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## “Formula For STRONG DIGITAL SECURITY”

Strong security methodology to effectively combat today’s increasing digital threats is our top business priority.

Securemetric Berhad (“Securemetric” or “the Company”) and its subsidiary companies (“the Group”) offer digital security solutions across Southeast Asia, namely Malaysia, Vietnam, the Philippines, Indonesia and Singapore. Armed with in-house expertise in the areas of software licensing protection dongles, two-factor authentication (“2FA”), Public Key Infrastructure (“PKI”), centralised authentication management systems (“CENTAGATE®”) and electronic identification products. The Group’s clientele includes government organisations, accounting industries, financial institutions, Public Certification Authorities, software development companies and IT service providers.

As one of the regional players from Malaysia, Securemetric offers digital security solutions in a market which has traditionally been dominated by a few key multinational players. Securemetric has identified the importance of localising both its services and solutions.

The ability to provide such customised solutions that fit clients’ needs and regulatory framework has differentiated Securemetric from other players.

With the anticipated and sustained growth in the digital security market, the Group will continue to develop solutions with the latest digital security technologies to meet evolving market needs and demands. Securemetric unveiled SigningCloud V2, a rebrand of SigningCloud (a digital-signing-as-a-service to insert digital signature into electronic documents and transactions) that was launched in 2020.

In 2021, Securemetric has acquired 20% issued shares in Innov8tif Solutions Sdn. Bhd. (“Innov8tif”) and it become our associate. Innov8tif is principally involved in the Information and Communications Technology system development, development and maintenance service with software trading and services. Securemetric believes that this investment will create synergies between Innov8tif and Securemetric as Securemetric would be able to cross-sell its products and solutions to the local market by leveraging on Innov8tif’s strong local customer base in Malaysia which comprises of telecommunication companies, BFSI (banking, financial services & insurance), investment firms, multinational manufacturing companies and government.

### VISION

To be your trusted  
digital security  
partner.

### MISSION

Securing the world’s  
digital economy  
transformation  
today, tomorrow and  
beyond.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Clifton Heath Fernandez**  
*Independent Non-Executive Chairman*

**Law Seeh Key**  
*Non-Independent Executive Director/  
Chief Executive Officer*

**Yong Kim Fui**  
*Non-Independent Executive Director/  
Chief Financial Officer*

**Shireen Chia Yin Ting**  
*Independent Non-Executive Director*

**Dato' Ng Wan Peng**  
*Independent Non-Executive Director*

### AUDIT COMMITTEE

**Shireen Chia Yin Ting**, *Chairperson*  
**Clifton Heath Fernandez**, *Member*  
**Dato' Ng Wan Peng**, *Member*

### RISK MANAGEMENT COMMITTEE

**Clifton Heath Fernandez**, *Chairman*  
**Shireen Chia Yin Ting**, *Member*  
**Dato' Ng Wan Peng**, *Member*  
**Yong Kim Fui**, *Member*  
**Nioo Yu Siong**, *Member*

### REMUNERATION COMMITTEE

**Shireen Chia Yin Ting**, *Chairperson*  
**Clifton Heath Fernandez**, *Member*  
**Dato' Ng Wan Peng**, *Member*

### NOMINATION COMMITTEE

**Dato' Ng Wan Peng**, *Chairperson*  
**Clifton Heath Fernandez**, *Member*  
**Shireen Chia Yin Ting**, *Member*

### AUDITORS

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

### COMPANY SECRETARY

Wong Youn Kim (MAICSA 7018778)  
(SSM Practicing Certificate No.  
201908000410)

### PRINCIPAL BANKERS

**AmBank (M) Berhad**  
[Registration No.: 196901000166 (8515-D)]  
24 & 26 Jalan Hujan Rahmat 2  
Overseas Union Garden  
Off Jalan Klang Lama  
58200 Kuala Lumpur, Malaysia  
Tel : 03-7784 7035  
Fax : 03-7784 7041

**CIMB Bank Berhad**  
[Registration No.: 197201001799 (13491-P)]  
Ground Floor Wisma Genting  
28, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Wilayah Persekutuan, Malaysia  
Tel : 03-2039 3124  
Fax : 03-2031 6320

### SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.  
[Registration No.: 199601006647  
(378993-D)]  
11th Floor, Menara Symphony  
No. 5, Jalan Pro. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor, Malaysia  
Tel : 03-7890 4700  
Fax : 03-7890 4670

### REGISTERED OFFICE

HMC Corporate Services Sdn. Bhd.  
Level 2, Tower 1, Avenue 5  
Bangsar South City  
59200 Kuala Lumpur, Malaysia  
Tel : 03-2241 5800  
Fax : 03-2282 5022

### CORPORATE OFFICE

Level 5-E-6, Enterprise 4  
Technology Park Malaysia  
Lebuhraya Sg. Besi – Puchong  
Bukit Jalil  
57000 Kuala Lumpur, Malaysia  
Tel : 03-8996 8225  
Fax : 03-8996 7225  
Website : [www.securemetric.com](http://www.securemetric.com)  
Email address : [ir@securemetric.com](mailto:ir@securemetric.com)

### STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia  
Securities Berhad  
Stock Name : SMETRIC & SMETRIC – WA  
Stock Code : 0203 & 0203WA



## CORPORATE STRUCTURE



100%

**Securemetric Malaysia****Securemetric Technology Sdn. Bhd.**  
200701001616 (759614-V)

100%

**Signing Cloud Malaysia****Signing Cloud Sdn. Bhd.**  
202001037921 (1394242-T)

99.999%

**Securemetric Indonesia****PT Securemetric Technology**  
(09.02.1.46.59522)

80%

**Softkey Indonesia****PT Softkey Indonesia**  
(09.02.1.46.58901)

100%

**Securemetric Vietnam****Securemetric Technology Co., Ltd**  
(0103682805)

99.995%

**Securemetric Philippines****Securemetric Technology, Inc.**  
(CS201307904)

100%

**Securemetric Singapore****Securemetric Technology Pte. Ltd.**  
(201528340D)

20%

**Innov8tif Solutions Sdn. Bhd.**201101030830 (958965-W)  
(Associate)

## PRODUCT HIGHLIGHTS

### CENTAGATE CLOUD

#### CENTAGATE CLOUD:

CENTAGATE Cloud is an extension of CENTAGATE® which serves as a cloud hosted authentication solution-as-a-service to enterprises all over the world.



#### SIGNINGCLOUD:

SigningCloud was introduced as a secure online digital signing platform that allows users to digitally sign their documents anytime, anywhere, utilising public key cryptography technology.

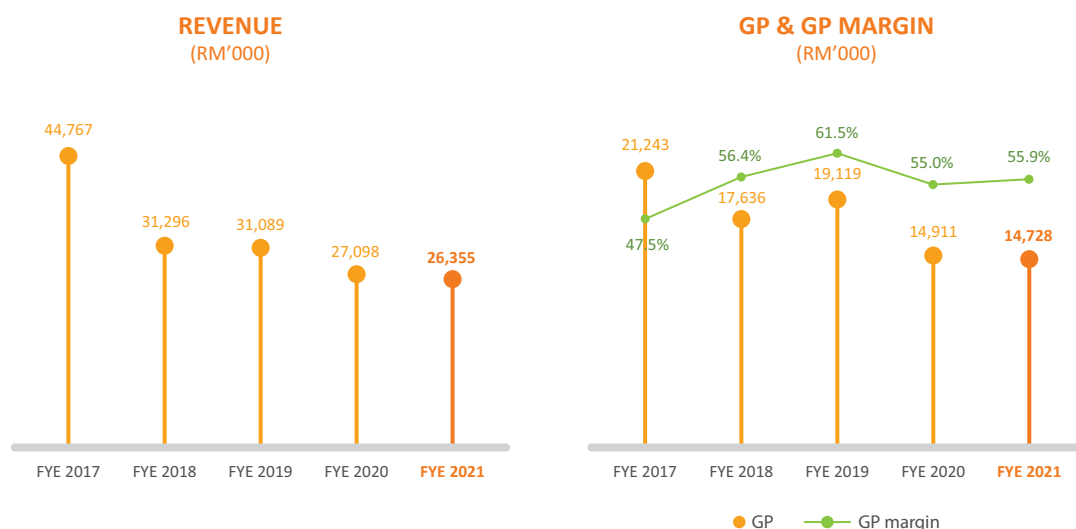


## FINANCIAL HIGHLIGHTS

Group financial highlight	FYE 2017 <sup>(1)</sup> RM'000	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000
<b>PROFITABILITY</b>					
Revenue	44,767	31,296	31,089	27,098	26,355
Gross profit ("GP")	21,243	17,636	19,119	14,911	14,728
Profit/(Loss) before tax ("PBT"/ "LBT")	6,202	1,581	3,029	(4,077)	(1,082)
Profit/(Loss) after tax ("PAT"/ "LAT")	6,082	692	2,013	(4,868)	(1,860)
Net profit/(loss) attributable to owners of the Company	6,016	613	1,990	(4,852)	(1,846)
<b>FINANCIAL POSITION</b>					
Total assets	41,350	49,576	51,627	48,871	55,296
Equity attributable to owners of the Company	19,295	36,506	38,697	38,705	42,633
Total borrowings	2,548	2,365	1,019	630	1,355
Weighted average number of ordinary shares ('000)	419,200 <sup>(2)(3)</sup>	428,329 <sup>(3)</sup>	487,200 <sup>(3)</sup>	512,583	552,775
<b>SHARE INFORMATION</b>					
Earnings/(Loss) per share ("EPS"/"LPS") (sen)	1.4 <sup>(3)</sup>	0.1 <sup>(3)</sup>	0.4 <sup>(3)</sup>	(0.9)	(0.3)
Net assets per share attributable to owners of the Company (sen)	11.0 <sup>(4)</sup>	19.8 <sup>(4)</sup>	15.9 <sup>(4)</sup>	7.2 <sup>(4)</sup>	7.4 <sup>(4)</sup>
Gross gearing ratio (times)	0.13	0.06	0.03	0.02	0.03

### Notes:

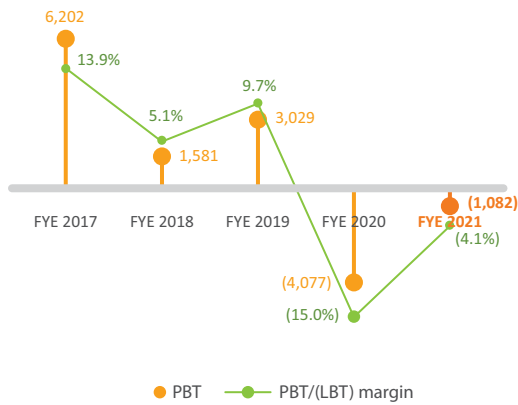
- <sup>(1)</sup> The financial results for the financial year ended 31 December 2017 ("FYE 2017") is based on audited combined financial statements as disclosed in Prospectus of the Company dated 23 October 2018.
- <sup>(2)</sup> Based on the number of shares assumed to be in issue before public issue in conjunction with the Company's listing on the ACE Market of Bursa Malaysia Securities Berhad.
- <sup>(3)</sup> The EPS and weighted average number of ordinary shares for FYE 2017, FYE 2018 and FYE 2019 have been restated to reflect the retrospective adjustment arising from bonus issue which was completed on 20 January 2020.
- <sup>(4)</sup> The net assets per share attributable to owners of the Company is based on actual number of ordinary shares in issue.



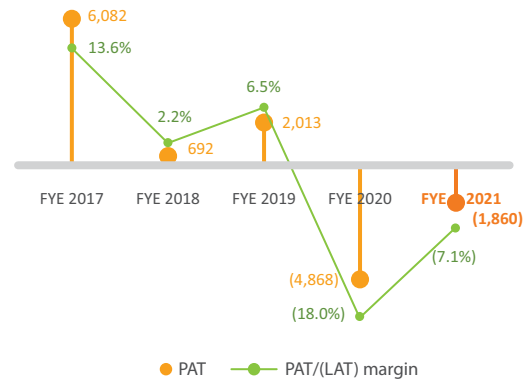
# FINANCIAL HIGHLIGHTS

cont'd

**PBT/(LBT) & PBT/(LBT) MARGIN**  
(RM'000)

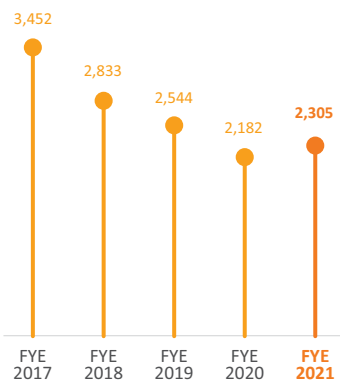


**PAT/(LAT) & PAT/(LAT) MARGIN**  
(RM'000)

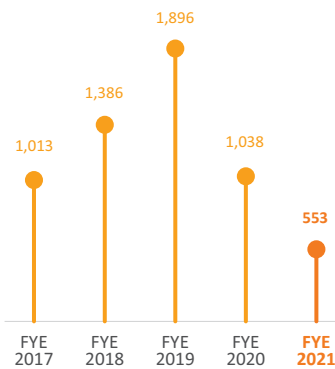


**REVENUE BY BUSINESS SEGMENTS**  
(RM'000)

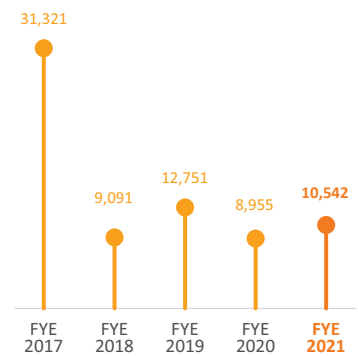
**Software licensing  
protection dongles**



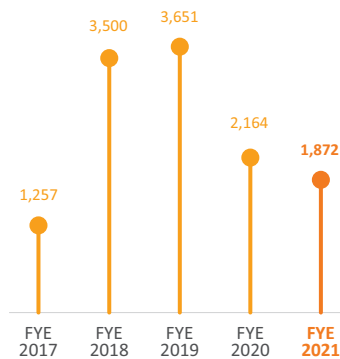
**2FA**



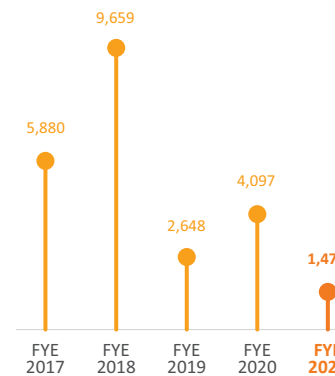
**PKI**



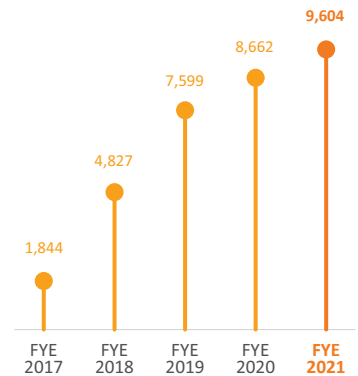
**CENTAGATE®**



**Electronic identification  
products**



**Other related services**





# CHAIRMAN'S STATEMENT

“

*It is my pleasure, on behalf of the Board of Directors (“Board”) of Securemetric, to present you the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2021 (“FYE 2021”).*

”



**CLIFTON HEATH FERNANDEZ**

*Independent Non-Executive Chairman*

# CHAIRMAN'S STATEMENT

cont'd

## OVERVIEW

The year 2021 has been another tumultuous year and one of the most challenging years which has significantly affected everyone on the sense of normalcy. The health and business challenges arising from the COVID-19 pandemic persisted in 2021.

In Malaysia, domestic daily cases fluctuated throughout 2021 and the Government implemented the Movement Control Order ("MCO") 2.0 on 13 January 2021 and MCO 3.0 on 1 June 2021 again to curtail an exponential growth in case numbers. National Recovery Plan ("NRP") was subsequently unveiled by government in middle of June 2021 as a phased strategy to transition out from the MCO on the reopening of economic and social sectors. The Malaysian economy registered a positive growth of 3.6% in the fourth quarter of 2021 (3Q 2021: -4.5%), as economic activities resumed with the easing of containment measures. With the turnaround in growth in the fourth quarter, the economy performance in 2021 showed a recovery momentum with the growth of 3.1% as compared to a decline of 5.6% in 2020.

Despite the COVID-19 pandemic, Securemetric remained focused on its business strategies. The management continues to proactively expand its business development sectors while managing its existing and potential clients. The management is also consistent in its efforts to respond to market trends and developments, at the same time maintaining its long-standing commitment to innovating digital security.

The global pandemic did not discourage Securemetric's continuous efforts and milestones. In August 2021, Securemetric unveiled SigningCloud V2, a rebrand of SigningCloud (a digital-signing-as-a-service to insert digital signature into electronic documents and transactions) that was launched in 2020. This further evidences Securemetric's testament towards the continuous development of innovative and trusted digital security solutions.

These initiatives as well as on-going and future ones, provide opportunities for the Group to boost its recurring revenue, rather than solely relying on project.

## CORPORATE HIGHLIGHTS

### 16 March 2021

Additional shares subscription in Signing Cloud Malaysia for RM0.25 million.

Signing Cloud Malaysia, a wholly-owned subsidiary company of the Company, increased its issued share capital from 2 to 250,000 ordinary shares. The Company has subscribed for an additional 249,998 ordinary shares in Signing Cloud Malaysia by way of cash.

### 03 August 2021

Completed the listing of 40,476,000 new Securemetric Shares on the ACE Market of Bursa Malaysia Securities Berhad.

### 11 October 2021 and 18 October 2021

Acquired 20% issued shares in Innov8tif Solutions Sdn. Bhd. ("Innov8tif") for a total cash consideration of RM8.00 million.

Innov8tif is an ISO 27001:2013 certified AI (artificial intelligence) company helping businesses to widen sales funnel, speed-up processes without paper and prevent frauds. Innov8tif is principally involved in the Information and Communications Technology system development, development and maintenance service with software trading and services. Innov8tif specialising in Digital ID assurance e-KYC (Electronic Know-Your-Customer), Digital low-code process automation, and Mobile biometric authentication.

