acquisition to 15 June 2021:

	1.1.2021-15.6.2021 RM'000	19.6.2020-31.12.2020 RM'000
Revenue	**7,732**	7,271
Loss for the financial period	**(1,124)**	(2,470)
Other comprehensive expense	**349**	(524)
Total comprehensive loss	**(775)**	(2,994)
Loss allocated to NCI	**(380)**	(1,467)

(iii) The summarised statement of cash flows from the date of acquisition to 15 June 2021:

	1.1.2021-15.6.2021 RM'000	19.6.2020-31.12.2020 RM'000
Cash flows from operating activities	**(2,233)**	(563)
Cash flows from investing activities	**(178)**	(652)
Cash flows from financing activities	**(209)**	(2,579)
Effects of exchange rate changes	**109**	(190)
Net decrease in cash and cash equivalents	**(2,511)**	(3,984)

The non-controlling interest was derecognised following the distribution of the immediate holding company of CIBI as dividend-in-specie during the year.

40 RE-PRESENTATION OF COMPARATIVE FIGURES

Following the Distribution of CIBI Holdings and CIBI during the financial year ended 31 December 2021, their respective results have been disclosed as a single amount of loss on discontinued operations in the statement of comprehensive income as it represents the discontinuation of a separate major geographical area of operations. Accordingly, the statement of comprehensive income for the financial year ended 31 December 2020 and the relevant disclosures have been re-presented to reflect the results of the discontinued operations in the prior year as required under MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' as shown below.

Statements of Comprehensive Income (extract)
For the financial year ended 31 December 2020

Group	Note	As previously stated RM'000	Adjustments RM'000	Re-presented RM'000
CONTINUED OPERATIONS				
Revenue		140,496	(7,271)	133,225
Cost of sales		(19,056)	1,547	(17,509)
Gross profit		121,440	(5,724)	115,716
Other income/(expenses)		174	(45)	129
Selling and marketing expenses		(33,902)	3,644	(30,258)
Administrative expenses		(44,931)	4,552	(40,379)
Finance costs		(4,234)	37	(4,197)
Share of profits of associates		1,785	-	1,785
Profit before tax		40,332	2,464	42,796
Tax expense	10	(2,355)	81	(2,274)
Profit from continuing operations		37,977	2,545	40,522
DISCONTINUED OPERATIONS				
Loss from discontinued operations	38	-	-	(2,545)
Profit for the financial year		37,977	2,545	37,977

41 SUBSEQUENT EVENTS

(a) On 28 January 2022, the Company entered into a Sales and Purchase Agreement ("SPA") to acquire additional 350,000 ordinary shares in RAM Holdings, representing 3.5% of the issued and paid-up share capital of RAM Holdings for a total cash consideration of RM10,500,000. The acquisition was completed on 4 February 2022.

(b) On 24 December 2021, the Company entered into a SPA to acquire 490,000 ordinary shares, representing 49% of equity interest in Juris Technologies Sdn. Bhd. ("JurisTech"), a company which principally engages in predictive artificial intelligence module, debt collection software, loan origination management, credit scoring solution, plus conveyancing and loan documentation systems for a total cash consideration of RM205,800,000, primarily funded by the proceeds from private placement and bank borrowings. The acquisition was completed on 4 March 2022.

(c) On 9 March 2022, the Company acquired additional 17,846,200 shares in the share capital of BOL, representing 2.175% of equity interest in BOL for a total cash consideration of THB205.2 million (equivalent to RM26.2 million). Upon completion of the acquisition, the shareholdings in BOL increased to 203,690,600 ordinary shares, representing 24.825% of equity interest in BOL.

(d) On 3 March 2022, the Company undertook a private placement of 110,000,000 new ordinary shares, representing up to 5% of the total issued shares raising total proceeds of RM173.8 million at RM1.58 per share. The proceeds were mainly used to fund the acquisition of JurisTech and BOL. Following the allotment of new shares, the Company's total number of share capital has increased to 2,310,000,000 shares.

42 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 March 2022.

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

We, Tan Sri Izzuddin bin Dali and Nirmala A/P Doraisamy, two of the Directors of CTOS Digital Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 71 to 178 are drawn up so as to give a true and fair view of the Group and of the Company as at 31 December 2021 and financial performance of the Group and of the Company for the financial year ended 31 December 2021 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed by the Board in accordance with a resolution of the Directors dated 30 March 2022.