This Investment is expected to create synergies between Innov8tif and Securemetric as Securemetric would be able to cross-sell its products and solutions to the local market by leveraging on Innov8tif's strong local client base in Malaysia. This Investment provides Securemetric with immediate access to Innov8tif's e-KYC technology that will be integrated into Securemetric's digital signing solution which will be offered to Securemetric's existing and future customers. This will enable Securemetric to leverage on Innov8tif's e-KYC solutions instead of developing in-house and is expected to contribute to the financial performance of Securemetric. This Investment may also enable Securemetric to receive dividend income and potentially capital gains arising from the Investment.

# CHAIRMAN'S STATEMENT

cont'd

## CORPORATE HIGHLIGHTS (cont'd)

### 25 November 2021

Additional shares subscription in Securemetric Singapore for RM0.77 million.

Securemetric Singapore, a wholly-owned subsidiary company of the Company, increased its issued share capital from 50,000 to 300,000 ordinary shares. The Company has subscribed for an additional 250,000 ordinary shares in Securemetric Singapore by way of cash.

## FINANCIAL HIGHLIGHTS

In FYE 2021, the Group recorded revenue of RM26.35 million, a decrease of RM0.75 million from RM27.10 million recorded in FYE 2020. The decline was due to lower contribution from electronic identification products. However, this was mitigated by the improvements in revenue from digital security solutions and maintenance services in FYE 2021.

Loss after tax and after non-controlling interests stood at RM1.85 million, which represents an improvement of RM3.00 million as compared to a loss after tax and after non-controlling interests of RM4.85 million in the previous financial year. The improvement was mainly due to the reversal of impairment losses on trade receivables and reduction in administrative expenses in FYE 2021.

The Group's cash reserve continues to be at a healthy level of RM21.53 million. In view of this, the Group is well-positioned to not only weather the current economic climate but also to expand its businesses, as and when opportunity arises.

## PROSPECTS

In light of the current global and regional economic challenges arising from the pandemic, the Group remains committed in mitigating the impacts on the business by continuously implementing precautionary measures to align with the Group's strategies. The Group also strives to ensure that in line with adapting to the new reality, costs will be monitored and kept on a tight rein. This is to make certain that the Group is stable and well-placed when economic activities revert to normal and the industry gradually recovers.

The COVID-19 pandemic is accelerating the adoption of technology and the growth of the digital economy everywhere. But its impact in Southeast Asia has been especially striking. With this accelerated uptake of technology, digital security is essential for trust in the digital age.

Furthermore, under the Twelfth Malaysia Plan ("12MP"), the Government hyperfocuses on digital development of business. The 12MP also includes the positioning of Malaysia as the ASEAN digital centre, given the country's strong capability in cybersecurity solutions and digital content products.

In view of the above, Securemetric will continue to invest in research and development ("R&D") across all business segments of the Group to keep abreast with the latest technological advancement available in the digital security industry, while innovating and identifying new business models, solutions and services across our business segments.

Moving forward into 2022, the Group will continue to focus on its long-term strategy to increase its recurring revenue through CENTAGATE Cloud (a security-as-a-service solution to control, protect and secure application access through single login credential) and SigningCloud (a digital-signing-as-a-service to insert digital signature into electronic documents and transactions). We are confident that CENTAGATE Cloud and SigningCloud will enhance shareholders' value in the future.

## CHAIRMAN'S STATEMENT

cont'd

### PROSPECTS (cont'd)

The Group also believes that the demand for digital security solutions, electronic identification products and its related services will continue to grow via its regional offices in South East Asia countries as well as develop new digital security solutions to maintain growth and sustainability.

Our foreign subsidiary companies were affected by the COVID-19 pandemic. Nevertheless, the respective foreign governments have also carried out precautionary measures to contain the spread of COVID-19 pandemic. The Group recognises that the wellbeing of employees, as well as their families, clients, and communities around them are of utmost priority. During this period, some of the overseas subsidiary companies implemented work-from home basis according to the requirements and regulations of their countries. As Malaysia reached its herd immunity target and in line with the National Recovery Plan on COVID-19, the subsidiary companies in Malaysia resumed operations at full capacity since December 2021. However, due to the emergence of the new Covid-19 variant of concern, Omicron, which is expected to be more transmissible, our subsidiary companies located in Malaysia decided to implement alternate work arrangement based on one week rotation started from mid of February 2022 onwards. The Group will continue to adhere to all SOPs to safeguard the health and safety of all employees and to ensure its business continuity amid the ongoing Covid-19 pandemic. In addition to the existing SOPs, all the employees working in Malaysia are required to undergo RTK Antigen Testing every two weeks as a proactive measure to curb the spread of Covid-19 virus amongst employees.

The Group has stepped up precautionary measures at our offices and formulated business continuity plans to minimise the impact to operations and are ready to support our business partners and customers to ride through the challenges brought on by the COVID-19 pandemic.

Whilst our Group had carefully planned and strategised for the near and far future, the performance of the Group for the new financial year will remain challenging due to the current headwinds and disruption in the local and global economy. The Directors of the Company will strive to continuously manage the Group's businesses with vigilance during this period of uncertainty.

### APPRECIATION

On behalf of Securemetric's Board, we would like to express our heartfelt gratitude to the Management and staff of Securemetric for their continuous dedication and efforts.

The Group would also like to convey our deepest appreciation to our customers and shareholders who have remained loyal to us amidst the uncertainties caused by the pandemic. We wholeheartedly thank you for the faith that you have put in us as one of the key digital security players in the ASEAN region.

We remain committed to delivering long-term value for the shareholders. Together, we will grow stronger as we progress into a new decade.



## MANAGEMENT DISCUSSION & Analysis

We hereby present our Group's Management Discussion & Analysis Statement for the FYE 2021.

*"The year of 2021 has been a challenging year for Securemetric. The global pandemic has impacted us all. Nevertheless, we remained focused and committed on our continuous strategic direction by leveraging on our enriched and diversified footprints as well as our strengthened technology capabilities."*

### 1. OVERVIEW OF THE GROUP'S BUSINESSES AND OPERATIONS

#### 1.1 Core Business and Operations of the Group

Securemetric is principally involved in the provision of digital security solutions as well as trading of electronic identification products and other related services. Our Group has offices in Malaysia, Vietnam, the Philippines, Indonesia and Singapore. Within our Group, Securemetric Malaysia and Signing Cloud Malaysia are responsible for undertaking R&D for our Group's digital security solutions as well as being involved in sales and marketing. Securemetric Malaysia also serves as a central hub for managing the exports of our digital security solutions and electronic identification products to other countries.

Securemetric Vietnam, Securemetric Philippines and Securemetric Indonesia are primarily accountable for the implementation of projects relevant to the provision of digital security solutions and other related services within their respective countries as well as being responsible for the sales and marketing of our Group's electronic identification products. Meanwhile, Softkey Indonesia and Securemetric Singapore focus only on the sales and marketing of our Group's electronic identification products and other related services in Indonesia and Singapore, respectively.

Securemetric unveiled SigningCloud V2, a rebrand of SigningCloud (a digital-signing-as-a-service to insert digital signature into electronic documents and transactions) that was launched in 2020.

Securemetric's core business segments are as follows:

Segments	Principal activities
Digital security solutions	
• Software licensing protection dongles	For prevention of unauthorised access, copy, imitation and distribution of software. To protect parties with exclusive rights and ensure only paying customers have access.
• 2FA	Aims to enhance access security by enforcing a second authentication factor, a randomly generated One-Time Password.
• PKI	To ensure that the sender of data is indeed the source and that the said data has not tampered in transit.

# MANAGEMENT DISCUSSION & Analysis

cont'd

## 1. OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (cont'd)

### 1.1 Core Business and Operations of the Group (cont'd)

Segments	Principal activities
• CENTAGATE®	An inclusive software that manages user authentication and supports multi-factor and multi-channel authentication and digital signing solution ("SigningCloud").
Electronic identification products	We purchase third party branded electronic identification products from product principals for onward sale to our customers.
Other related services	Maintenance services arising from service level agreements following the completion of projects, the typical duration is one year with an annual renewal option.

## 2. REVIEW OF FINANCIAL RESULTS

The Group registered total revenue of RM26.35 million in FYE 2021 as compared to RM27.10 million in the preceding financial year. On a year-on-year ("y-o-y") basis, the Group's revenue has marginally dropped by 2.8% due to lesser contribution from electronic identification products by RM2.62 million or 63.9%.

Notwithstanding the lower revenue contribution from electronic identification products, revenue from the digital security solutions and maintenance services increased by RM0.93 million or 6.5% to RM15.27 million and RM0.94 million or 10.9% to RM9.60 million y-o-y respectively.

Our GP decreased by 1.2% y-o-y from RM14.91 million in FYE 2020 to RM14.73 million in FYE 2021. Despite registered a 1.2% decline in GP, our GP margin slightly increased from 55.0% in FYE 2020 to 55.9% in FYE 2021. The increase in GP margin was mainly driven by increase in overall revenue in digital security solutions where one of the solutions, CENTAGATE®, which generally yields higher profit margin.

The decrease of administrative expenses by 0.9% y-o-y to RM18.48 million was mainly due to decrease in professional fees in the financial year under review. There is also decrease in impairment losses of trade receivables in FYE 2021.

The Group recorded a lower loss before tax of RM1.08 million in FYE 2021, an improvement of 73.5% as compared to loss before tax of RM4.08 million in FYE 2020.

The Group reported a loss after tax ("LAT") of RM1.86 million in FYE 2021 as compared to LAT of RM4.87 million in FYE 2020, translating to LAT margin of -7.1% and -18.0% respectively.

The Group registered a healthy financial position with RM21.53 million in cash and cash equivalents at the end of the financial year under review. Further to this, total assets have increased to RM55.30 million from RM48.87 million recorded in last financial year, while shareholders' equity amounted to RM42.63 million as at 31 December 2021, resulting in a net assets per share of 7.4 sen.

The increase by RM0.41 million in trade receivables to RM9.19 million was due to higher sales in fourth quarter ended 31 December 2021 and reversal of impairment losses of trade receivables of RM1.38 million in FYE 2021 due to receipts from customers.

# MANAGEMENT DISCUSSION & Analysis

cont'd

## 2. REVIEW OF FINANCIAL RESULTS (cont'd)

Geographically, Malaysia contributed around 11.9% to the Group's revenue, with the balance from Vietnam (24.0%), Indonesia (28.6%), the Philippines (15.3%), Singapore (7.2%) and others (13.0%).

In February 2021, our Prime Minister Tan Sri Muhyiddin Yassin announced Malaysia Digital Economy Blueprint ("MyDigital") to provide a clear roadmap for the digital transformation of Malaysia in its pursuit of the Shared Prosperity Vision 2030 to achieve social well-being, environmental sustainability and equitable economic development for the country. The blueprint advocates a human-centric approach centred on using technologies responsibly, preserving human values and cultural heritage. With this opportunity, the Group intensifies our business activities in Malaysia market with the aim to increase our domestic revenue contribution to a higher percentage.

### Digital Security Solutions

The digital security solutions segment contributed to the biggest revenue in FYE 2021. This segment delivered a total revenue of RM15.27 million to the Group, which is a 6.5% y-o-y increase from RM14.34 million in the preceding corresponding financial year. The increase in revenue from this segment was mainly from the increase in PKI revenue.

### Electronic Identification Products

For FYE 2021, the electronic identification products' business segment contributed RM1.48 million to the Group's overall revenue. In comparison to the revenue recorded in FYE 2020, this represents a decline of RM2.62 million or a 63.9% y-o-y from RM4.10 million. The lower revenue contribution was mainly from Securemetric Philippines, and Securemetric Singapore.

### Others

Securemetric's other business segments comprises mainly maintenance service charges to our clients. This segment contributed RM9.60 million or a 10.9% y-o-y increase from RM8.66 million in FYE 2020. The increase in revenue contribution can be credited to the continuous enlargement of the Group's client base as well as Securemetric Indonesia who contributed the most revenue in FYE 2021.

## 3. OPERATIONS REVIEW

Amidst challenging economic conditions, the Group continues to secure new contracts each year to provide digital security solutions and electronic identification products across the countries we operate in while simultaneously to providing trusted support and maintenance contracts to our existing and new customers.

## MANAGEMENT DISCUSSION & Analysis

cont'd

### 4. FUTURE PROSPECTS

The economic outlook for FYE 2022 remains uncertain with the emergence of the new variants such as Delta and Omicron, and the devastating impacts of COVID-19 disease in countries and territories around the world, has brought irrevocable changes to our lives, the global economy, and the industries of which it is comprised. The resulting measures of lockdowns and movement controls arising from the COVID-19 Pandemic, as well as the encouragement of working and studying from home was implemented in many countries across the world. It has brought about a paradigm shift from the conventional way of conducting business, collaboration, education to a new trajectory of digitalisation, interconnectedness and e-commerce. As digitalisation continues to proliferate and new technologies are introduced, cyber risk will inevitably grow, thus making cybersecurity a primary goal to safeguard data from various online attacks or any unauthorized access. The World Economic Forum's first 'Global Cybersecurity Outlook 2022' report highlights that the accelerated shift to remote working during the COVID-19 pandemic coupled with recent high-profile cyberattacks (cybercrime with ransomware attacks rising 151% in first six months of 2021, and an average of 270 cyberattack per organization in 2021, a 31% increase over 2020) have resulted in bringing cybersecurity top of mind among key decision-makers in organizations and nations.

With our expertise in PKI and other areas of digital security such as CENTAGATE®, SigningCloud, we are well positioned to ride on the wave of digitalisation across ASEAN and play a crucial role in safeguarding cyber assets and transactions.

In addition, the Group will strive to continuously develop solutions using the latest digital security technologies to meet the evolving market needs and demands.

The Group has acquired 20% issued shares in Innov8tif in FYE 2021. This Investment is expected to create synergies between Innov8tif and Securemetric as Securemetric would be able to cross-sell its products and solutions to the local market by leveraging on Innov8tif's strong local client base in Malaysia. The Board expects the Investment will enhance Securemetric Group's future earnings and shareholders' fund in future.

The Board is optimistic of Securemetric's ability and skills in managing the Group's business during the current economic environment. Securemetric strives to continuously keep itself abreast with the needs and requirements of the latest digital security industry demands in curbing the inevitable change of business models and the adaptation thereof to the new business norm moving forward.

The Group believes that its digital security solutions, electronic identification products and related services will continue to improve and grow in Southeast Asian countries whilst we develop and innovate new digital security solutions in a steady and consistent manner.

### 5. ANTICIPATED OR KNOWN RISKS

#### Economic Impacts of COVID-19 in the ASEAN Region

In 2022, the distribution of COVID-19 vaccines throughout 2021 raised optimism of a return to normal, but the emergence of the Omicron variant has quickly forced a reassessment. COVID-19 remains by far the biggest downside risk factor for economies in Asia. On the one hand, progress in vaccination rate is contributing to recovery, as well as a lot of strong government efforts to try to stop the spread of the disease.



## MANAGEMENT DISCUSSION & Analysis

cont'd

### 5. ANTICIPATED OR KNOWN RISKS (cont'd)

#### Economic Impacts of COVID-19 in the ASEAN Region (cont'd)

While there is no sure of way of predicting the future extent of the economic damage that will undoubtedly stem from the pandemic, there is widespread agreement among economists that the global economy will continue to be adversely impacted. In spite of the negative impact, the pandemic has significantly increased the demand for digital services in ASEAN.

However, due to its recessionary impacts, the COVID-19 pandemic has also reduced the ability of some users to afford these services. Governments may face challenges in balancing their budgets as expenditure to support jobs, businesses and healthcare rises while government tax decreases. As a result, governments may face challenges in budgeting for desirable objectives such as addressing the digital divide, improving digital skills, the development of e-government services and government initiatives to improve productivity through the use of digital services.

The Group is of the view that the extent of the damage will depend on how quickly the virus is contained, the steps taken by the authorities to contain it as well as economic policies and support that governments are willing to deploy during the pandemic's immediate impact and aftermath.

#### Rapid changes in technological development and technical personnel

The technology industry is a growing and fast-changing sector. In line with that, the management and operations of such businesses require the employment and retention of skilled personnel. The Group believes that its continuous success will depend upon the abilities and continuous effort of its existing key management and technical personnel. The loss of any key members of the Group's management and technical personnel could adversely affect the Group's ability to compete.

The Group continues to attract and retain the key management personnel who are essential in supporting of the Group's operations by providing employee benefits and incentives to ensure a long term commitment of the key management personnel to the Group. The Group also continuously reviews the remuneration packages to ensure competitiveness and takes appropriate measures and implement programs for talent acquisition as well as to retain existing staff.

Apart from this, the Group actively grooms the younger management personnel to ensure continuity of the quality and dynamism in the management team by providing the necessary guidance, training and exposure in order to prepare them to take over from the senior management team in the future so that the Group is prepared to conduct a smooth transition.

Additionally, the Group is of the view that there is a sufficient pool of talent with suitable experience and expertise in the e-commerce market. As such, the Group is confident that it will be able to recruit suitable candidates to fill up any vacancies within a reasonable timeframe.

#### Fluctuation in foreign currency exchange rates

We are exposed to foreign exchange risks as part of our sales and purchases are transacted in foreign currencies. Our financial statements are presented in RM, while our operating currencies comprise, inter alia, RM and USD. Moving forward, we expect to derive more revenue denominated in RM and USD in view of our growing presence in the overseas markets as well as our future plans to expand our footprint to other countries. Any significant fluctuations in the exchange rates may have a significant impact, whether positively or negatively, on our revenue and earnings.

## MANAGEMENT DISCUSSION & Analysis

cont'd

### 5. ANTICIPATED OR KNOWN RISKS (cont'd)

#### Ability to secure new projects and customers

Our financial performance is dependent on our ability to secure contracts on a timely basis as our existing core business is mainly project-based. Whilst we were able to secure higher maintenance services (i.e. service level agreements) revenue arising from new projects in FYE 2021 to generate higher recurring income, there can be no certainty that our order book can be sustained in the future. Our inability to maintain a strong order book would have a material adverse impact on our future financial performance and prospects. Hence, we has launched CENTAGATE Cloud and SigningCloud in 2020, the Group's direction is to grow the recurring income contribution.