TAN SRI IZZUDDIN BIN DALI
DIRECTOR

NIRMALA A/P DORAISAMY
DIRECTOR

Kuala Lumpur

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

I, Dennis Colin Martin, the Director primarily responsible for the financial management of CTOS Digital Berhad, do solemnly and sincerely declare that the financial statements set out on pages 71 to 178 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Oath and Declaration Act, 1957.

DENNIS COLIN MARTIN

Subscribed and solemnly declared by the abovenamed at Auckland, New Zealand before me, on 30 March 2022.

Before me:

NOTARY PUBLIC

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CTOS DIGITAL BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CTOS Digital Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, 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.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 71 to 178.

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.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 matters	How our audit addressed the key audit matters
Assessment on carrying value of goodwill *Refer to Note 3(d) - Summary of significant accounting policies: Intangible assets and Note 13 - Intangible assets* As at 31 December 2021, the carrying values of the Group's goodwill allocated to the Malaysian and International operations cash generating units ("CGUs") were RM37.9 million and RM36.7 million respectively. The Group is required to test goodwill for impairment annually based on the requirements of MFRS 136 "Impairment of Assets". We focused on this area as the estimation of the recoverable amount requires significant assumptions and judgements on the future cash flows. Key assumptions include revenue growth rate, earnings before interest, taxes, depreciation and amortisation ("EBITDA") margin and terminal growth rate. Based on the annual impairment test performed, the Directors concluded that no impairment is required. The key assumptions are disclosed in Note 13 to the financial statements.	We performed the following audit procedures on the value-in-use ("VIU") calculations: • Assessed the appropriateness of the CGUs to which goodwill is allocated in accordance with MFRS 136; • Checked the mathematical accuracy of the five-year VIU cash flows and agreed the cash flows to the financial budget for 2022 approved by the Directors and projections for the next four years; • Discussed with management on the key assumptions used in the five-year VIU cash flows which include the revenue growth rate, EBITDA margin, discount rate and terminal growth rate; • Assessed the reliability of management's estimates by comparing the historical forecast for 2021 to actual results; • Compared the revenue growth rates and EBITDA margins in the projection periods to historical results, understand management's forecasts of revenue and cost components to derive the revenue growth and EBITDA margin, and checked the reasonableness of the terminal growth rate by benchmarking to analyst reports; • Checked the reasonableness of the discount rate with the assistance of our valuation experts by benchmarking to entities with similar risk profiles and market information; and • Checked the sensitivity analysis performed by management on the discount rate and revenue growth rate. Based on the procedures performed above, we did not find any material exceptions to the Directors' conclusion that the goodwill is not impaired as at 31 December 2021.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
Revenue recognition from contracts with customers *Refer to Note 3(p) - Summary of significant accounting policies: Revenue recognition, Note 4(b) - Critical accounting estimates and judgements: Revenue from customer contracts and Note 5 - Revenue* The Group's revenue of RM153.2 million during the financial year ended 31 December 2021 comprised primarily of provision of services including sale of reports and monitoring and trade referencing services of RM53.7 million and RM81.1 million respectively. Certain contracts with customers are bundled solutions which consist of multiple products and services promised to the customers. These mainly relate to CTOS electronic Know-Your-Customer ("eKYC") and CTOS Application and Decisioning ("CAD") revenue contracts. Individual products and services are accounted for as separate performance obligations if they are distinct promised goods and services. Judgement is involved in determining whether the products and services are considered distinct and are separate performance obligations for the eKYC and CAD revenue contracts. We focused on this area because there is an inherent risk around the accuracy of revenue recorded given the large volumes of revenue transactions for different products and services sold, and the impact of various pricing models for different revenue products and services to revenue recognition.	We performed the following audit procedures: • Evaluated the accuracy of the revenue recognised by checking to supporting documents on a sampling basis; • Reviewed management's assessment of the identification of separate performance obligations over material customer contracts with bundling arrangements and sighted to the customer contracts on a sampling basis; • Evaluated management's estimate of stand-alone selling prices used in allocating the transaction price and tested the computation of revenue to be recognised in respect of each product and service sold in bundled transactions; • Reviewed management's analysis in determining whether the Group is acting as a principal or an agent in relation to the provision of products or services under the eKYC and CAD revenue contracts based on the contractual terms and conditions in the contracts with customers and suppliers; and • Examined material non-standard journal entries and other adjustments posted to revenue accounts. Based on the procedures performed above, we did not find any material exceptions in the revenue recognised during the financial year.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
Business combination for acquisition of CTOS Basis Sdn Bhd *Refer to Note 3(a) – Summary of significant accounting policies: Basis of consolidation and Note 37 - Business combination* On 8 December 2020, the Company entered into a Sale and Purchase Agreement to acquire the entire equity interest in CTOS Basis Sdn Bhd ("CTOS Basis") comprising 1,000,000 ordinary shares for an upfront purchase consideration of RM32 million and an earn-out payment computed based on the revenue target of CTOS Basis. The acquisition was completed on 4 January 2021. During the financial year, the Group has completed the purchase price allocation ("PPA") arising from the acquisition of CTOS Basis and recognised goodwill of RM36.7 million. The Group's disclosure of the business combination accounting applied to the acquisition of CTOS Basis is set out in Note 37 to the financial statements. We focused on this area due to the quantitative impact of the acquisition on the consolidated financial statements and that the PPA exercise, which involves the fair valuation of the consideration transferred, the identification of the acquired assets and liabilities and their respective fair values, requires the use of significant management judgement and estimates.	We performed the following audit procedures: • Read the Sale and Purchase Agreement and assessed management's accounting treatment for the acquisition of CTOS Basis in accordance with MFRS 3 "Business Combinations"; • Reviewed the PPA assessment performed by management with the assistance of our valuation experts, including the appropriateness of the fair value of the consideration transferred and the identifiable assets acquired and liabilities assumed and the goodwill recognised; and • Reviewed the adequacy of disclosures in the financial statements. Based on the procedures performed above, we did not find any material exceptions to the Director's assessment on the accounting for the acquisition of CTOS Basis as a business combination and the PPA assessment performed.

There are no key audit matters to report for the Company.

<u>Information other than the financial statements and auditors' report thereon</u>

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement of Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and other sections of the 2021 Annual Report, which is expected to be made available to us after that date. Other information 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon (continued)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, 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:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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: (continued)

(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 on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 14 to the financial statements.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT	PAULINE HO
LLP0014401-LCA & AF 1146	02684/11/2023 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur
30 March 2022

ANALYSIS OF SHAREHOLDINGS

AS AT 25 MARCH 2022

STATISTICS OF ORDINARY SHAREHOLDINGS

Class of Shares	:	Ordinary Shares
Total Number of Issued Shares	:	2,310,000,000
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	No. of shareholders	%	No. of shares	%
1 – 99	37	0.22	842	0.00
100 - 1,000	4,149	25.38	2,896,983	0.12
1,001 - 10,000	8,875	54.29	39,687,808	1.72
10,001 - 100,000	2,548	15.59	80,767,277	3.50
100,001 to less than 5% of issued shares	738	4.51	1,487,714,990	64.40
5% and above of issued shares	1	0.01	698,932,100	30.26
Total	**16,348**	**100.00**	**2,310,000,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

		No. of ordinary shares held			
No.	Name of Substantial Shareholders	Direct	%	Indirect	%
1	Inodes Limited	698,932,100	30.26	-	-
2	Creador II, LLC	-	-	698,932,100[1]	30.26[1]
3	Employees Provident Fund Board	144,548,000	6.26	-	-

Note:

[1] Deemed interested by virtue of its interest via Inodes Limited, pursuant to Section 8(4) of the Companies Act, 2016

DIRECTORS' SHAREHOLDINGS BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

		No. of ordinary shares held			
No.	Name of Directors	Direct	%	Indirect	%
1	Tan Sri Izzuddin Bin Dali	130,000	0.006	-	-
2	Dato' Noorazman bin Abd Aziz	200,000	0.009	-	-
3	Nirmala a/p Doraisamy	-	-	-	-
4	Lynette Yeow Su-Yin	300,000	0.013	-	-
5	Dennis Colin Martin	250,000	0.011	-	-
6	Loh Kok Leong	300,000	0.013	-	-
7	Su Puay Leng	300,000	0.013	-	-
8	Wong Pau Min *(Alternate Director to Loh Kok Leong)*	700,000	0.030	-	-