### 6. DIVIDEND POLICY

Our Group presently does not have a fixed dividend policy or payout ratio. However, the Board will take into consideration a number of factors including the availability of adequate distributable reserves and cash flow, our operating cash flow requirements and financing commitments, our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans, any material impact of tax laws and other regulatory requirements, and prior approval from our banks, if any is required.

The Board does not recommend the payment of any dividend in respect of FYE 2021.

## PROFILE OF DIRECTORS



**CLIFTON HEATH FERNANDEZ**

*Independent  
Non-Executive Chairman*

Gender : Male  
Nationality : Malaysian  
Age : 50

### Date of appointment

2 February 2018

### Board attendance in FYE 2021

6/6

### Membership of Board Committees

- Chairman of Risk Management Committee
- Member of Audit Committee
- Member of Remuneration Committee
- Member of Nomination Committee

### Qualification

He is a fellow of the Chartered Certified Accountant (ACCA, UK). He holds a Chartered Accountancy and a Diploma in Management from The Malaysian Institute of Management (AMIM) and is a Certified Management System, Lead Auditor for ISO 9001 / 45001/ 14001 etc. He is also a Chartered Internal Auditor, IIA, C.A (M), Asean CPA and a member of Chartered Quality Institute, UK and INSOL International.

### Working Experience

He is currently the Training and Certification Director of UNICERT International Sdn. Bhd. His career has encompassed a spectrum of industries, involving standards and improvement in projects, compliance, quality, financial, auditing, education, human resources and credit control. He conducts training, certification audit & placement consultancy for clients in Southeast Asia region.

He also acts as an independent reviewer and evaluation body to ensure that compliance issues/concerns with organisations are being appropriately evaluated, investigated and resolved.

### Present Directorship in Public Company and Listed Entity

Analabs Resources Berhad

### Declaration

- No family relationship with any director and/or major shareholder of the Group.
- No conflict of interest with the Company.
- No conviction of offenses within the last five (5) years other than traffic offenses, if any.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## PROFILE OF DIRECTORS

cont'd



**SHIREEN CHIA YIN TING**

*Independent  
Non-Executive Director*

Gender : Female  
Nationality : Malaysian  
Age : 48

### Date of appointment

2 February 2018

### Board attendance in FYE 2021

6/6

### Membership of Board Committees

- Chairperson of Audit Committee
- Chairperson of Remuneration Committee
- Member of Risk Management Committee
- Member of Nomination Committee

### Qualification

She graduated in 1996 from Middlesex University, United Kingdom and she was certified as a Chartered Accountant by the Malaysian Institute of Accountants.

### Working Experience

She is currently the Chief Executive Officer and founder of SCG Advisory Services providing consultation services focusing on assisting start-up companies in reorganising corporate structure and business processes to clients and also involved in guiding senior management to create annual budgets and projections.

Her career has encompassed a spectrum of industries, involving in accounting practice with Coopers & Lybrand (now known as PricewaterhouseCoopers) as auditor. She was with Air Asia Berhad, ("Air Asia") for 11 years and was part of the pioneer team responsible in turning around the airline to be the most cost-efficient airline and is also in charge of getting Air Asia listed in KLSE in less than 5 years.

During her tenure in Air Asia, she also held regional roles in inflight services for Thailand, Indonesia, Philippines and Japan. Her ability to diversify became more apparent when she took charge of the cost management to re-engineering of inflight services whilst leading a multi-cultural team towards streamlining the modus operandi in entirety.

She was with Malaysia Marine and Heavy Engineering Sdn. Bhd. as the General Manager Business Optimisation of the Offshore Business Unit. She led the development of various business process changes and launched improvement programs to upgrade business procedures.

She was also the Group Chief Financial Officer for Tune Hotels Group of Companies and has successfully resized Finance, Legal, HR and the Procurement departments in reducing their fixed costs by 20%.

### Present Directorship in Public Company and Listed Entity

None

### Declaration

- No family relationship with any director and/or major shareholder of the Group.
- No conflict of interest with the Company.
- No conviction of offences within the last five (5) years other than traffic offences, if any.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



## PROFILE OF DIRECTORS

cont'd



**DATO' NG WAN PENG**

*Independent  
Non-Executive Director*

Gender : Female  
Nationality : Malaysian  
Age : 59

### Date of appointment

28 May 2021

### Board attendance in FYE 2021

3/3

### Membership of Board Committees

- Chairperson of Nomination Committee
- Member of Audit Committee
- Member of Remuneration Committee
- Member of Risk Management Committee

### Qualification

She graduated with a Bachelor of Computer Science from Universiti Sains Malaysia, she also has attended Senior Executive Leadership Program at Harvard Business School.

### Working Experience

Dato' Ng is a competent leader and highly motivated professional with more than 30 successful years in the corporate and GIC environment. Dato' Ng adopts results driven approach to planning and implementing comprehensive strategies in support of business goals and objectives.

Dato' Ng currently serves as the President of Big Bad Wolf Ventures Sdn. Bhd. Her roles include leading and driving the Groups technology and digital transformation to achieve the groups business expansion. Provide advice to business units to ensure all initiatives/programmes planned and executed are aligned to the groups strategy goals.

Prior to her existing career, Dato' Ng was the Chief Operation Officer of Malaysia Digital Economy Corporation.

### Present Directorship in Public Company and Listed Entity

- Hong Leong Assurance Berhad
- F&N Holdings Berhad
- IRIS Corporation Berhad

### Declaration

- No family relationship with any director and/or major shareholder of the Group.
- No conflict of interest with the Company.
- No conviction of offences within the last five (5) years other than traffic offences, if any.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## PROFILE OF DIRECTORS

cont'd



### LAW SEEH KEY

*Non-Independent Executive Director/  
Co-Founder/Chief Executive Officer*

Gender : Male  
Nationality : Malaysian  
Age : 50

#### Date of appointment

2 February 2018

#### Board attendance in FYE 2021

6/6

#### Membership of Board Committees

None

He is responsible for the overall strategic direction of the Group while overseeing business development activities especially on strategic projects and partnerships. He has over 20 years of experience in the ICT and digital security industry.

#### Qualification

He graduated with a degree in Bachelor of Science in Information System from Campbell University, North Carolina, United States of America in July 1996.

#### Working Experience

He began his career with IBI Systems (M) Sdn. Bhd. in October 1996 as a Business Development Manager. He was responsible for setting up and managing computer retail chain outlets as well as leading the company's sales division. In February 2001, he left IBI System (M) Sdn. Bhd. and co-founded Softkey Malaysia, where he was responsible for leading and managing its overall business operations and strategic direction.

In January 2007, he co-founded Securemetric Malaysia and assumed the role of Chief Executive Officer.

#### Present Directorship in Public Company and Listed Entity

None

#### Declaration

- No family relationship with any director and/or major shareholder of the Group.
- No conflict of interest with the Company.
- No conviction of offences within the last five (5) years other than traffic offences, if any.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## PROFILE OF DIRECTORS

cont'd



### Date of appointment

2 February 2018

### Board attendance in FYE 2021

6/6

### Membership of Board Committees

Member of Risk Management Committee

He is responsible for planning, implementing, managing and controlling financial and related activities for our Group.

### Qualification

He graduated in 1996 from the University of Southern Queensland and is a registered member of the Malaysian Institute of Accountant. He is also a Certified Practising Accountant (CPA) in Australia.

### Working Experience

He began his career in accounting practice with Coopers & Lybrand (now known as PricewaterhouseCoopers) as auditor specialising in the financial and manufacturing sectors. During his tenure, he was exposed to transactions involving review of profit and cashflow forecast for corporate restructuring, tax investigation and review of financial statements for debt facilities and bonds.

Having garnered enough experience and expertise, he subsequently founded a company rendered accounting, taxation and advisory services targeting mainly SMEs to assist and support their growth. In December 2016, he left the company and joined Securemetric Malaysia as Chief Financial Officer overseeing the financial preparation process and issuance of financial information, tax, budgeting and capital planning, implementation of standard operating standards for the finance division, and the implementation of ISO 9001 and ISO 10002 for Securemetric Group. He was involved in assisting our Group to obtain a grant from the Ministry of Science, Technology and Innovation, fully in charge of Securemetric's listing exercise and successfully listed Securemetric in the ACE Market of Bursa Malaysia. He is also responsible for planning and executing several fund-raising exercises.

### Present Directorship in Public Company and Listed Entity

None

### Declaration

- No family relationship with any director and/or major shareholder of the Group.
- No conflict of interest with the Company.
- No conviction of offences within the last five (5) years other than traffic offences, if any.
- No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## PROFILE OF KEY SENIOR MANAGEMENT

### NIOO YU SIONG

*Chief Operating Officer*

<b>Gender</b>	: Male
<b>Nationality</b>	: Malaysian
<b>Age</b>	: 48
<b>Date of appointment</b>	: 17 January 2007
<b>Membership of Board Committees</b>	: Member of Risk Management Committee
<b>Qualification</b>	<p>He is responsible for our internal operations, including production planning, procurement, inventory management and logistics.</p> <p>: He graduated with a Diploma in Computer Engineering from Institut Teknologi Pertama, Kuala Lumpur in December 1995.</p>
<b>Working Experience</b>	<p>: He began his career with Computer Zone Sdn. Bhd. in May 1996, as a computer technician responsible for the assembly and repair of computers. In March 1997, he left Computer Zone Sdn. Bhd. to join PC Partners (Johor) Sdn. Bhd., a subsidiary of IBI Systems, as an Assistant Technical Manager. He led technical teams to provide on-site maintenance service, repair and assembly of new computers as well as the set-up of cybercafés through the provision of computer, network cabling and management systems. In April 2000, he left PC Partners (Johor) Sdn. Bhd. to join IBI Systems (M) Sdn. Bhd. as the Technical Manager responsible for overseeing technical teams located at company headquarters and branches. In March 2003, he left IBI Systems (M) Sdn. Bhd. to join Softkey Malaysia as Operations Manager responsible for overall internal operations.</p> <p>In January 2007, he co-founded Securemetric Malaysia and assumed the position of Chief Operating Officer.</p>
<b>Present Directorship in Public Company and Listed Entity</b>	: None
<b>Declaration</b>	<p>: • No family relationship with any director and/or major shareholder of the Group.</p> <p>• No conflict of interest with the Company.</p> <p>• No conviction of offences within the last five (5) years other than traffic offences, if any.</p> <p>• No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.</p>



## PROFILE OF KEY SENIOR MANAGEMENT

cont'd

### YEE WEN BIAU

*Vice President of Engineering*

<b>Gender</b>	: Male
<b>Nationality</b>	: Malaysian
<b>Age</b>	: 39
<b>Date of appointment</b>	: 22 March 2010
<b>Qualification</b>	<p>He is responsible for our overall product and project development from planning, development of products and solutions, testing, installation and implementation.</p> <p>: He graduated with a Bachelor of Science in Computing from Staffordshire University, England in April 2005. In March 2011, he received his qualification and was admitted as a member under EC-Council Certified Secure Programmer from EC-Council and in November 2015, he received his certification for completing the Certified Information System Security Professional course conducted by AKATI Consulting (M) Sdn. Bhd..</p>
<b>Working Experience</b>	<p>: He started his career with Dayhol Sdn. Bhd. as a System Engineer in April 2005. He was responsible for software development, network maintenance and system support. In February 2006, he joined Chung Ching Middle School as an IT technician and Computer Teacher. He left in October 2006 to join Mach Telecommunications Systems Sdn. Bhd. as a Software Engineer. In February 2010, he left Mach Telecommunications Systems Sdn. Bhd. to join Securemetric Malaysia as a Senior Software Engineer. He was responsible for system analysis and design, system development, hardware integration with HSM and PKI tokens, and setup and maintenance of PKI systems. In January 2014, he was promoted to Software Development Manager and was subsequently promoted to our Group's Vice President of Engineering in January 2017.</p>
<b>Present Directorship in Public Company and Listed Entity</b>	: None
<b>Declaration</b>	<p>: </p> <ul style="list-style-type: none"> <li>• No family relationship with any director and/or major shareholder of the Group.</li> <li>• No conflict of interest with the Company.</li> <li>• No conviction of offences within the last five (5) years other than traffic offences, if any.</li> <li>• No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.</li> </ul>

## PROFILE OF KEY SENIOR MANAGEMENT

cont'd

### MOHD AFFENDI BIN ABDUL RAZAK

*Vice President of Sales (Pre-Sales)*

<b>Gender</b>	: Male
<b>Nationality</b>	: Malaysian
<b>Age</b>	: 48
<b>Date of appointment</b>	: 3 August 2015
	He is responsible for our Group's overall pre-sales, supervising the pre-sales team, engagement with the customers and interpretation of customer needs and derivation of advice for prospective products that are aligned with the customers' demands. Additionally, he is also in charge of providing technical advice to the Business Development Account Management team as part of the sales cycle.
<b>Qualification</b>	: He graduated with a Bachelor of Science in Computer Engineering from the University of Hartford, Connecticut, USA in January 2000.
<b>Working Experience</b>	: In May 2000, he joined MSCTrustgate.com Sdn. Bhd. as a PKI Consultant where he was responsible in providing technical consultancies focusing in PKI technology and cryptography solution. In November 2006, he was promoted to Head of Technical and was responsible for managing the technical, operation and project development team. In January 2010, he was promoted to Chief Technology Officer where his responsibilities include conducting research, developing strategies and plans to identify new project development. He was also tasked with ensuring effective internal communication with the sales, operation and project development team.  In May 2015, he left MSCTrustgate.com Sdn. Bhd. and took up freelance jobs such as preparing technical proposals and providing technical advices before joining Securemetric Malaysia in August 2015 as Vice President of Project Sales. On 1 January 2019, he was re-designated to become Vice President of Sales (Pre-sales).
<b>Present Directorship in Public Company and Listed Entity</b>	: None
<b>Declaration</b>	: <ul style="list-style-type: none"> <li>• No family relationship with any director and/or major shareholder of the Group.</li> <li>• No conflict of interest with the Company.</li> <li>• No conviction of offences within the last five (5) years other than traffic offences, if any.</li> <li>• No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.</li> </ul>

## PROFILE OF KEY SENIOR MANAGEMENT

cont'd

### YEN CHEE KHAN

*Vice President of Sales*

<b>Gender</b>	: Male
<b>Nationality</b>	: Malaysian
<b>Age</b>	: 42
<b>Date of appointment</b>	: 17 January 2007
	He is responsible for the strategic planning and coordination with each country's managers and team members for the sales and advertising & promotion (marketing) of our Group's products, leading and managing our Group's product sales and advertising & promotion team, and sourcing for new products.
<b>Qualification</b>	: He graduated with a Diploma in Commerce and Administration Majoring in Accounting from New Era College, Malaysia in December 2002.
<b>Working Experience</b>	: In March 2003, he joined Ye Chiu Metal Smelting Berhad as a Management Trainee in the Product Sourcing Department where he assisted in sourcing for raw materials.  In September 2003, he left Ye Chiu Metal Smelting Berhad and joined Softkey Malaysia as an Assistant Product Manager where he was responsible for the sales and marketing of ICT security products and coordinating with branches for stocks and technical specification requirement gathering. In August 2006, he was promoted to become a Senior Product Manager responsible for leading and managing the product sales team to market and distribute ICT security products as well as to take charge of product sourcing. In January 2008, he joined Securemetric Malaysia to lead the Malaysian product sales team and coordinate with each branch's country manager to facilitate product sales. In January 2011, he was promoted to become our Vice President of Product Sales. On 1 January 2019, he was re-designated to become Vice President of Sales.
<b>Present Directorship in Public Company and Listed Entity</b>	: None
<b>Declaration</b>	: <ul style="list-style-type: none"> <li>• No family relationship with any director and/or major shareholder of the Group.</li> <li>• No conflict of interest with the Company.</li> <li>• No conviction of offences within the last five (5) years other than traffic offences, if any.</li> <li>• No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.</li> </ul>

## PROFILE OF KEY SENIOR MANAGEMENT

cont'd

### TAN YU WIN

*Vice President of Project Management and Support*

<b>Gender</b>	: Male
<b>Nationality</b>	: Malaysian
<b>Age</b>	: 43
<b>Date of appointment</b>	: 15 January 2014
<b>Qualification</b>	<p>He is responsible for our Group's project deliveries and post-sales customer service.</p> <p>: He graduated with a Bachelor of Science (Communication and Information Technology) from Edith Cowan University, Western Australia in October 2003.</p>
<b>Working Experience</b>	<p>: In April 2001, he joined MSCTrustgate.com Sdn. Bhd. as a Software Developer responsible for the analysis, design and development of systems. He implemented an alternative CA system for the company using EJBCA software which allowed the company to target new markets segments. In May 2008, he joined SignCharge Sdn. Bhd. as Vice President of Technology responsible for assisting the company to adopt mobile PKI technology as its core business offering in Malaysia.</p> <p>In January 2011, he joined SignCharge Ltd (parent company of SignCharge Sdn. Bhd.) and was based in Beijing, China for 2 years as Chief Technology Officer responsible for the adaptation, integration and implementation of mobile PKI technology for telecommunication companies in Hong Kong, Macau and China.</p> <p>In January 2014, he joined Securemetric Malaysia as Vice President of Project Management and Support. In the same year, he obtained a certification for Project Management Professional from Project Management Institute, USA and Project Leadership from PIKOM, Malaysia. Besides overseeing the project management team, he also personally pitched and won 3 overseas PKI projects for our Group.</p>
<b>Present Directorship in Public Company and Listed Entity:</b>	: None
<b>Declaration</b>	<p>: </p> <ul style="list-style-type: none"> <li>• No family relationship with any director and/or major shareholder of the Group.</li> <li>• No conflict of interest with the Company.</li> <li>• No conviction of offences within the last five (5) years other than traffic offences, if any.</li> <li>• No public sanction or penalty imposed by the relevant regulatory bodies during the financial year.</li> </ul>

## SUSTAINABILITY STATEMENT

### Quality assurance

#### Physical quality control inspection

Our operations team is responsible for conducting stock check on incoming goods and outgoing goods. The inspections will be conducted on a sample basis to ensure that it is in accordance to our purchase order for incoming goods; while outgoing goods are inspected to ensure that it is in accordance to our customer's specifications.

#### Software quality assurance

We have a quality assurance team responsible for conducting quality assurance process to ensure all our software are tested before officially released to our clients.

#### User Acceptance Test ("UAT")

Our project team is responsible for carrying out a UAT at the client's premises prior to the implementation of our system software. A UAT is conducted to confirm that the software has been customised and implemented in accordance with our customer's requirements.

### Standards and certifications

We comply with the following local and international quality standards and were awarded the following certificates of compliance. These standards and certifications were awarded based on the scope of certification.

#### International Standard (ISO 9001 and ISO 10002)

Securemetric Malaysia has been certified to ISO 9001 and ISO 10002 since year 2012 and 2014, respectively. In the subsequent years, the other subsidiaries including Securemetric Vietnam, Securemetric Indonesia and Securemetric Philippines follow the lead and have successfully gained the same certifications. However, due to the Covid-19 pandemic and work from home arrangements, Securemetric Vietnam was not certified since year 2020. The subsidiary is expected to be certified in year 2022. Securemetric endeavors to ensure its products and services meet customer and regulatory requirements at all times. Our quality management system and specific quality control plans are structured to meet the international and local stakeholders' requirements.

### Corporate Governance

The Group conducts business responsibly and fairly, adhering to the long-standing business philosophy of providing our customers with the highest quality at the most competitive price. The Group upholds the principles of corporate governance, the Code of Ethics and compliance and adheres to anti-bribery and corruption practices. Corporate Governance is incorporated into our Group's working culture to ensure sustainability.

### Education / Quality Training

The Group sends its employees for periodical trainings to upgrade their skills as part of the Group's annual training plan. This enhances the workers' performance and productivity while at the same time, increase their value and future marketability. The Group utilises an integrated and accurate procurement, warehouse and accounting management system which eases as well as streamlines the workflow.

The Group is committed to staff development by providing on-the-job training and external training programs for all level of staff to improve their skills and knowledge for their career advancement. The Group reviews the adequacy and suitability of the training requirements of the staff on a regular basis. Presently, we continue to support the internship program by providing industrial training to students from universities, colleges, polytechnics and other technical/vocational institutions.



## SUSTAINABILITY STATEMENT

cont'd

### Climate Action, Green Effort and Waste Management

As climate change affects everyone, the Group plays an active role in promoting a green and healthy living and efforts are continuously being made to reduce wastage in the organisation. Water and electricity consumption are monitored closely. Our employees are also reminded to reduce stationery and paper usage to protect the environment. With work from home setup, the Group has fast tracked the implementation of online team collaboration tools such as MS teams for online meetings/training, file sharing/collaborations, digitalisation of workflows and online forms for survey/gathering information. The most important digital transformation we have implemented is digital signature on contract, agreements and operational documents such as sales order, sales invoice, payment voucher and many other documents by deploying our in-house developed solution "SigningCloud".

SigningCloud ensures that our document approval pushes through even more efficiently than the previous method. The improvement and digitalisation in our internal process directly reduce the usage of paper. The Group recognises the importance of pollution prevention and environmental protection by reducing the usage of the hazardous compounds in materials.

### Employee Welfare, Well-being, Gender Equality and Anti-Discrimination Policies

The Group adopts a non-discriminatory policy for hiring and promoting employees. Employees are the most important assets to the Group; therefore, we offer attractive benefits package to retain and attract staff with relevant experience and expertise to continue servicing the Group.

The Group has always given focus to employees, one of the most important stakeholder groups "internal" to the core operation of the business and its' most important investment. The management rates the engagement with employees as valuable and is based on relationship-building from the very beginning. The Group's management deals with its employees with trust, mutual respect and understanding to develop and build interactions by organising social activities such as Company Annual Dinner, Jamuan Berbuka Puasa and monthly birthday celebrations for employees. However, some of these activities were temporary stopped due to the COVID-19 pandemic.

Engagement of our workforce, the people of the Group is important and a vital part of our success. Focus on the people and the workplace culture is placed at the top of their list and believes that good performance by our employees should always be recognised and appraised. The Group continually invests in its employees and aids in their growth by providing the right trainings, build connection to the business, give rewards in various ways for their contribution, create career development opportunities and initiate safe working environment.

### Health and Safety

The management and employees are responsible for contributing towards a safe working environment including fostering safe working attitudes to avoid workplace accidents. The floorplan of our premises is prominently displayed for evacuation purposes.

We have set up and supported employees' sport clubs to organize various activities for our employees to participate, release stress and foster positive relationship with colleagues such as conduct weekly sport event such as badminton and having an in-house staff recreation area. However, these activities were temporary suspended due to COVID-19 pandemic.

## SUSTAINABILITY STATEMENT

cont'd

### Health and Safety (cont'd)

In curbing with COVID-19 pandemic, strict procedures and precautionary measures following the guidelines established by the Ministry of International Trade and Industry and Ministry of Health were implemented, including:

- Social distancing within the office premise and work from home policies
- Carrying out sanitising activities
- Place air purifiers in office
- Providing face masks and hand sanitisers
- Performing temperature checking to safeguard the safety of our employees
- Conducting virtual meetings and discussions to minimise travels and physical contacts
- Proper signage of face masks required
- Prevalent signage about social distancing as a reminder to the employees
- Providing test kits to employees
- Quarantine for positive COVID-19 employees and close contacts

The Group is committed to protect the safety, health and welfare of all people and the environment. Our safety, health and environmental objectives have equal status with our other primary business and the management is responsible for implementing them.

### Economic Growth

The Group expects a favourable industry development in the digital security solutions, electronic identification products and its related services. The Group will continue to grow its revenue via its regional offices in Southeast Asia countries as well as develop new digital security solutions to maintain the Group's growth and sustainability in the industry.

The Board of the Company is of the opinion that, barring any unforeseen circumstances, the prospects of the Group for the financial year ending 31 December 2022 will remain challenging.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Securemetric is committed to uphold the high standards of corporate governance throughout the Group with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders. This corporate governance overview statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance ("MCCG") except where stated otherwise.

Details of the Group's application of each practices set out in the MCCG are disclosed in the Corporate Governance Report, which is available on the Group's website at <https://www.securemetric.com/corporate-governance/>.

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

#### I. Board Responsibilities

The Board is responsible for the oversight and overall management of the Company and has developed corporate objectives and position descriptions including the limits to management's responsibilities, which the management are aware and are responsible for meeting.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long term viability of the Group.

The principal roles and responsibilities assumed by the Board are as follows:

- a. Reviewing and providing guidance on the Company's and the Group's annual budgets, development of risk policies, major capital expenditures, acquisitions and disposals;
- b. Monitoring corporate performance and the conduct of the Group's business and to ensure compliance with best practices and principles of corporate governance;
- c. Identifying and implementing appropriate systems to manage principal risks. The Board undertakes this responsibility through the Risk Management Committee;
- d. Reviewing and ensuring the adequacy and soundness of the Group's financial system, internal control systems and management information system and that they are in compliance with the applicable standards, laws and regulations;
- e. Ensuring a transparent Board nomination and remuneration process including management, ensuring the skills and experiences of the Directors are adequate for discharging their responsibilities whilst the caliber of the Independent Non-Executive Directors bring independent judgment in the decision making process;
- f. Ensuring a proper succession plan is in place;
- g. Monitoring major litigation;
- h. Approving all financial reports to be published and related stock exchange announcements;

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### I. Board Responsibilities (cont'd)

The principal roles and responsibilities assumed by the Board are as follows: (cont'd)

- i. Monitoring other material reporting and external communications by the Group;
- j. Approving the dividend policy;
- k. Appointing external auditors (subject to shareholders' approval); and
- l. Considering and reviewing the social, ethical and environmental impact of the Group's activities and determining, monitoring and reviewing standards and policies to guide the Group in this regard.

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

The Board had appropriately delegated specific tasks to four (4) Board Committees; namely Audit Committee, Risk Management Committee, Nomination Committee and Remuneration Committee. All the Board Committees have its own Terms of Reference and has the authority to act on behalf of the Board within the authority as lay out in the Terms of Reference and to report to the board with the necessary recommendation.

To ensure balance of power and authority, accountability and independent decision making, the roles of the Chairman and the Chief Executive Officer are distinct and separated.

The Chairman, Mr. Clifton Heath Fernandez is responsible for leadership, ensuring effective functioning of the Board and providing oversight over the operations of the Group.

The Chief Executive Officer, Mr. Law Seeh Key supported by the Senior Management, is responsible for the day-to-day management of the operations of the Group, implementation of the Group's policies, business direction and development of the Group.

The Company has formalised and adopted a Board Charter which sets out a list of specific roles and functions which are reserved to the Board and other matters that are important for good corporate governance. The Board Charter is accessible through the Company's website at <https://www.securemetric.com/corporate-governance/> and will be reviewed annually to ensure it remains consistent with the Board's objectives, responsibilities and practices.

The Board has formalised a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices. The details of the Whistle-blowing Policy are available for reference at the Company's website at <https://www.securemetric.com/corporate-governance/>.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### I. Board Responsibilities (cont'd)

The Board is supported by qualified and competent Company Secretary who is responsible for ensuring that the Company's constitutions, procedures, policies and regulations are complied with. Also ensuring that, all obligations required by the regulatory and under the Listing requirements are fulfilled in a timely manner. The Board is regularly updated and advised by the Company Secretary on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretary is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretary in discharge of their functions.

Board Meetings are scheduled for every quarter with additional meetings to be convened as and when required. During the financial year under review, the Board met a total of six (6) times. The attendance of the Directors who held office during the financial year is set out below:

Names of Directors	Attendance at meeting	Percentage of Attendance
<b>Executive Directors</b>		
Law Seeh Key	6/6	100%
Yong Kim Fui	6/6	100%
<b>Non-Executive Directors</b>		
Clifton Heath Fernandez	6/6	100%
Shireen Chia Yin Ting	6/6	100%
Dato' Ng Wan Peng	(appointed on 28.5.2021) 3/3	100%
Mohamad Rizatuddin Noor Bin Mohamed Ramli	(retired on 28.5.2021) 3/3	100%

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, to keep abreast of industry developments and trends, the Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates, in order to fulfil their duties as Directors. Any Director appointed to the Board is required to complete the Mandatory Accreditation Program ("MAP") within four (4) months from the date of appointment.

During the FYE 2021, the Directors have attended several relevant courses as below:

Directors	Seminar / Conference / Workshop
Clifton Heath Fernandez	<ol style="list-style-type: none"> <li>1. Social Media and Business Mastery Virtual Bootcamp (Success Resources)</li> <li>2. Entrepreneur Masterclass (World Masterclass)</li> <li>3. Anti-Bribery Conference 2021 (PECB)</li> <li>4. Asia Leadership Conference 2021 (Asia Leadership)</li> </ol>
Law Seeh Key	<ol style="list-style-type: none"> <li>1. Mergers &amp; Acquisitions : Valuate, Structure, Negotiate &amp; Manage (Imperial College Business School)</li> </ol>
Yong Kim Fui	<ol style="list-style-type: none"> <li>1. The Malaysian Transfer Pricing Developments (Tra Tax)</li> <li>2. Accountant Conference 2021 (MIA)</li> <li>3. WEBINAR ON Republic Act (RA) No. 11534 otherwise known as the "Corporate Recovery and Tax Incentives for Enterprise (CREATE) Act (BIR)</li> </ol>



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### I. Board Responsibilities (cont'd)

During the FYE 2021, the Directors have attended several relevant courses as below: (cont'd)

Directors	Seminar / Conference / Workshop
Shireen Chia Yin Ting	<ol style="list-style-type: none"> <li>1. AOB Conversation with Audit Committees (Securities Commission Malaysia)</li> <li>2. CTOS x PwC : How SMEs can improve competitiveness through digitalisation (CTOS)</li> </ol>
Dato' Ng Wan Peng	<ol style="list-style-type: none"> <li>1. The Financial Institutions Directors' Education (FIDE) Core Program Module A and B: Insurance (Asia School of Business)</li> <li>2. Corporate Director's Summit "Governance 4.0: Transforming Business, Transforming Boards" (Malaysian Alliance of Corporate Directors ("MACD"), Webinar)</li> <li>3. US Forced Labor Legislation: Impact on Corporate Malaysia (KPMG Board Leadership Center Exclusive, Webinar)</li> <li>4. Directors' Continuing Education Programme 2021 Module 1: Executive Briefing and Digital Trends - Opportunities for the Transformation Module 2 : Malaysian Code on Corporate Governance 2021 Module 3 : Halal Awareness (Fraser &amp; Neave Holdings Bhd &amp; Cocoland Holdings Berhad, Webinar)</li> <li>5. Mandatory Accreditation Program (MAP) (Asia School of Business)</li> <li>6. AML/CFT Training (SHEILA HUSSAIN VIJAY &amp; PARTNERS Advocate &amp; Solicitors)</li> </ol>

### II. Board Composition

The Board currently consists of five (5) members, comprising the Independent Non-Executive Chairman, two (2) Executive Director, and two (2) Independent Non-Executive Directors during the FYE 2021. 60% of the Board members are Independent Directors and 40% of the Board members are woman.

The Board is satisfied that its current size and composition reflects an appropriate balance of Executive and Non-Executive Directors which is adequate for the scope and nature of the Group's business and operations.

The Board reviews and assesses the independence of directors annually based on the criteria set by the Nomination Committee. One of the assessment criteria is the ability of the individual director to exercise objectivity in the discharge of his or her responsibilities in the interest of the Company. During the financial year, a self-declaration was conducted at each Board meeting where all Directors declared the nature of their interest in the Company, whether direct or indirect, or any circumstance which may potentially affect their independence. The Board had also carried out independence assessment of its Non-Executive Directors in terms of their relationship and dealings with the Company and the Board is of the view that all the Non-Executive Directors remain independent.

The Board is of the view that throughout their tenure, the Independent Directors had demonstrated independence in character and judgement and had always looked out for the best interest of the Company without fear or favor. The Independent Directors had provided independent view based on their experience and knowledge that allow for diverse and objectives perspectives on the Group's business and direction. The Board believes that the length of service on the Board did not impair the objectivity of these Independent Directors. Moreover, the Independent Directors had made significant contributions to the Board in view of their enough breadth of understanding of the Group's activities and corporate history that will continue to add value to the Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### II. Board Composition (cont'd)

The Company currently does not have Independent Directors serving beyond nine (9) years. Nevertheless, pursuant to Practice 4.2 of the MCCG, the Company will seek its shareholders' approval to retain its Independent Director at the forthcoming AGM.

### III. Remuneration

The Remuneration Committee is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendations of the Remuneration Committee.

The Remuneration Committee was established to assist the Board in developing remuneration policies and procedures that enable the Group to attract, motivate and retain qualified Directors and key Senior Management personnel. Full details of the functions and duties of the Remuneration Committee are stated in its Terms of Reference which is available on the Company's website at <https://www.securemetric.com/corporate-governance/>.

During the financial year, the Remuneration Committee had carried out the following activities:

- reviewed and assessed the performance and the remuneration package of the Executive Directors;
- reviewed and assessed the Directors' fees and benefits payable for the FYE 2021;
- reviewed its Terms of Reference; and
- reviewed the Board Remuneration Policy.

The composition and range of remuneration package received by the Directors during the financial year is as follows:

- Received from the Company

	Fees	Salaries & other emoluments	EPF, SOCSO & EIS	Benefit- in-kind	Total
	RM	RM	RM	RM	RM
<b>Executive Directors</b>					
1. Law Seeh Key	-	300	-	-	300
2. Yong Kim Fui	-	300	-	-	300
<b>Non-Executive Directors</b>					
1. Clifton Heath Fernandez	42,000	1,800	-	-	43,800
2. Shireen Chia Yin Ting	36,000	1,800	-	-	37,800
3. Dato' Ng Wan Peng (appointed on 28.5.2021)	21,000	900	-	-	21,900
4. Mohamad Rizatuddin Noor Bin Mohamed Ramli (retired on 28.5.2021)	15,000	900	-	-	15,900
<b>Total:</b>	<b>114,000</b>	<b>6,000</b>	<b>-</b>	<b>-</b>	<b>120,000</b>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### III. Remuneration (cont'd)

(ii) Received from the subsidiary companies

	Fees	Salaries & other emoluments	EPF, SOCSO & EIS	Benefit- in-kind	Total
	RM	RM	RM	RM	RM
<b>Executive Directors</b>					
1. Law Seeh Key	-	600,000	72,923	-	672,923
2. Yong Kim Fui	-	420,000	51,323	15,000	486,323
<b>Non-Executive Directors</b>					
1. Clifton Heath Fernandez	-	-	-	-	-
2. Shireen Chia Yin Ting	-	-	-	-	-
3. Dato' Ng Wan Peng (appointed on 28.5.2021)	-	-	-	-	-
4. Mohamad Rizatuddin Noor Bin Mohamed Ramli (retired on 28.5.2021)	-	-	-	-	-
<b>Total:</b>	-	<b>1,020,000</b>	<b>124,246</b>	<b>15,000</b>	<b>1,159,246</b>

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. Audit Committee

The Audit Committee of the Group comprises the following members:

#### Chairperson

Shireen Chia Yin Ting

*Independent Non-Executive Director*

#### Members

Clifton Heath Fernandez

*Independent Non-Executive Director*

Dato' Ng Wan Peng

*Independent Non-Executive Director*

The Chairperson of the Audit Committee is not the Chairman of the Board. The Audit Committee Report is set out separately in this Annual Report. Full details of the Audit Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website.