LIST OF TOP 30 HOLDERS

No.	Name of Shareholders	No. of Shares	%
1	CIMB Group Nominees (Asing) Sdn. Bhd. Creador II, LLC for Inodes Limited	698,932,100	30.26
2	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Chung Tze Keong (PB)	97,780,000	4.23
3	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	74,228,500	3.21
4	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local)	40,000,000	1.73
5	Permodalan Nasional Berhad	39,439,700	1.71
6	Amanahraya Trustees Berhad Amanah Saham Bumiputera	30,000,000	1.30
7	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Chung Tze Wen (PB)	27,280,300	1.18
8	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AFFIN-HWG)	24,935,300	1.08
9	HSBC Nominees (Asing) Sdn Bhd JPMBL SA for JPMorgan Funds	23,509,500	1.02
10	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	23,000,000	1.00
11	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Ng Gaik Lin @ June Ng (PB)	21,550,200	0.93
12	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for JPMorgan Asean Fund (BK Eastasia TST)	21,501,100	0.93
13	Cartaban Nominees (Tempatan) Sdn Bhd PBTB for Takafulink Dana Ekuiti	20,455,800	0.89
14	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	18,350,000	0.79
15	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad - Kenanga Growth Fund	16,748,700	0.73
16	JCL Credit Leasing Sdn Bhd	16,500,000	0.71
17	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Fakhri Yassin Bin Mahiaddin (PB)	16,000,000	0.69
18	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	15,119,700	0.65
19	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Life Insurance Berhad (Growth)	14,538,000	0.63
20	HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC for EAM long-only Emerging Markets Master Fund Limited	13,919,900	0.60
21	DB (Malaysia) Nominee (Asing) Sdn Bhd The Bank Of New York Mellon For Trimark Emerging Markets Class	13,878,000	0.60
22	HSBC Nominees (Asing) Sdn Bhd TNTC for Barings Asean Frontiers Fund	13,791,000	0.60

LIST OF TOP 30 HOLDERS (CONTINUED)

No.	Name of Shareholders	No. of Shares	%
23	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	12,657,700	0.55
24	Chung Tze Wen	12,255,100	0.53
25	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	10,706,200	0.46
26	Cartaban Nominees (Asing) Sdn Bhd SSBT FUND W4B3 for Wasatch Emerging Markets Small Cap Fund	10,690,600	0.46
27	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	10,670,800	0.46
28	Cartaban Nominees (Asing) Sdn Bhd BBH (LUX) SCA for Fidelity Funds Asean	10,584,700	0.46
29	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Rossana Annizah Binti Ahmad Rashid (PB)	10,000,000	0.43
30	HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC for M&G Funds (1) Invesco Global Emerging Markets Equity Fund	10,000,000	0.43

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2022 Annual General Meeting of CTOS Digital Berhad ("**CTOS Digita**l" or the "**Company**") ("**AGM**") will be conducted on a fully virtual manner through live streaming and online remote meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd via its website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781) on **Friday, 27 May 2022** at **9.30 a.m.** to transact the following businesses:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1)

2. To re-elect the following Directors who retire pursuant to Clause 76 (3) of the Company's Constitution:-

   (i) Loh Kok Leong (Resolution 1)
   (ii) Dato' Noorazman Bin Abd Aziz (Resolution 2)

3. To approve the payment of Directors' fees for an amount not exceeding RM725,000 from 28 May 2022 until the next AGM of the Company . (Resolution 3)

4. To approve the payment of Directors' benefits for an amount not exceeding RM25,000 from 6 September 2021 until the next AGM of the Company. (Resolution 4)

5. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 5)

Special Business

To consider and, if thought fit, to pass, with or without modifications, the following Ordinary Resolution:-

6. **ORDINARY RESOLUTION I**
   Authority To Allot And Issue Shares (Resolution 6)

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approval of the relevant governmental/regulatory authorities (if any), the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued during the preceding 12 months does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting."

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board

JOANNE TOH JOO ANN [LS 0008574]
SSM PC NO.: 202008001119
Company Secretary
Kuala Lumpur

Dated: 29 April 2022

Notes:

1. IMPORTANT NOTICE

   The 2022 Annual General Meeting ("AGM") will be conducted on a fully virtual manner through live streaming and online remote meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd ("TIIH") via its website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781).

   Shareholders are strongly advised to participate and vote remotely at the AGM through live streaming and online remote voting using the Remote Participation and Voting facilities provided by the Company's Share Registrar, TIIH.

   Please read these Notes carefully and follow the Procedures in the Administrative Guide for the AGM in order to participate remotely

2. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 23 May 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.

3. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.

4. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.

5. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote:

   (i) <u>In hard copy form</u>

   The original Proxy Form and the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of that power or authority shall be deposited at the office of TIIH at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (ii) <u>Electronically via TIIH Online</u>

   The Proxy Form can be electronically lodged with TIIH via TIIH Online at https://tiih.online. Please follow the procedures set out in the Administrative Guide.

9. For a corporate member who has appointed an authorised representative, please deposit the original certificate of appointment of corporate representative with TIIH at the addresses stated in Note 8(i) above, before the time appointed for holding this general meeting or adjourned meeting.

10. Last date and time for lodging the Proxy Form is Wednesday, 25 May 2022 at 9.30 a.m.

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. **Agenda item No. 1 - Audited Financial Statements for the Financial Year Ended 31 December 2021**

   The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 340(1) of the Companies Act, 2016. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

2. **Agenda Items No. 2 (i) and (ii) - Re-election of Directors**

   Loh Kok Leong and Dato' Noorazman Bin Abd Aziz are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 2022 Annual General Meeting.

   The Board has through the Nomination & Remuneration Committee ("NRC"), considered the assessment of the Directors and agreed that they met the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia on character, experience, integrity, competence and time to effectively discharge their roles as Directors. Both Directors have also met the relevant requirements under the fit and proper assessment.

   The NRC and the Board had undertaken an annual assessment on the independence of Dato' Noorazman Bin Abd Aziz who is seeking for re-election at the forthcoming 2022 Annual General Meeting. The annual assessment had been disclosed in the Corporate Governance Overview Statement of the Company's 2021 Annual Report.

3. **Agenda Items No. 3 and 4 – Payment of Directors' Fees and Benefits**

   Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

   The Proposed Resolution 3 is to facilitate the payment of Directors' fees calculated based on the current board size for the period from 28 May 2022 up to the next Annual General Meeting. In the event the Directors fees proposed are insufficient (due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

   The Proposed Resolution 4 for the Directors' Benefits are meeting allowances for the Board Investment Committee ("BIC"). Meeting allowances are calculated based on the number of BIC meetings held since its establishment on 6 September 2021 and scheduled BIC meetings up to the next Annual General Meeting. In the event the proposed amount is insufficient (e.g. due to more meetings), approval will be sought at the next Annual General Meeting for the shortfall.

EXPLANATORY NOTES ON SPECIAL BUSINESS

4. **Agenda item No. 6 - Authority to Allot and Issue Shares**

   The Ordinary Resolution proposed under Resolution 6 is the renewal of the mandate obtained from the members at the Extraordinary General Meeting held on 21 February 2022 ("the Previous Mandate"). As at the date of this Notice, the Company has issued 110,000,000 new Ordinary Shares under a private placement exercise pursuant to the Previous Mandate. The total proceeds raised from the private placement exercise was RM173.8 million and the proceeds were utilised in the following manner:-

Details of use of proceeds	Estimated timeframe for use of proceeds	Amount (RM'000)
Fees and expenses for the private placement	Utilised	2,119
Acquisition of Juris Technologies Sdn Bhd	Utilised	132,045
Acquisition of Business Online Public Company Limited	Utilised	26,249
Acquisitions to be identified	Within 12 months	13,387

   The Ordinary Resolution proposed under Resolution 6, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of issued shares of the Company for the time being, 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 the next Annual General Meeting of the Company.

Election/Appointment as Directors

There are no individuals standing for election/appointment as Directors at the 2022 Annual General Meeting ("AGM").

The Directors who are standing for re-election are Loh Kok Leong and Dato' Noorazman Bin Abd Aziz, whose profiles are set out on page 18 and page 21 of the 2021 Annual Report.

The Board has through the Nomination & Remuneration Committee ("NRC"), considered the assessment of the Directors and agreed that they met the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia on character, experience, integrity, competence and time to effectively discharge their roles as Directors. Both Directors have also met the relevant requirements under the fit and proper assessment. The NRC and the Board had also undertaken an annual assessment on the independence of Dato' Noorazman Bin Abd Aziz.

Having considered the above, the Board supports and recommended the re-election of Loh Kok Leong and Dato' Noorazman Bin Abd Aziz as Directors of the Company.

General Mandate for Issue of Securities

Kindly refer to item 4 of the Explanatory Notes on Special Business on page 192.