The Board, through its Audit Committee maintains a formal and transparent relationship with its External Auditors and the Internal Auditors to enhance the effectiveness of the overall audit process. The Audit Committee assessed the performance and effectiveness of the External Auditors annually, considering amongst others, their qualifications, effectiveness of the audit process, quality of service and their independence.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

### I. Audit Committee (cont'd)

During the course of the audit, the External Auditors highlighted to the Audit Committee matters pertaining to the financial reporting. Private meetings between them will be held twice during each financial year without the presence of the Management and Executive Directors, to discuss any issues that may require the attention of the Audit Committee.

The full details of the role of the Audit Committee in relation to the External Auditors are set out in the Audit Committee Report of this Annual Report.

### II. Risk Management and Internal Control Framework

The Board is fully aware of its overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to identify the risks to which the Group is exposed and mitigate the impacts thereof to meet the particular needs of the Group.

As an effort to enhance the system of internal control, the Board together with the assistance of external professional Internal Audit firm will undertake to review the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

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

### I. Communication with Stakeholders

The Company is committed to ensure that timely, accurate and complete information about the Company is provided equally to its shareholders, stakeholders and to the general investing public. Timely information is critical towards building and maintaining the Group's corporate credibility, market integrity and promotes investor confidence.

The Company also actively engages all its stakeholders through various platforms including the announcements via Bursa LINK, disclosures on Bursa Malaysia's website and engagement through the investor relation function.

### II. Conduct of General Meetings

General meetings are the important platform for the shareholders to exercise their rights in the Company, either in Annual General Meeting ("AGM") or Extraordinary General Meetings.

Shareholders are invited to the general meetings through a notice of meeting that specify the venue, day and hour of the meeting, as well as the business of the meeting. The notice of meeting together with the annual report is sent to the shareholders at least 28 days prior to the AGM, so as to maximise their attendance and to provide sufficient time for them to consider the business to be discussed at the meeting. Concurrently, the notice of AGM is advertised in a nationally circulated English daily newspaper. In order to facilitate informed decision by the shareholders, notice of meeting is also accompanied by explanatory notes on the items of business to further explain the nature of business of the meeting.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### II. Conduct of General Meetings (cont'd)

The Audit Committee Chairperson, the Risk Management Committee Chairman, the Nomination Committee Chairperson and the Remuneration Committee Chairperson were being informed that questions relating to the Committee under their purview will be addressed by them accordingly.

The Company conducts a poll voting on each resolution tabled during the general meetings to support shareholders participation. As the number of shareholders of the Company is not large, the Company currently conducts a manual poll voting instead of electronic poll voting. With the poll voting, each shareholder present in person or represented by proxy at the general meeting will be entitled to vote on a one-share, one-vote basis. At least one (1) scrutineer is appointed to validate the votes cast at the meeting.

The company has its first virtual AGM in year 2021. Despite of the meeting was held virtually, the Board and the participants had an interactive sessions on the future plan of the company. The shareholders are provided with the Questions & Answers sessions during the AGM to pose questions. The Directors and senior management have responded to their questions.

The Board of Directors is aware and in full support of effective shareholders' participation at the AGM. The minutes of AGM will be published at the Company's website no later than 30 business days after the general meeting.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 25 April 2022.



## AUDIT COMMITTEE REPORT

The Board of the Group is pleased to present the Audit Committee Report for the FYE 2021.

### MEMBERSHIP

The Audit Committee shall be appointed by the Board from amongst the directors and shall consist of not less than three (3) members, a majority of whom shall be Independent Directors. All members of the Audit Committee should be Non-Executive Directors.

The members of the Audit Committee shall elect a Chairperson from among their members who shall be an Independent Director. No alternate director shall be appointed as a member of the Audit Committee.

At least one (1) member of the Audit Committee:-

- (a) must be a member of the Malaysian Institute of Accountants; or
- (b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and:
  - he/ she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
  - he/ she must be a member of one (1) of the association of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
  - fulfils such other requirement as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities").

The Audit Committee of the Group comprises the following members:

#### Chairperson

Shireen Chia Yin Ting

*Independent Non-Executive Director*

#### Members

Clifton Heath Fernandez

*Independent Non-Executive Chairman*

Dato' Ng Wan Peng

*Independent Non-Executive Director*

The Audit Committee comprises three (3) Non-Executive Directors during FYE 31 December 2021, all of whom are Independent Directors. The Chairperson of the Audit Committee, Ms. Shireen Chia Yin Ting is certified as a Chartered Accountant by the Malaysian Institute of Accountants.

The composition of the Audit Committee and the qualification of the members comply with Rule 15.09 (1) of the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad ("ACE LR").

### AUTHORITY

The Audit Committee is authorised by the Board to investigate any activity within its Terms of Reference and shall have unrestricted access to any information pertaining to the Group, both the internal and external auditors and to all employees of the Group. The Audit Committee is also authorised by the Board to obtain external legal or other independent professional advice as necessary in the discharge of its duties.

# AUDIT COMMITTEE REPORT

cont'd

## TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are available on Securemetric's website at <https://www.securemetric.com/corporate-governance/>.

## MEETINGS AND MINUTES

Meetings shall be held not less than four (4) times a year and will normally be attended by the Chief Financial Officer and other senior management, if necessary. The presence of external and/ or internal auditors will be requested, if required. Other members of the Board and senior management may attend meetings upon the invitation of the Audit Committee. Both the internal and/or external auditors may request a meeting if they consider it to be necessary. The Audit Committee shall meet with the external and internal auditors at least twice a year without the presence of executive members of the Board.

The Secretary to the Audit Committee shall be the Company Secretary. The Chairperson of the Audit Committee shall report on each meeting to the Board.

The Audit Committee will meet with the external auditors without executive board members present at least twice a year.

During the financial year, the Audit Committee held a total of five (5) meeting. The Chief Financial Officer, internal auditors and external auditors have been invited to attend the Audit Committee meetings to present their audit plans and their subsequent audit findings.

The details of attendance of the Audit Committee members are as follows:

Committee Members		Meeting Attendance
Shireen Chia Yin Ting (Chairperson)		5/5
Clifton Heath Fernandez		5/5
Dato' Ng Wan Peng	(appointed on 28.5.2021)	2/2
Mohamad Rizatuddin Noor Bin Mohamed Ramli	(retired on 28.5.2021)	3/3

## Responsibilities and Duties

In fulfilling its primary objectives, the Audit Committee undertakes, amongst others, the following responsibilities and duties:-

- To discuss with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;
- To review major audit findings arising from the interim and final external audits and the assistance given by the Group's management to the external auditors;

# AUDIT COMMITTEE REPORT

cont'd

## MEETINGS AND MINUTES (cont'd)

### Responsibilities and Duties (cont'd)

(c) To review the following in respect of internal audit:-

- adequacy of scope, functions and resources of the firm of internal auditors (that was engaged to undertake the internal audit function) and that it has the necessary authority to carry out its work;
- the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function; and
- review and approve any appointment or termination of the firm of the internal audit function.

(d) To review the unaudited quarter financial results and annual audited financial statements of the Group before submission to the Board for approval, focusing on:-

- compliance with accounting standards and regulatory requirements;
- any major changes in accounting policies;
- significant and unusual items and events as well as significant adjustments arising from the audit; and
- incidences of fraud and material litigation, if any.

(e) To review any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management's integrity;

(f) To consider the nomination and appointment of external auditors, as well as the audit fee;

(g) To review the resignation or dismissal of external auditors;

(h) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment;

(i) To promptly report to Bursa Securities if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved, resulting in a breach of the ACE LR; and

(j) To review investment appraisal.

## INTERNAL AUDIT FUNCTION

The Group has appointed an established external professional Internal Audit firm namely Talent League Sdn. Bhd. The internal audit activities were reported directly to the Audit Committee based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover entities across all level of operations within the Group.

Internal audit provides independent assessment on the effectiveness and efficiency of internal controls utilising a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the Audit Committee.

The internal audit fee incurred during the financial year was RM46,000.

# AUDIT COMMITTEE REPORT

cont'd

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committees' activities during the financial year under review comprised the following:-

### Unaudited Quarter Financial Results and Audited Financial Statements

- reviewed the audited financial statements of the Company prior to submission to the Board for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act, 2016 and the applicable approved accounting standards as per Malaysian Accounting Standards Board; and
- reviewed the unaudited quarter financial results before recommending them for Board's approval, focusing particularly on:-
  - Any change in accounting policies
  - Significant adjustments arising from audit
  - Compliance with accounting standards and other legal requirements

### External Audit

- reviewed the external audit plan, outlining the audit scope, audit process and areas of emphasis based on the external auditors' presentation of audit plan;
- reviewed the external audit review memorandum and audit planning memorandum and the response from the Management;
- consideration and recommendation to the Board for approval of the audit fees payable to the external auditors;
- reviewed the performance and effectiveness of the external auditors in the provision of statutory audit services and recommend to the Board for approval on the re-appointment of external auditors; and
- reviewed and evaluated the factors relating to the independence of the external auditors.

### Internal Audit

The Group outsources its Internal Audit Function to a professional services firm, namely Talent League Sdn. Bhd. The Internal Auditors were engaged to conduct regular review and appraisals of the effectiveness of the governance, risk management and internal control process within the Company and the Group.

The Internal Audit Report directly to the Audit Committee, the appointed Internal Auditors are given full access to all the documents relating to the Company and Group's governance, financial statements and operational assessments.

### Internal Control

The internal control activities carried out during the financial year are as follows:-

- reviewed the internal audit plan for adequacy scope and coverage and risk areas;
- reviewed internal audit reports;
- reviewed the effectiveness and adequacy of operational and compliance processes;
- reviewed the adequacy and effectiveness of corrective actions taken by the Management on all significant matters raised; and
- monitored fraud cases.

# AUDIT COMMITTEE REPORT

cont'd

## RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST

At each quarterly meeting, the Audit Committee reviewed the recurrent related party transactions ("RPT") and conflict of interest situation that may arise within the Company and its Group including any transaction, procedure or course of conduct that raises questions of Management integrity.

The Audit Committee reviews the RPT and conflict of interest situation presented by the Management prior to the Company entering into such transaction. The Audit Committee also ensure that the adequate oversight over the controls on the identification of the interested parties and possible conflict of interest situation before entering into transaction.

## NOMINATION COMMITTEE REPORT

The Board, through the Nomination Committee, ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfil the duties of a director appropriately.

The Nomination Committee consists of three (3) Independent Non-Executive Directors and its Chairperson is an Independent Non-Executive Director appointed by the Board.

The Nomination Committee comprise of the following during the FYE 2021:

### Chairperson

Dato' Ng Wan Peng

*Independent Non-Executive Director*

### Members

Clifton Heath Fernandez

*Independent Non-Executive Chairman*

Shireen Chia Yin Ting

*Independent Non-Executive Director*

### Objectives

The primary objective of the Nomination Committee is to act as a committee of the Board to assist in discharging the Board's responsibilities in: -

- (a) assessing each of the existing directors' ability to contribute to the effective decision making of the Board;
- (b) identifying, appointing and orientating new directors;
- (c) reviewing the mix of skills and experience and other qualities including core competencies the Board requires for it to function independently and efficiently;
- (d) reviewing membership of the Audit, Risk Management and Remuneration Committees and any other Board Committees as appropriate, in consultation with the chairperson of those committees;
- (e) assessing and evaluating the effectiveness of the Board as a whole and the Board Committees, assessing the performance of independence of Independent Non-Executive Directors and the Chief Executive Officer; and
- (f) identifying and recommending directors who are to be put forward for retirement by rotation in accordance with the Company's Constitution.

### Composition

The Terms of the Nomination Committee provides that the Board shall appoint members to the Nomination Committee from amongst its members. The Nomination Committee shall comprise exclusively of Non-Executive Directors with at least three (3) members. Majority of the members of the Nomination Committee shall be independent. The Chairperson of the Nomination Committee shall be an Independent Non-Executive Director appointed by the Board.

In the absence of the Nomination Committee Chairperson, the remaining members present shall elect one of them to chair the meeting.

### Meeting and Quorum

The Nomination Committee shall meet whenever there is a need for the Committee to perform its function, and at least once every year in carrying out an annual review of the Board, its Committees and the contribution of individual directors to the Company. A member may at any time and the Secretary shall on the requisition of a director, summon a meeting of the Nomination Committee. The quorum necessary for a meeting of the Nomination Committee shall be two (2) members.



# NOMINATION COMMITTEE REPORT

cont'd

## Meeting and Quorum (cont'd)

Questions arising at any meeting of the Nomination Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination/decision of the Nomination Committee.

In the case of an equality of votes, the Chairperson of the meeting shall have a second or casting vote **PROVIDED THAT** two (2) members form a quorum. The Chairperson of the meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue, shall not have a casting vote.

## Reporting procedures

Minutes of the Nomination Committee's meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary), and such minutes shall be available for inspection at any reasonable time on reasonable notice by any director.

Minutes of meetings of the Nomination Committee shall record in sufficient detail, the matters considered by the Nomination Committee and decisions reached, including any concerns raised by directors, members or dissenting views expressed. Draft and final versions of minutes of such meetings shall be sent to all members of the Nomination Committee for their comment and records respectively, in both cases within a reasonable time after such meetings.

Without prejudice to the generality of the duties of the Nomination Committee set out in these Terms, the Nomination Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.

## Responsibilities

The functions and responsibilities of the Nomination Committee are as follows:

- To make recommendations to the Board with regard to any appointment of directors considering their skills, knowledge, education, qualities, expertise and experience; professionalism; integrity, time commitment, contribution, boardroom diversity including gender, age and ethnicity diversity and other factors that will best qualify a nominee to serve on the Board, and for the position of Independent Non-Executive Directors, the ability to discharge such responsibilities/functions as expected;
- To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and within the bounds of practicability, by any other senior executive or any other director or shareholder;
- To assist the Board to review regularly the Board's structure, size and composition and the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors shall bring to the Board;
- To assess the effectiveness of the Board, any other committees of the Board and the contributions of each individual director, including the independence of Independent Non-Executive Directors, as well as the Executive Directors, based on the processes and procedures laid out by the Board; and to provide the necessary feedback to directors in respect of their performance;
- To ensure proper documentation of all assessments and evaluations so carried out;
- To recommend to the Board, the directors to fill the seats on any committees of the Board. In making its recommendations, the Committee shall also consider, within the bounds of practicability, candidates proposed by any director, Chief Executive/Senior Executive or shareholder;
- To propose to the Board the responsibilities of Non-Executive Directors, including membership and Chairmanship of Board Committees;
- To recommend to the Board, for continuation or discontinuation in service of directors as an Executive Director or Non-Executive Director;

# NOMINATION COMMITTEE REPORT

cont'd

## Responsibilities (cont'd)

The functions and responsibilities of the Nomination Committee are as follows: (cont'd)

- To recommend to the Board, directors who are retiring by rotation to be put forward for re-election;
- To evaluate training needs for directors annually;
- To review induction programmes for newly appointed directors to familiarize themselves with the operations of the Group;
- To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

## Activities of Nomination Committee

The Nomination Committee met once during the financial year and all members of the Nomination Committee attended the meeting to deliberate on the following:

- Review the current Board structure, size and composition with an aim to achieving a balance of views on the Board;
- Review and assess the effectiveness of the Board as a whole, the various Board Committees as well as the contribution of each individual Director;
- Review the level of independence of Independent Directors;
- Discuss the character, experience, integrity and competence of the Directors, Chief Executive Officer or Chief Financial Officer and to ensure that they have the time to discharge their respective roles effectively; and
- Discuss on the annual retirement by rotation and re-election of Directors at the forthcoming Annual General Meeting.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Securemetric is pleased to present the Statement on Risk Management and Internal Control which outline the nature and scope of risk management and internal control system for the FYE 2021, pursuant to Rule 15.26(b) of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance issued in 2021 and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guideline”) pursuant to Guidance Note 11 of ACE Market Listing Requirements.

## BOARD’S RESPONSIBILITIES

The Board acknowledges its overall responsibility for the risk management and internal control system to cover the financial, compliance and operational controls of the Group as well as reviewing the adequacy, integrity, and effectiveness of the Group’s system of risk management and internal controls. The Group’s system is designed to manage the key areas of risk within an acceptable risk profile, rather than eliminating, the risk of not adhering to achieve the policies and business objectives and goals. The system of risk management and internal controls of the Group provides reasonable but not absolute assurance against occurrence of any material misstatement, losses, fraud or breaches of laws or regulations.

The Board believes that the review on the adequacy and effectiveness of the system of internal control and risk management is a concerted and continuous process. Such reviews are conducted through the various committees established by the Board and Management. The Board has, through the Risk Management Committee, carried out the process of identifying, evaluating, monitoring and managing the key operational and financial risks affecting the achievement of its corporate objectives throughout the period.

The Board is of the view that the system of internal controls in place for the financial year under review is sound and adequate after taking into consideration of the costs and benefits to safeguard the Group’s assets and to protect the stakeholders’ interests in ensuring achievement of the business objectives and enhancing shareholder value.

## RISK MANAGEMENT

The Board recognises risk management as an integral part of system of internal control and good management practice in pursuit of its strategic objectives. The Board also acknowledges that all areas of the Group’s activities do involve some degree of risk and is committed to ensure that the Group has an effective risk management framework which allows the Group to identify, evaluate, manage and monitor risks within defined risk parameters that affect the achievement of the Group’s business objectives.

To carry out an effective risk management framework, the Board has oversight of the risk management through the Risk Management Committee, while Chief Operating Officer reports to the Risk Management Committee on the processes, findings and remedial actions taken by Management. The new risk will be identified by taking into consideration of the Group’s business objectives, strategies and targets, and external environmental factors. This covers matters such as, responses to significant risk identified, output from monitoring processes, and changes made to the system of risk management and internal controls.

The Board has formalised an Enterprise Risk Management framework (“ERM framework” or “framework”) which is based on an international accepted framework. The framework aids to the achievement of Group’s objectives and strategies by instilling continuous process of identifying, evaluating, profiling, mitigating, reporting and monitoring significant business risks that the Group may face.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## RISK MANAGEMENT (cont'd)

The Group's Framework encompasses the following:

- Risk management shall be an integral part of the Group's culture and embedded into day-to-day management of operations, processes and structures and should be extensively applied in all decision-making and strategic planning;
- To report, monitor and continuous performance review on the risk profile faced by the Group in a proactive, responsible and accountable manner;
- Continuous implementing and monitoring of underlying risk management process and practices; and
- Risk management processes should apply to aim opportunities by balancing risks incurred, managing uncertainties and minimising threats associated to the opportunities.

The above framework facilitates and enhances the ability of the Board and Management to manage risks within defined risk parameters and risk standards at the acceptable tolerance level.

## INTERNAL AUDIT FUNCTIONS AND EFFECTIVENESS OF INTERNAL CONTROL

The Group has outsourced its internal audit function to an independent professional service provider, Talent League Sdn Bhd ("IA Consultant"). The duty of the internal audit function is to examine and evaluate major processes of operations of the Group in order to assist the Board in the effective discharge of the Board's responsibilities.

The IA Consultant aims to advise management on areas for improvement, highlight on significant findings in respect of any non-compliance and subsequently perform follow-up reviews to determine the extent to which the recommendations have been implemented.

The IA Consultant reports independently to the Audit Committee. In the course of performing its duties, the IA Consultant has unrestricted access to all functions, records, documents, personnel, or any other resources or information, at all levels throughout the Group. Being an independent third party, the IA Consultant is able to perform the internal audit function with impartiality, proficiency and due professional care.

The IA Consultant adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the Group. The performance of the internal audit function is carried out as per the annual audit plan approved by the Audit Committee. The internal control findings, weaknesses and recommendations as well as the management responses and action plan were deliberated during the quarterly reviews with the Audit Committee. The key management team is responsible for ensuring correction, corrective actions, preventive actions and recommendations on reported weaknesses are attended within the required time frame.

During the financial year under review, the IA Consultant had conducted various risks-based internal audit ("RBIA") assignments every quarter and made recommendations in improving the system of internal controls to the Risk Management Committee. The areas of RBIA audit covered during the financial year were as follows:

- Q1 2021: Product Development and Management Information System
- Q2 2021: Branch Reporting (Philippines)
- Q3 2021: Business Continuity Plan and Corporate Liability Review
- Q4 2021: Corporate Governance and Human Resource Management

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## OTHER KEY INTERNAL CONTROLS

The Board is committed in maintaining a strong control structure and environment to facilitate the proper conduct of the Group's businesses and operations. The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls are as stated below:

- **Organisational Structure**

The Group has in place an organisational structure that is aligned to business efficacy and operational requirements, with clearly defined lines of accountability, responsibility and delegated authority. The Board is the pinnacle of the corporate governance structure of the Group. The Board is assisted not only by the key management team, but also by delegation of authority to the independent board committees such as the Audit, Risk Management, Nomination and Remuneration Committees in specific areas for enhanced internal control and corporate governance. These Board Committees are all governed by clearly defined terms of reference.

- **Executive Review and Management Meetings**

There has been active participation by the Executive Directors in the day-to-day running of business operations, and regular dialogues with senior management of the respective business units.

Management meetings, attended by the Executive Directors and respective Head of Department are held on a monthly basis to identify, discuss and report on operational performance, business strategy, financial and key management issues for effective monitoring and decision making. In addition to the regular meetings, other ad hoc meetings are convened as and when necessary to stay on course of achieving the Group's goal and objectives.

- **Policies, Procedures and Financial Authority Limits**

The Group has in place, documented policies and procedures to govern the financial and operational functions, and internal control system of the Group. The objectives of the policies and procedures are to ensure ethical conduct, compliance with applicable laws and regulations, internal control principles and mechanisms are embedded in operations and that there is a clear line of responsibility and accountability among the business units of the Group. Some of the key policies and procedures implemented within the Group are:

- a) **Group's Authority Manual**

The Group's Authority Manual assigns authority to the Board and to the appropriate level of Management staff to exercise control on the Group's commitment of both capital and operational expenditures. It provides limits to enable decisions to be taken timely and at the same time, provides check and balance on the amounts and types of commitments that Management can undertake on behalf of the Group. The Authority Manual is approved by the Board and is regularly updated as and when is necessary, in line with the changes in the organisation.

- b) **Operational Manuals**

Operational manuals for business units are available within the Group. It sets out policies and procedures for day-to-day operations and act as guidance to employees on the necessary steps to be taken in a given set of circumstances. The manuals enable tasks to be carried out with minimal supervision.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## OTHER KEY INTERNAL CONTROLS (cont'd)

- **Policies, Procedures and Financial Authority Limits (cont'd)**

- c) IT Policies and Procedures

The IT Security Policy incorporates the Corporate Policy among others, the usage of personal computer software, E-mail and internet; management of IT assets, security implementation for the antivirus level protection and hardware systems support procedures. It is established to achieve and maintain confidentiality, integrity, availability, authenticity and reliability of information and data processing.

- d) Whistle Blowing Policy

The Group's whistle blowing policy guides employees of the Group in communicating and reporting instances of illegal or immoral conduct to the appropriate parties within the Group and at the same time, protecting these employees against victimisation, discrimination or being disadvantaged in any way arising from such communications. Arrangements are in place for the proportionate and independent investigations on all allegations or reports from within or outside the Group with appropriate follow up actions. The policy builds into the Group's culture, abhorrence for fraud, and that any conduct of this nature will not be tolerated. It also promotes a transparent and open environment for fraud reporting within the Group.

- e) Group Communication Policy

The Board has also adopted a Communication Policy to ensure that all decisions made are communicated promptly to all staff at all levels within the Group and to enable the Group to communicate effectively with its shareholders, major investors, other stakeholders and public, generally with the intention of giving them a clear picture of the Group's performance and operations.

- f) Human Resource Policy

The Group has implemented a Human Resource Policy and Code of Conduct that sets out general employment terms and conditions and sets the tone for control consciousness and employee conduct. It is designed to provide guidelines to employees with the objective of ensuring issues and matters during the tenure of their employment are properly understood by all employees. It is a written guideline which clearly defines the organisation's vision, mission, culture, values, policies, company's expectations of employees and employee's expectations toward the Company.

The Group has also incorporated Succession Planning policies and procedures within the Human Resource Policy. This is part of the Group's organisational development initiative to ensure leadership and talent continuity for all key positions and to enhance the Group's capability to systematically identify, evaluate, develop, deploy and retain those who are qualified, eligible and suitable to be potential successors for Senior Level Mission Critical Positions.

In addition, internal control procedures have been set out in a series of other standard operating practice manuals and business process manuals to serve as guidance for proper measures to be undertaken and are subject to regular review, enhancement and improvement to ensure that they stay relevant and to align with the best practices.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## OTHER KEY INTERNAL CONTROLS (cont'd)

- **Policies, Procedures and Financial Authority Limits (cont'd)**

- g) Corporate Liability Policy

In line with the Corporate Liability Provision under the New Section 17A MACC (Amendment) Act 2019, the Group adopted an Anti-Corruption and Bribery Policy ("ACBP") to show the Group's commitment to transparency, integrity and accountability. Any forms of bribery and corruption are unacceptable and will not be tolerated. ACBP has control measures to detect and prevent bribery as well as proper training and communication of such policies and procedures.

- **Strategic Business Planning, Budgeting and Reporting**

A Group strategic business planning process is in place where the financial planning is correlated to the Group's strategic business plans. The Group performs an annual budgeting and forecasting exercise including development of business strategies and establishment of key performance indicators against which, units within the Group can be evaluated. The Group's strategic direction is also reviewed annually in light of the prevailing market conditions and significant market risks.

Financial performance and Monthly Management Accounts which serve as a monitoring tool are circulated to key management staff and regularly compared against budget, with detailed explanations provided for material variances, reviews of internal and external factors contributing to performance, and management actions taken to improve the results. Variances against budget are analysed and reported internally on a monthly basis in Management meetings.

- **Performance Reporting and Monitoring**

On a quarterly and annual basis, the financial performance and progress of key projects are reported and reviewed by the Board to enable them to gauge the Group's achievement of its annual targets and review any key financial and operational issues.

The Audit Committee reviews the quarterly financial statements with the Executive Directors before it recommends to the Board for approval to release the financial results to Bursa Malaysia. The audited financial statements are reviewed with the external auditors before recommending them to the Board for tabling them to the shareholders at the annual general meeting.

- **Investment Appraisal**

Major investment proposals on mergers and acquisitions as well as long-term business investments are thoroughly reviewed and appraised by the Audit Committee, before recommending them to the Board.

- **Insurance and Physical Safeguards**

Adequate insurance provision and security measures on major assets of the Group are provided to ensure that it sufficiently safeguarded against any mishap that will result in material losses to the Group.

- **Regular Visits**

The Group conduct regular visits to operating units by members of the Board and senior management.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## ASSURANCE STATEMENT BY KEY MANAGEMENT TEAM

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

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

As required by paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in this Annual Report for FYE 2021. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3: *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report* issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to consider whether this Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that caused them to believe that this Statement on Risk Management and Internal Control is not prepared in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guideline, nor is factually inaccurate.

## CONCLUSION

The Board is of the opinion that the system of risk management and internal control that has been instituted throughout the Group is satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's 2021 Annual Report. The Board and the Management will continue to review and take measures to strengthen and improve the internal control environment from time to time based on the recommendations proposed by the IA Consultant.

The Board recognises that the development of the system of internal control is an ongoing process as part of its efforts in managing the risks faced by the Group. Consequently, the Board maintains an ongoing commitment to further strengthen the control environment within the Group.

This Statement on Risk Management and Internal Control is issued in accordance with a resolution of the Board of Directors dated 25 April 2022.

## ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made in accordance with Part A of Appendix 9C of the ACE LR:-

### STATUS OF UTILISATION OF PROCEEDS

In conjunction with the Company's listing on the ACE Market of Bursa Malaysia Securities Berhad on 13 November 2018, the gross proceeds from the initial public offering amounting to RM17.00 million are being utilised in the following manner:

Details of utilisation	IPO Proceeds raised RM'000	Re-allocation RM'000	Variation RM'000	Amount utilised RM'000	Balance RM'000	Original timeframe for utilisation of proceeds	Revised timeframe for utilisation of proceeds
Business expansion	1,700	-	-	(940)	760	By November 2020	By November 2022 <sup>(3) (4)</sup>
Development of new digital security solutions	5,700	-	(2,389)	(3,311)	-	By November 2020	By November 2021 <sup>(3)</sup>
Investment in PrivyID	-	-	2,389	(2,389)	-	<sup>(1)</sup>	<sup>(1)</sup>
Repayment of bank borrowings	1,942	-	-	(1,942)	-	Utilised	Utilised
Working capital	5,158	163	-	(5,321)	-	By November 2020	By February 2022 <sup>(3)(4)</sup>
Estimated listing expenses	2,500	(163) <sup>(2)</sup>	-	(2,337)	-	Utilised	Utilised
<b>Total</b>	<b>17,000</b>	<b>-</b>	<b>-</b>	<b>(16,240)</b>	<b>760</b>		

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 23 October 2018.

#### Notes:

- <sup>(1)</sup> The Board had decided to re-allocate RM2.389 million towards its investment in PrivyID. As announced on 15 January 2020, the investment in PrivyID was to be funded through the proceeds from the Public Issue and/or internally-generated funds of the Group.
- <sup>(2)</sup> Surplus of RM0.163 million (of the RM2.50 million allocated for the estimated listing expenses) was re-allocated to the working capital requirements of the Group, in accordance with the Company's prospectus dated 23 October 2018.
- <sup>(3)</sup> As announced on 16 October 2020, the Board had decided to extend the timeframe for the utilisation of proceeds raised from the Listing from November 2020 to November 2021.
- <sup>(4)</sup> As announced on 8 November 2021, the Board had decided to further extend the timeframe for the utilisation of proceeds raised from the Listing for business expansion from November 2021 to November 2022 and for working capital from November 2021 to February 2022 respectively.

## ADDITIONAL COMPLIANCE INFORMATION

cont'd

### STATUS OF UTILISATION OF PROCEEDS (cont'd)

The details of the amount allocated for working capital purposes were as follows:

	IPO Proceeds raised	Re-allocation	Amount utilised	Balance of IPO Proceeds yet to be utilised	Variation	After variation	Amount utilised	Balance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Expansion of workforce	3,580	-	(1,063)	2,517	(1,517)	1,000	(1,000)	-
Day-to-day operations	1,578	163	(1,741)	-	1,517	1,517	(1,517)	-
	<b>5,158</b>	<b>163</b>	<b>(2,804)</b>	<b>2,517</b>	<b>-</b>	<b>2,517</b>	<b>(2,517)</b>	<b>-</b>

On 25 June 2020, 48,730,000 new Securemetric Shares, which were issued at RM0.107 each, were listed on the ACE Market of Bursa Malaysia Securities Berhad pursuant to Securemetric's private placement exercise.

The details of the utilisation of the proceeds from the private placement were as follows:-

Details of utilisation	Proposed utilisation	Amount utilised	Deviation: Surplus/ (Deficit)	Balance	Estimated timeframe for utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000	
Investment in research and development activities	950	(950)	-	-	Utilised
Exploration of investments and markets relating to digital security solutions	3,369	(3,369) <sup>(2)</sup>	-	-	Utilised
Working capital	800	(815)	15	-	Utilised
Expenses for Private Placement	95	(80)	(15) <sup>(1)</sup>	-	Utilised
<b>Total</b>	<b>5,214</b>	<b>(5,214)</b>	<b>-</b>	<b>-</b>	

**Note:**

<sup>(1)</sup> The excess of RM0.015 million will be utilised for general working capital requirements of the Group.

<sup>(2)</sup> Included in this amount, in which RM2.441 million was utilised for the investment in Innov8tif. As announced on 8 September 2021, the investment in Innov8tif was to be funded through the proceeds from private placement and the balance through internally generated funds.

On 3 August 2021, 40,476,000 new Securemetric Shares, which were issued at RM0.139 each, were listed on the ACE Market of Bursa Malaysia Securities Berhad pursuant to Securemetric's private placement exercise.

## ADDITIONAL COMPLIANCE INFORMATION

cont'd

### STATUS OF UTILISATION OF PROCEEDS (cont'd)

The details of the utilisation of the proceeds from the private placement were as follows:-

Details of utilisation	Proposed utilisation RM'000	Amount utilised RM'000	Deviation: Surplus/ (Deficit) RM'000	Balance RM'000	Estimated timeframe for utilisation of proceeds
Working capital	2,951	(2,614)	27	364	By August 2022
Certification costs	1,280	-	-	1,280	By August 2023
IT infrastructure	1,280	-	-	1,280	By August 2023
Expenses for Private Placement	115	(88)	(27) <sup>(1)</sup>	-	Utilised
<b>Total</b>	<b>5,626</b>	<b>(2,702)</b>	<b>-</b>	<b>2,924</b>	

**Note:**

<sup>(1)</sup> The excess of RM0.027 million will be utilised for general working capital requirements of the Group.

### OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company had undertaken a Bonus Issue exercise on the basis of 1 Bonus Share for every 1 existing Securemetric Share held by the entitled shareholders of the Company, which was completed on 20 January 2020 following the listing of 243,600,000 Bonus Shares on the ACE Market of Bursa Malaysia Securities Berhad on 20 January 2020 ("Bonus Issue").

Following the Bonus Issue, the Company had issued 243,600,000 free warrants ("Warrants") on the basis of 1 Warrant for every 1 existing Securemetric Share held on the same entitlement date as the Bonus Issue, which was completed on 4 February 2020 following the listing of and quotation for the Warrants (Warrant Code: 0203WA) on the ACE Market of Bursa Malaysia Securities Berhad on 4 February 2020.

Each Warrant carries the entitlement to subscribe for 1 new ordinary share in Securemetric at the exercise price of RM0.16 at any time during the exercise period from 22 January 2020 to 21 January 2023, subject to any adjustments in accordance with the provisions of the deed poll dated 3 January 2020 constituting the Warrants.

The Warrants did not raise any proceeds when issued as the Warrants were issued at no cost to the shareholders of the Company. Nevertheless, the quantum of proceeds that would be raised by the Company pursuant to the exercise of the Warrants would depend on the number of Warrants exercised during the tenure of the Warrants.

As at the date of the report, being the date of Annual Report, 100,000 Warrants had been exercised into 100,000 Securemetric Shares with proceeds of RM16,000.

## ADDITIONAL COMPLIANCE INFORMATION

cont'd

### AUDIT AND NON-AUDIT FEES

During FYE 2021, the amount of audit and non-audit fees paid and payable by the Company and the Group to its External Auditors are as follows:

	Company RM'000	Group RM'000
Audit fees	75	148
Non-audit fees	5	5

### MATERIAL CONTRACTS

During FYE 2021, there were no material contracts entered into by the Group and its subsidiary companies involving Directors' and major shareholders.

### RECURRENT RELATED PARTY TRANSACTIONS

During FYE 2021, there was no material Recurrent Related Party Transactions of a revenue or trading nature which requires shareholders' mandate.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of financial statements for each financial year to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements for the FYE 2021, the Directors have observed the following criteria:

- Overseeing the overall conduct of the Company's business and that of the Group;
- Identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;
- Reviewing the adequacy and integrity of Internal Controls System and Management Information System in the Company and within the Group;
- Adopting appropriate and relevant accounting policies and apply them consistently;
- Prepared the audited financial statements on a going concern basis;
- Making judgments and estimates that are reasonable and prudent; and
- Ensuring compliance with applicable Approved Accounting Standards in Malaysia.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting and other records which are closed with reasonable accuracy at any time the financial position of the Group and of the Company and ensuring that the financial statements comply with the Listing Requirements, the provisions of the Companies Act 2016 and applicable Approved Accounting Standards in Malaysia. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and of the Company and to detect and prevent fraud and other irregularities.

# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

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

### PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

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

### FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year, attributable to:		
- Owners of the parent	1,846,349	492,618
- Non-controlling interests	13,174	-
	<u>1,859,523</u>	<u>492,618</u>

### RESERVES AND PROVISIONS

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

### DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 40,476,000 new ordinary shares pursuant to the private placement at an issue price of RM0.139 per placement share for a total cash consideration of RM5,626,164.

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

There was no issuance of debentures during the financial year.

### WARRANTS

The warrants were constituted under the Deed Poll date 3 January 2020.

As at 31 December 2021, the total number of warrants that remained unexercised were 243,500,000 units.

The salient terms of the warrants are disclosed in Note 18(e) to the financial statements.

# DIRECTORS' REPORT

cont'd

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## DIRECTORS

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

Law Seeh Key \*  
 Yong Kim Fui \*  
 Clifton Heath Fernandez  
 Shireen Chia Yin Ting  
 Dato' Ng Wan Peng (appointed on 28.5.2021)  
 Mohamad Rizatuddin Noor Bin Mohamed Ramli (retired on 28.5.2021)

\* Director of the Company and its subsidiary companies

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) since the beginning of the current financial year until the date of this report are as follows:

Nioo Yu Siong  
 Endah Lestari  
 Leo Nugraha Kusuma  
 Aimee Y. Asanza  
 Tan Yung Hui, Gabriel  
 Jayrill Cres B. Amarille  
 Mary Jacqueline B. Haro  
 Domingo C. Gomugda Jr (appointed on 4.1.2022)  
 Joseph Erwin R. Capili (appointed on 4.1.2022)  
 William J. Dimaano (resigned on 4.1.2022)  
 Eliane F. Udo (resigned on 4.1.2022)

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

## DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			
	At 1.1.2021	Bought	Sold	At 31.12.2021
<b>Interests in the Company</b>				
<b>Direct Interests</b>				
Law Seeh Key	177,675,210	2,000,000	-	179,675,210
Yong Kim Fui	17,325,000	-	10,438,800	6,886,200

By virtue of his interests in the shares of the Company, Law Seeh Key is also deemed interested in the shares of all the subsidiary companies during the financial year to the extent the Company has an interest under Section 8 of the Companies Act 2016.

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

# DIRECTORS' REPORT

cont'd

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Notes 26 and 29 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

## INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Group and of the Company were RM500,000 and RM5,200 respectively. No indemnity was given to or insurance effected for auditors of the Company.

## OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

# DIRECTORS' REPORT

cont'd

## OTHER STATUTORY INFORMATION (cont'd)

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

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 6 to the financial statements.

## SIGNIFICANT EVENTS

The significant events are disclosed in Note 36 to the financial statements.

## AUDITORS' REMUNERATION

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

## AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 25 April 2022.

LAW SEEH KEY

YONG KIM FUI

KUALA LUMPUR

## STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 25 April 2022.

LAW SEEH KEY

YONG KIM FUI

KUALA LUMPUR

## STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Yong Kim Fui (MIA Membership No: 16784), being the Director primarily responsible for the financial management of Securemetric Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the )  
abovenamed at Kuala Lumpur in the Federal )  
Territory on 25 April 2022 )

YONG KIM FUI

Before me,

No. W790

ZAINUL ABIDIN BIN AHMAD

COMMISSIONER FOR OATHS

# INDEPENDENT AUDITORS' REPORT

To the members of Securemetric Berhad  
[Registration No.: 201701019864 (1234029-D)]  
(Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Securemetric Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 142.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 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.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How we addressed the key audit matters
<p><b>Impairment of trade receivables</b></p> <p>The Group's non-current and current trade receivables amounting to RM1,040,774 and RM8,146,765 respectively, which representing approximately 6% and 22% of the Group's total non-current assets and current assets respectively as at 31 December 2021.</p> <p>The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness and customer payment terms.</p>	<p>We obtained and evaluated the Group's credit risk policy, and tested the processes used by management to assess credit exposures.</p> <p>We assessed the recoverability of trade receivables by checking past payment trend and assessing the receipts during the financial year and subsequent to year end collections.</p> <p>We have reviewed the appropriateness of the disclosures made in the financial statements.</p>

We have determined that there is no key audit matter in the audit of the financial statements of the Company to be communicated in our Auditors' Report.

## INDEPENDENT AUDITORS' REPORT

To the members of Securemetric Berhad (cont'd)

[Registration No.: 201701019864 (1234029-D)]

(Incorporated in Malaysia)

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

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.



## INDEPENDENT AUDITORS' REPORT

To the members of Securemetric Berhad (cont'd)

[Registration No.: 201701019864 (1234029-D)]

(Incorporated in Malaysia)

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

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

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

# INDEPENDENT AUDITORS' REPORT

To the members of Securemetric Berhad (cont'd)

[Registration No.: 201701019864 (1234029-D)]

(Incorporated in Malaysia)

## 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.

UHY

Firm Number: AF 1411

Chartered Accountants

LIM BEE PENG

Approved Number: 03307/06/2023 J

Chartered Accountant

KUALA LUMPUR

25 April 2022

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	4	1,248,403	1,330,291	-	-
Right-of-use assets	5	1,403,013	662,159	-	-
Investment in subsidiary companies	6	-	-	15,067,859	14,047,986
Investment in an associate	7	8,129,996	-	8,000,000	-
Development expenditure	8	-	483,402	-	-
Other investments	9	6,323,939	6,260,804	6,095,250	6,095,250
Deferred tax assets	10	117,154	92,225	-	-
Trade receivables	11	1,040,774	-	-	-
<b>Total Non-Current Assets</b>		<b>18,263,279</b>	<b>8,828,881</b>	<b>29,163,109</b>	<b>20,143,236</b>
<b>Current Assets</b>					
Inventories	12	1,418,690	1,128,544	-	-
Contract assets	13	503,929	315,554	-	-
Trade receivables	11	8,146,765	8,782,371	-	-
Other receivables	14	4,230,014	2,692,545	15,589	10,540
Amount due from a subsidiary company	15	-	-	3,241,002	-
Tax recoverable		603,276	614,252	29,873	20,508
Fixed deposits with licensed banks	16	3,123,047	14,055,584	2,521,154	12,015,754
Cash and bank balances		19,007,395	12,453,653	3,000,018	642,947
<b>Total Current Assets</b>		<b>37,033,116</b>	<b>40,042,503</b>	<b>8,807,636</b>	<b>12,689,749</b>
<b>Total Assets</b>		<b>55,296,395</b>	<b>48,871,384</b>	<b>37,970,745</b>	<b>32,832,985</b>

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021  
cont'd

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share capital	17	41,310,038	35,683,874	41,310,038	35,683,874
Reserves	18	(11,154,915)	(11,302,783)	-	-
Retained earnings/(Accumulated losses)		12,477,454	14,323,803	(3,429,315)	(2,936,697)
Equity attributable to the owners of the parent		42,632,577	38,704,894	37,880,723	32,747,177
Non-controlling interests		315,417	328,667	-	-
<b>Total Equity</b>		<b>42,947,994</b>	<b>39,033,561</b>	<b>37,880,723</b>	<b>32,747,177</b>
<b>Non-Current Liabilities</b>					
Employee benefit	19	331,849	274,944	-	-
Lease liabilities	20	731,025	157,329	-	-
<b>Total Non-Current Liabilities</b>		<b>1,062,874</b>	<b>432,273</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>					
Contract liabilities	13	4,809,537	4,513,345	-	-
Trade payables	21	2,149,285	2,028,257	-	-
Other payables	22	3,540,040	2,285,221	90,022	85,806
Amount due to a subsidiary company	15	-	-	-	2
Lease liabilities	20	624,246	472,599	-	-
Tax payable		162,419	106,128	-	-
<b>Total Current Liabilities</b>		<b>11,285,527</b>	<b>9,405,550</b>	<b>90,022</b>	<b>85,808</b>
<b>Total Liabilities</b>		<b>12,348,401</b>	<b>9,837,823</b>	<b>90,022</b>	<b>85,808</b>
<b>Total Equity and Liabilities</b>		<b>55,296,395</b>	<b>48,871,384</b>	<b>37,970,745</b>	<b>32,832,985</b>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	23	26,354,894	27,098,428	-	-
Cost of sales	24	(11,626,512)	(12,187,872)	-	-
Gross profit		14,728,382	14,910,556	-	-
Other income		1,235,681	1,238,849	157,653	228,872
Administrative expenses		(18,478,977)	(18,653,547)	(652,616)	(694,000)
Net gain/(loss) on impairment of financial instruments		1,326,459	(1,548,062)	-	-
Finance cost	25	(23,192)	(24,785)	-	-
Share of results of an associate, net of tax		129,908	-	-	-
Loss before tax	26	(1,081,739)	(4,076,989)	(494,963)	(465,128)
Taxation	27	(777,784)	(791,090)	2,345	46,041
Loss for the financial year		(1,859,523)	(4,868,079)	(492,618)	(419,087)
<b>Other comprehensive income/(loss)</b>					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Exchange translation differences for foreign operations		84,569	(276,141)	-	-
Share of other comprehensive income of an associate		88	-	-	-
		84,657	(276,141)	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Net change in fair value of equity investments designated at fair value through other comprehensive income/(loss)		63,135	(109,153)	-	-
Total other comprehensive income/(loss) for the financial year		147,792	(385,294)	-	-
<b>Total comprehensive loss for the financial year</b>		<b>(1,711,731)</b>	<b>(5,253,373)</b>	<b>(492,618)</b>	<b>(419,087)</b>

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2021  
cont'd

	Note	Group		Company	
		2021	2020	2021	2020
		RM	RM	RM	RM
<b>Loss for the financial year attributable to:</b>					
Owners of the parent		(1,846,349)	(4,851,830)	(492,618)	(419,087)
Non-controlling interests		(13,174)	(16,249)	-	-
		<u>(1,859,523)</u>	<u>(4,868,079)</u>	<u>(492,618)</u>	<u>(419,087)</u>
<b>Total comprehensive loss attributable to:</b>					
Owners of the parent		(1,698,481)	(5,222,476)	(492,618)	(419,087)
Non-controlling interests		(13,250)	(30,897)	-	-
		<u>(1,711,731)</u>	<u>(5,253,373)</u>	<u>(492,618)</u>	<u>(419,087)</u>
<b>Loss per share (sen)</b>					
- Basic	28(a)	<u>(0.33)</u>	<u>(0.95)</u>		
- Diluted	28(b)	<u>(0.33)</u>	<u>(0.95)</u>		

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

# STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2021

Group	Note	Attributable to owners of the parent									
		Non-Distributable					Distributable				
		Share Capital	Fair Value Adjustment Reserve	Foreign Currency Translation Reserve	Other Reserves	Merger Reserve	Warrant Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2020		30,453,764	210,169	(140,917)	3,274	(11,004,663)	-	19,175,633	38,697,260	359,564	39,056,824
Loss for the financial year		-	-	-	-	-	-	(4,851,830)	(4,851,830)	(16,249)	(4,868,079)
Other comprehensive loss for the financial year		-	(109,153)	(261,493)	-	-	-	-	(370,646)	(14,648)	(385,294)
Total comprehensive loss for the financial year		-	(109,153)	(261,493)	-	-	-	(4,851,830)	(5,222,476)	(30,897)	(5,253,373)
<b>Transactions with owners</b>											
Issuance of ordinary shares											
- Private placement	17	5,214,110	-	-	-	-	-	-	5,214,110	-	5,214,110
- Exercise of warrants	17	16,000	-	-	-	-	-	-	16,000	-	16,000
Issuance of warrants	18	-	-	-	(38,205,150)	-	38,205,150	-	-	-	-
Total transactions with owners		5,230,110	-	-	(38,205,150)	-	38,205,150	-	5,230,110	-	5,230,110
At 31 December 2020		35,683,874	101,016	(402,410)	(38,201,876)	(11,004,663)	38,205,150	14,323,803	38,704,894	328,667	39,033,561



## STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2021

cont'd

	Attributable to owners of the parent									
	Non-Distributable					Distributable				
	Share Capital	Fair Value Adjustment Reserve	Foreign Currency Translation Reserve	Other Reserves	Merger Reserve	Warrant Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Note	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Group</b>										
At 1 January 2021	35,683,874	101,016	(402,410)	(38,201,876)	(11,004,663)	38,205,150	14,323,803	38,704,894	328,667	39,033,561
Loss for the financial year	-	-	-	-	-	-	(1,846,349)	(1,846,349)	(13,174)	(1,859,523)
Other comprehensive income/(loss) for the financial year	-	63,135	84,733	-	-	-	-	147,868	(76)	147,792
Total comprehensive income/(loss) for the financial year	-	63,135	84,733	-	-	-	(1,846,349)	(1,698,481)	(13,250)	(1,711,731)
<b>Transactions with owners</b>										
Issuance of ordinary shares	5,626,164	-	-	-	-	-	-	5,626,164	-	5,626,164
- Private placement	17	-	-	-	-	-	-	-	-	-
Total transactions with owners	5,626,164	-	-	-	-	-	-	5,626,164	-	5,626,164
At 31 December 2021	41,310,038	164,151	(317,677)	(38,201,876)	(11,004,663)	38,205,150	12,477,454	42,632,577	315,417	42,947,994

# STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2021

cont'd

	Note	Share Capital RM	Other Reserves RM	Warrant Reserve RM	Accumulated Losses RM	Total Equity RM
<b>Company</b>						
At 1 January 2020		30,453,764	-	-	(2,517,610)	27,936,154
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(419,087)	(419,087)
<b>Transactions with owners</b>						
Issuance of ordinary shares						
- Private placement	17	5,214,110	-	-	-	5,214,110
- Exercise of warrants	17	16,000	-	-	-	16,000
Issuance of warrants	18	-	(38,205,150)	38,205,150	-	-
Total transactions with owners		5,230,110	(38,205,150)	38,205,150	-	5,230,110
At 31 December 2020		35,683,874	(38,205,150)	38,205,150	(2,936,697)	32,747,177
At 1 January 2021		35,683,874	(38,205,150)	38,205,150	(2,936,697)	32,747,177
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(492,618)	(492,618)
<b>Transactions with owners</b>						
Issuance of ordinary shares						
- Private placement	17	5,626,164	-	-	-	5,626,164
Total transactions with owners		5,626,164	-	-	-	5,626,164
At 31 December 2021		41,310,038	(38,205,150)	38,205,150	(3,429,315)	37,880,723

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

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2021

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Operating Activities</b>				
Loss before tax	(1,081,739)	(4,076,989)	(494,963)	(465,128)
Adjustments for:				
Amortisation of development expenditure	483,402	483,403	-	-
Impairment losses on trade receivables	55,635	1,548,064	-	-
Inventories written off	27,669	351,766	-	-
Depreciation of:				
- property, plant and equipment	659,191	638,975	-	-
- right-of-use assets	652,005	532,056	-	-
Finance cost	23,192	24,785	-	-
(Gain)/Loss on disposal of property, plant and equipment	(16,464)	2,877	-	-
Property, plant and equipment written off	5,584	519	-	-
Provision for liquidated damages	782,500	-	-	-
Unrealised (gain)/loss on foreign exchange	(136,093)	105,321	1,336	(135)
Dividend income	(1,398)	-	-	-
Gain on disposal of equity shares in a subsidiary company	-	-	-	(3)
Government grant income	(450,034)	(450,035)	-	-
Income from rent concessions	(67,484)	-	-	-
Interest income	(312,394)	(432,174)	(147,825)	(228,734)
Reversal of impairment losses on trade receivables	(1,382,094)	(2)	-	-
Share of results of an associate	(129,908)	-	-	-
Operating loss before working capital changes carried down	(888,430)	(1,271,434)	(641,452)	(694,000)

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2021

cont'd

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Operating Activities (cont'd)</b>				
Operating loss before working capital changes brought down	(888,430)	(1,271,434)	(641,452)	(694,000)
Changes in working capital:				
Inventories	(416,256)	(492,695)	-	-
Receivables	(462,750)	7,278,111	(5,049)	77,950
Payables	1,105,486	(599,439)	4,216	(15,910)
Amount due from/to subsidiary companies	-	-	(3,241,004)	2
Contract assets/(liabilities)	107,817	(744,611)	-	-
	334,297	5,441,366	(3,241,837)	62,042
Cash (used in)/generated from operations	(554,133)	4,169,932	(3,883,289)	(631,958)
Interest paid	(23,192)	(24,785)	-	-
Interest received	312,394	432,174	147,825	228,734
Tax refund	-	30,624	-	30,624
Tax paid	(729,745)	(1,528,082)	(7,020)	(37,287)
Payment of employee defined benefit	(6,267)	-	-	-
Exchange fluctuation adjustment	78,234	(258,404)	-	-
Net cash (used in)/from operating activities	(922,709)	2,821,459	(3,742,484)	(409,887)
<b>Investing Activities</b>				
Dividend received	1,398	-	-	-
Purchase of other investment	-	(6,095,250)	-	(6,095,250)
Additional investment in subsidiary companies	-	-	(1,019,873)	(2)
Investment in an associate	(8,000,000)	-	(8,000,000)	-
Increase in fixed deposit with a licensed bank with maturity more than 3 months	(4,224)	(177,972)	-	-
Proceeds from disposal of equity shares in a subsidiary company	-	-	-	17
Purchase of property, plant and equipment	(498,840)	(363,289)	-	-
Purchase of right-of-use assets [Note 5(b)]	(29,278)	(89,900)	-	-
Proceeds from disposal of property, plant and equipment	29,704	-	-	-
Net cash used in investing activities	(8,501,240)	(6,726,411)	(9,019,873)	(6,095,235)

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2021

cont'd

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Financing Activities</b>				
Proceeds from issuance of shares				
- private placement (Note 17)	5,626,164	5,214,110	5,626,164	5,214,110
- exercise of warrants (Note 17)	-	16,000	-	16,000
(Increase)/Decrease in fixed deposit pledged	(7,839)	2,443,401	-	-
Payment of lease liabilities	(568,966)	(474,973)	-	-
Net cash from financing activities	5,049,359	7,198,538	5,626,164	5,230,110
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,374,590)</b>	<b>3,293,586</b>	<b>(7,136,193)</b>	<b>(1,275,012)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>25,919,407</b>	<b>22,609,132</b>	<b>12,658,701</b>	<b>13,933,578</b>
<b>Effect of exchange translation differences on cash and cash equivalents</b>	<b>(16,268)</b>	<b>16,689</b>	<b>(1,336)</b>	<b>135</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>21,528,549</b>	<b>25,919,407</b>	<b>5,521,172</b>	<b>12,658,701</b>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>				
Cash and bank balances	19,007,395	12,453,653	3,000,018	642,947
Fixed deposits with licensed banks	3,123,047	14,055,584	2,521,154	12,015,754
	22,130,442	26,509,237	5,521,172	12,658,701
Less: Fixed deposit pledged to a licensed bank	(419,697)	(411,858)	-	-
Less: Fixed deposit with a licensed bank with maturity of more than 3 months	(182,196)	(177,972)	-	-
	21,528,549	25,919,407	5,521,172	12,658,701

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 1. CORPORATE INFORMATION

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

The principal place of business of the Company is located at Level 5-E-6, Enterprise 4, Technology Park Malaysia, Lebuhraya Sg. Besi-Puchong, Bukit Jalil, 57000 Kuala Lumpur.