ADMINISTRATIVE NOTES

FOR THE 2022 ANNUAL GENERAL MEETING ("AGM")

Date	:	Friday, 27 May 2022
Time	:	9.30 a.m.
Online Meeting Platform	:	https://tiih.online

Precautionary Measures Against the Coronavirus Disease ("COVID-19")

- In light of the Coronavirus (COVID-19) pandemic and in line with the Guidance and Frequently Asked Questions (FAQs) on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia (including any amendment(s) that may be made from time to time) (SC Guidance), the AGM of the Company will be conducted fully virtual through live streaming and online remote platform provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") in Malaysia via its TIIH Online website at https://tiih.online. Members are to attend, speak (including posing questions to the Board of Directors of CTOS via real time submission of typed texts) and vote (collectively, "Participate") remotely at this AGM via Remote Participation and Voting ("RPV") facilities provided by Tricor.

- According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.

- We **strongly encourage** you to attend the AGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the AGM.

- Due to the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our AGM at short notice. Kindly check the Company's website or announcements for the latest updates on the status of the AGM.

- The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

Remote Participation and Voting

- The RPV facilities are available on Tricor's TIIH Online website at https://tiih.online.

- Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM using RPV facilities from Tricor.

- Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

Procedures to Remote Participation and Voting via RPV Facilities

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the AGM using the RPV facilities:

<u>Before the AGM Day</u>

Procedure	Action
i. Register as a user with TIIH Online	• Using your computer, access to website at https://tiih.online. Register as a user under the "e-Services" select the "Sign Up" button and followed by "**Create Account by Individual Holder**". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.

Before the AGM Day (Continued)

Procedure	Action
ii. Submit your request to attend AGM remotely	• Registration is open from Friday, 29 April 2022 until the day of AGM on Friday, 27 May 2022. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the AGM to ascertain their eligibility to participate the AGM using the RPV facilities. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: "**(REGISTRATION) CTOS 2022 AGM**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an **e-mail to notify** that your registration for remote participation is received and will be verified. • After verification of your registration against the Record of Depositors as at 23 May 2022, the system will send you an **e-mail on or after 25 May 2022 to approve or reject your** registration for remote participation. *(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).*

On the AGM Day

Procedure	Action
i. Login to TIIH Online	• Login with your user ID and password for remote participation at the AGM at any time from 8.30 am i.e. 1 hour before the commencement of meeting at 9.30am on Friday, 27 May 2022.
ii. Participate through Live Streaming	• Select the corporate event: "**(LIVE STREAM MEETING) CTOS 2022 AGM**" to engage in the proceedings of the AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
iii. Online remote voting	• Voting session commences from 9.30am on Friday, 27 May 2022 until a time when the Chairman announces the end of the session. • Select the corporate event: "**(REMOTE VOTING) CTOS 2022 AGM**" or if you are on the live stream meeting page, you can select "**GO TO REMOTE VOTING PAGE**" button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
iv. End of remote participation	• Upon the announcement by the Chairman on the conclusion of the AGM, the Live Streaming will end.

Note to users of the RPV facilities:

1. Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.

2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

3. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Record of Depositors as at 23 May 2022 shall be eligible to attend, speak and vote at the AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.

- In view that the AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Proxy Form.

- If you wish to participate in the AGM yourself, please do not submit any Proxy Form for the AGM. You will not be allowed to participate in the AGM together with a proxy appointed by you.

- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/ attorney for the AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than Wednesday, 25 May 2022 at 9.30am:

  (i) In Hard copy:

  By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

  (ii) By Electronic form:

  All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.

Entitlement to Participate and Appointment of Proxy (Continued)

(ii) By Electronic form: (Continued)

Procedure	Action
i. Steps for Individual Shareholders (Continued)	
Proceed with submission of form of proxy	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "**CTOS 2022 AGM - SUBMISSION OF PROXY FORM**". • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the form of proxy for your record.
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the "Sign Up" button and followed by "**Create Account by Representative of Corporate Holder**". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. *(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)*
Proceed with submission of form of proxy	• Login to TIIH Online at https://tiih.online. • Select the corporate event name: "**CTOS 2022 AGM - SUBMISSION OF PROXY FORM**". • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate event name: "**CTOS 2022 AGM - SUBMISSION OF PROXY FORM**". • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

Voting at Meeting

- The voting at the AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Company has appointed Tricor to conduct the poll voting electronically ("e-voting") via Tricor e-Vote application ("Tricor e-Vote App").
- Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the AGM at 9.30am. Kindly refer to "Procedures to Remote Participation and Voting via RPV Facilities" provided above for guidance on how to vote remotely via TIIH Online.

Door Gift or Food Voucher

- There will be no door gifts or food vouchers for attending the AGM.

No Recording or Photography

- Unauthorized recording and photography are strictly prohibited at the AGM

Pre-Meeting Submission of Questions to the Board of Directors

- The Board recognises that the AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the AGM, shareholders may in advance, before the AGM, submit questions to the Board of Directors via Tricor's TIIH Online website at https://tiih.online, by selecting "e-Services" to login, post your questions and submit it electronically no later than Wednesday, 25 May 2022 at 9.30am. The Board of Directors will endeavor to address the questions received at the AGM.

Annual Report and Circular to Shareholders

The following documents are available for downloading from our corporate website at www.ctosdigital.com or by scanning the QR code:

1. Annual Report 2021
2. Corporate Governance Report 2021
3. Notice of the 2022 AGM
4. Proxy Form
5. Administrative Details

In an effort to support green environment, we encourage shareholders to refer to the electronic copy of the abovementioned documents. You may request for a printed copy of the abovementioned documents at https://tiih.online by selecting "Request for Annual Report/ Circular" under the "Investor Services" or through telephone/e-mail to our Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. as given below.

Enquiry

- If you have any enquiry prior to the meeting, please call our Share Registrar, Tricor at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday), or alternatively email to is.enquiry@my.tricorglobal.com.

PROXY FORM

CDS Account No.

No. of shares held

I/We ______________________________ Tel: ______________

[Full name in block, NRIC/Passport/Company No.]

of ______________________________

____

being member(s) of **CTOS DIGITAL BERHAD** ("**CTOS Digital**" or the "**Company**"), hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy(ies) to vote for me/us on my/our behalf at the 2022 Annual General Meeting of CTOS Digital which will be conducted as a **fully virtual** meeting through live streaming, online remote participation and voting via the online meeting platform hosted on the TIIH Online System ("**TIIH Online**") at https://tiih.online ("**Meeting Platform**") on Friday, 27 May 2022 at 9:30 a.m. or any adjournment thereof.

My/Our proxy is to vote as indicated below:

No.	Agenda	Resolution	For	Against
1.	To re-elect Loh Kok Leong, retiring pursuant to Clause 76(3) of the Constitution of the Company.	1		
2.	To re-elect Dato' Noorazman Bin Abd Aziz, retiring pursuant to Clause 76(3) of the Constitution of the Company.	2		
3.	To approve the payment of Directors' fees for an amount not exceeding RM725,000 from 28 May 2022 until the next AGM of the Company.	3		
4.	To approve the payment of Directors' benefits for an amount not exceeding RM25,000 from 6 September 2021 until the next AGM of the Company.	4		
5.	To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	5		
6.	Authority to Allot and Issue Shares	6		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this ______________ day of

____

Signature*
Member

** Manner of execution:*

(a) If you are an individual member, please sign where indicated.

(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.

(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:

(i) at least two (2) authorised officers, of whom one shall be a director; or

(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 23 May 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*
2. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
3. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*
4. *Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
6. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

Please fold here

Affix
Stamp

CTOS DIGITAL BERHAD
Registration no : 201401025733
(1101823-A)

c/o **Tricor Investor & Issuing House Services Sdn Bhd**
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8 Jalan Kerinchi
59200 Kuala Lumpur

Please fold here

7. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:*

   (i) *In hard copy form*

   The original Proxy Form and the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of that power or authority shall be deposited at the office of Tricor Investor & Issuing House Services Sdn Bhd ("TIIH") at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (ii) *Electronically via TIIH Online*

   The Proxy Form can be electronically lodged with TIIH via TIIH Online at https://tiih.online. Please follow the procedures set out in the Administrative Guide.

8. *For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the* ***ORIGINAL*** *certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.*
9. *Last date and time for lodging the Proxy Form is* ***Wednesday, 25 May 2022 at 9.30 a.m.***

www.ctosdigital.com

CTOS DIGITAL BERHAD
Registration No: 201401025733 (1101823-A)

Unit 01-12, Level 8, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8 Jalan Kerinchi,
59200 Kuala Lumpur.

Tel : +603 2722 8888
E-mail : info@ctosdigital.com.my

Bursa: 5301 / CTOS
Bloomberg: 5301:MK
Reuters: CTOS.KL

Syariah Compliant