The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiary companies are disclosed in Note 6. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

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

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

### Adoption of new and amended standards

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

Amendment 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

### Early adoption of amendments to MFRS

In current financial year, the Company has elected to early adopt Amendment to MFRS 16 *Covid-19 - Related Rent Concessions beyond 30 June 2021* which is effective from the annual period beginning on or after 1 April 2021.

As a practical expedient, a lessee may elect to assess whether a Covid-19 related rent concession from a lessee as a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related concession the same way it would account for the changes under MFRS 16, if the change were no a lease modification.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 2. BASIS OF PREPARATION (cont'd)

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

#### Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020:		1 January 2022
•	Amendments to MFRS 1	
•	Amendments to MFRS 9	
•	Amendments to MFRS 16	
•	Amendments to MFRS 141	
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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

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

### (b) Functional and presentation currency

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



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 2. BASIS OF PREPARATION (cont'd)

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

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

#### Judgements

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

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

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

The Group recognises revenue over time in the following circumstances:

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

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

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

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group includes the renewal period as part of the lease term for such leases. The Group typically exercises its option to renew for those leases with renewal option.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 2. BASIS OF PREPARATION (cont'd)

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

#### Key sources of estimation uncertainty

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

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

The Group regularly reviews the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amount at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 5 respectively.

#### Development expenditure

The Group capitalises development expenditure for a project in accordance with the accounting policy. Initial capitalisation of development expenditure is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, the management is required to comply with the specifications as set out by Government of Malaysia under Kementerian Sains, Teknologi and Inovasi ("MOSTI"). The carrying amount at the reporting date for development expenditure is disclosed in Note 8.

#### Amortisation of development expenditure

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

#### Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unutilised capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unutilised capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 10.

#### Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 12.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 2. BASIS OF PREPARATION (cont'd)

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

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

##### Determination of transaction prices

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

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

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

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

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. Information about the expected credit loss on the Group's trade receivables is disclosed in Note 11.

##### Discount rate used in leases

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

##### Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of the Group's defined benefit obligations. The defined benefit liability of the Group at the reporting date is disclosed in Note 19.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 2. BASIS OF PREPARATION (cont'd)

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

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

##### Income taxes

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

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2021, the Group has tax recoverable of RM603,276 (2020: RM614,252) and tax payable of RM162,419 (2020: RM106,128) respectively. As at 31 December 2021, the Company has tax recoverable of RM29,873 (2020: RM20,508).

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of consolidation

#### (i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiary companies are consolidated using merger method of accounting as the business combination of the subsidiary companies involved entities under common control except for business combination with Signing Cloud Sdn. Bhd., which was accounted for under the acquisition method of accounting. Under the merger method of accounting, the results of subsidiary companies are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other reserves.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

#### (iii) Disposal of subsidiary companies

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

### (b) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associates' profit or loss for the period in which the investment is acquired.

An associate is equity accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition of the investment in an associate is recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest 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.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (b) Investment in associates (cont'd)

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

#### (c) Foreign currency translation

##### (i) Foreign currency transactions and balances

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (c) Foreign currency translation (cont'd)

#### (ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM are translated to RM at the rate of exchange prevailing at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

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

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

### (d) Property, plant and equipment

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

#### (i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (d) Property, plant and equipment (cont'd)

#### (ii) Subsequent costs

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

#### (iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life.

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

Office equipment	10%
Computer and Information Technology (IT) equipment	33%
Exhibition equipment	20%
Furniture and fittings	10%
Renovation	10%
Motor vehicles	20%
Hostel equipment	10%

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

### (e) Leases

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

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

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

Buildings	Over the lease term
Motor vehicles	20% or over the lease term, if shorter

The ROU assets are subject to impairment.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (e) Leases (cont'd)

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

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

### (f) Intangible assets

#### (i) Internally-generated intangible assets - research and development expenditure

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete; and
- the ability to measure reliably the expenditure during development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over a period of five years. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (f) Intangible assets (cont'd)

##### (ii) Derecognition of intangible assets

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

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

#### (g) Financial assets

##### Recognition and initial measurement

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

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

##### Financial asset categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (g) Financial assets (cont'd)

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

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

#### (i) Financial assets at amortised cost (cont'd)

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

The Group's financial assets at amortised cost include trade and other receivables, fixed deposits with licensed banks and cash and bank balances. The Company's financial assets at amortised cost include other receivables, amount due from a subsidiary company, fixed deposits with licensed banks and cash and bank balances.

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

##### (a) Debt investments

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

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

The debt investment is not designated as fair value through profit or loss. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income.

On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

##### (b) Equity investments

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

On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (g) Financial assets (cont'd)

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

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

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

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

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

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

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

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

#### Derecognition

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

### (h) Financial liabilities

#### Recognition and initial measurement

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (h) Financial liabilities (cont'd)

#### Financial liability categories and subsequent measurement

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

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

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

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

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

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

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

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

The Group's financial liabilities at amortised cost comprise trade and other payables and lease liabilities. The Company's financial liabilities at amortised cost comprise other payables and amount due to a subsidiary company.

#### Derecognition

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (i) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- The amount of the loss allowances; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance the principles of MFRS 15 *Revenue from Contracts with Customers*.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (j) Offsetting of financial instruments

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

### (k) Inventories

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

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

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

### (l) Cash and cash equivalents

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

### (m) Contract assets and liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (n) Impairment of assets

#### (i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (group of cash-generating units).

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

#### (ii) Financial assets

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (o) Share capital

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

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

#### (p) Employee benefits

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

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

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

##### (ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' pension scheme. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

##### (iii) Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plan is an approved fund independent of the Group's finances and defines 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.

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past service cost. The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (p) Employee benefits (cont'd)

#### (iii) Defined benefit plans (cont'd)

The defined benefit obligation, calculated annually using the Projected Unit Credit Method, is determined by independent actuaries, considering the estimated future cash outflows using market yields at reporting date of Government securities which have currency and terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. The actuarial gains and losses are not subsequently reclassified to profit or loss in subsequent period.

Past-service costs are recognised immediately in profit or loss.

The Group recognises gains and losses on the settlement of a defined benefit plan when settlement occurs.

### (q) Revenue and other income

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

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

The Group recognises revenue from the following major sources:

#### (a) Sales of goods

The Group is involved in the trading of electronic identification products. Sales are recognised in the accounting period when control of the products has been transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the designated location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

#### (b) Rendering of services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers or in proportion to the stage of completion of the transaction during the reporting period. The stage of completion is assessed by reference to the proportion that costs incurred to date that reflect services performed bear to the total estimated costs of the transaction. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (q) Revenue and other income (cont'd)

#### (ii) Interest income

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

#### (iii) Dividend income

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

### (r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

### (s) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and transferred to profit or loss on a systematic basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Where the Group receives non-monetary government grants, the asset and the grant are recorded at nominal amount and transferred to profit or loss on a systematic basis over the life of the depreciable asset by way of a reduced depreciation charge.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (t) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### (u) Segments reporting

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

#### (v) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (w) Provisions

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

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

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

#### (x) Fair value measurement

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

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

Level 3 : unobservable inputs for the asset or liability.

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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 4. PROPERTY, PLANT AND EQUIPMENT

	Office equipment	Computer and IT equipment	Furniture and fittings	Renovation	Motor vehicles	Hostel equipment	Total
	RM	RM	RM	RM	RM	RM	RM
<b>Group</b>							
<b>2021</b>							
<b>Cost</b>							
At 1 January 2021	226,843	2,420,359	232,398	203,559	181,479	12,748	3,277,386
Additions	18,249	394,003	1,773	84,815	-	-	498,840
Disposals	-	(28,811)	-	-	-	-	(28,811)
Written off	(24,585)	(48,941)	(1,390)	-	-	-	(74,916)
Transferred from inventories	-	64,759	-	-	-	-	64,759
Exchange differences	(331)	8,561	(392)	-	-	-	7,838
At 31 December 2021	220,176	2,809,930	232,389	288,374	181,479	12,748	3,745,096
<b>Accumulated depreciation</b>							
At 1 January 2021	96,167	1,506,058	106,246	93,205	136,876	8,543	1,947,095
Charge for the financial year	21,207	575,256	22,246	21,116	18,424	942	659,191
Disposals	-	(15,571)	-	-	-	-	(15,571)
Written off	(19,741)	(48,596)	(995)	-	-	-	(69,332)
Transferred to inventories	-	(33,682)	-	-	-	-	(33,682)
Exchange differences	(38)	9,082	(146)	7	87	-	8,992
At 31 December 2021	97,595	1,992,547	127,351	114,328	155,387	9,485	2,496,693
<b>Carrying amount</b>							
At 31 December 2021	122,581	817,383	105,038	174,046	26,092	3,263	1,248,403



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Office equipment	Computer and IT equipment	Exhibition equipment	Furniture and fittings	Renovation	Motor vehicles	Hostel equipment	Total
	RM	RM	RM	RM	RM	RM	RM	RM
<b>Group</b>								
<b>2020</b>								
<b>Cost</b>								
At 1 January 2020	203,978	1,970,312	8,484	230,532	205,040	185,606	12,748	2,816,700
Additions	25,280	336,057	-	1,952	-	-	-	363,289
Disposals	-	(2,877)	-	-	-	-	-	(2,877)
Written off	(2,227)	(46,859)	(8,484)	(227)	-	-	-	(57,797)
Transferred from inventories	-	181,494	-	-	-	-	-	181,494
Exchange differences	(188)	(17,768)	-	141	(1,481)	(4,127)	-	(23,423)
At 31 December 2020	226,843	2,420,359	-	232,398	203,559	181,479	12,748	3,277,386
<b>Accumulated depreciation</b>								
At 1 January 2020	76,478	1,013,821	8,484	85,653	69,417	120,578	7,471	1,381,902
Charge for the financial year	21,873	551,737	-	21,064	24,806	18,423	1,072	638,975
Written off	(1,722)	(46,845)	(8,484)	(227)	-	-	-	(57,278)
Exchange differences	(462)	(12,655)	-	(244)	(1,018)	(2,125)	-	(16,504)
At 31 December 2020	96,167	1,506,058	-	106,246	93,205	136,876	8,543	1,947,095
<b>Carrying amount</b>								
At 31 December 2020	130,676	914,301	-	126,152	110,354	44,603	4,205	1,330,291

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 5. RIGHT-OF-USE ASSETS

	Buildings RM	Motor vehicles RM	Total RM
<b>Group</b>			
<b>2021</b>			
<b>Cost</b>			
At 1 January 2021	1,154,244	400,537	1,554,781
Additions	1,084,656	308,278	1,392,934
Expiration of lease contracts	(978,608)	-	(978,608)
Exchange differences	(2,042)	-	(2,042)
At 31 December 2021	1,258,250	708,815	1,967,065
<b>Accumulated depreciation</b>			
At 1 January 2021	728,536	164,086	892,622
Charge for the financial year	548,674	103,331	652,005
Expiration of lease contracts	(978,608)	-	(978,608)
Exchange differences	(1,967)	-	(1,967)
At 31 December 2021	296,635	267,417	564,052
<b>Carrying amount</b>			
At 31 December 2021	961,615	441,398	1,403,013
<b>2020</b>			
<b>Cost</b>			
At 1 January 2020	1,196,513	400,537	1,597,050
Additions	175,636	-	175,636
Expiration of lease contracts	(219,431)	-	(219,431)
Exchange differences	1,526	-	1,526
At 31 December 2020	1,154,244	400,537	1,554,781
<b>Accumulated depreciation</b>			
At 1 January 2020	494,116	83,979	578,095
Charge for the financial year	451,949	80,107	532,056
Expiration of lease contracts	(219,431)	-	(219,431)
Exchange differences	1,902	-	1,902
At 31 December 2020	728,536	164,086	892,622
<b>Carrying amount</b>			
At 31 December 2020	425,708	236,451	662,159

- (a) The motor vehicles of the Group with carrying amount of RM441,398 (2020: RM236,451) are pledged as securities for the related lease liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 5. RIGHT-OF-USE ASSETS (cont'd)

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

	Group	
	2021	2020
	RM	RM
Aggregate costs	1,392,934	175,636
Less: Lease financing	(1,363,656)	(85,736)
Cash payments	29,278	89,900

## 6. INVESTMENT IN SUBSIDIARY COMPANIES

- (a) Investment in subsidiary companies

	Company	
	2021	2020
	RM	RM
<b>Unquoted shares, at cost</b>		
In Malaysia	10,166,998	9,917,000
Outside Malaysia	4,900,861	4,130,986
	15,067,859	14,047,986

- (b) Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2021	2020	
<b>Direct holding</b>				
Securemetric Technology Sdn. Bhd. (“Securemetric Malaysia”)	Malaysia	100	100	Provision of digital security solutions as well as trading of electronic identification products, and other related services
Securemetric Technology Co., Ltd (“Securemetric Vietnam”) *	Vietnam	100	100	Provision of digital security solutions as well as trading of electronic identification products, and other related services
Securemetric Technology, Inc (“Securemetric Philippines”) *	Philippines	99.995	99.995	Provision of digital security solutions as well as trading of electronic identification products, and other related services

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 6. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

(b) Details of the subsidiary companies are as follows: (cont'd)

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2021	2020	
<b>Direct holding</b>				
PT Securemetric Technology (“Securemetric Indonesia”) *	Indonesia	99.99	99.99	Provision of digital security solutions as well as trading of electronic identification products, and other related services
Securemetric Technology Pte. Ltd. (“Securemetric Singapore”) *	Singapore	100	100	Trading of electronic identification products and other related services
PT Softkey Indonesia (“Softkey Indonesia”) *	Indonesia	80	80	Trading of electronic identification products and other related services
Signing Cloud Sdn. Bhd. (“Signing Cloud Malaysia”)	Malaysia	100	100	Provision of digital security solutions and other related services

\* Audited by member firm of UHY International Limited

(c) Incorporation of a subsidiary company

### Financial year ended 31 December 2020

On 20 November 2020, the Company incorporated a wholly-owned subsidiary company, Signing Cloud Malaysia with an initial share capital of RM2.00 comprising of 2 ordinary shares.

(d) Additional investment in subsidiary companies

### Financial year ended 31 December 2021

(i) On 16 March 2021, Signing Cloud Malaysia, a wholly-owned subsidiary company of the Company, had increased its issued and paid-up share capital from 2 to 250,000 ordinary shares. The Company has subscribed for an additional of 249,998 ordinary shares in Signing Cloud Malaysia for a total cash consideration of RM249,998.

(ii) On 25 November 2021, Securemetric Singapore, a wholly-owned subsidiary company of the Company, had increased its issued and paid-up share capital from 50,000 to 300,000 ordinary shares. The Company has subscribed for an additional of 250,000 ordinary shares in Securemetric Singapore for a total cash consideration of RM769,875.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 6. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

### (e) Disposal of equity shares in a subsidiary company

#### Financial year ended 31 December 2020

On 14 September 2020, the Company disposed of two ordinary shares in Securemetric Technology, Inc, a 99.997% owned subsidiary company, at a total consideration of USD 4.15, equivalent to RM17 to two individuals. Consequently, the Company's shareholding in Securemetric Technology, Inc decreased to 99.995%.

### (f) Material partly-owned subsidiary company

The summarised financial information of the Group's subsidiary company that have material non-controlling interests (amount before inter-company elimination) is as follows:

Name of company	Proportion of ownership, interest and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2021	2020	2021	2020	2021	2020
	%	%	RM	RM	RM	RM
Softkey Indonesia	20	20	(13,174)	(16,249)	315,417	328,667

### (i) Summarised Statement of Financial Position

	2021	2020
	RM	RM
Non-current assets	1,123,268	102,655
Current assets	1,125,636	2,709,676
Non-current liability	(226,029)	(201,095)
Current liabilities	(60,512)	(582,621)
Net assets	1,962,363	2,028,615

### (ii) Summarised Statement of Profit or Loss and Other Comprehensive Income

	2021	2020
	RM	RM
Revenue	1,036,210	1,011,069
Loss for the financial year	(65,870)	(81,244)
Other comprehensive loss for the financial year	(382)	(73,238)
Total comprehensive loss for the financial year	(66,252)	(154,482)

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 6. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

### (f) Material partly-owned subsidiary company (cont'd)

The summarised financial information of the Group's subsidiary company that have material non-controlling interests (amount before inter-company elimination) is as follows: (cont'd)

### (iii) Summarised Statement of Cash Flows

	2021	2020
	RM	RM
Net cash from operating activities	410,244	70,604
Net cash used in investing activities	(526)	(47,710)
Net cash (used in)/from financing activity	(391,500)	101,500
Net increase in cash and cash equivalents	18,218	124,394

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

## 7. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>At cost</b>				
Unquoted shares in Malaysia	8,000,000	-	8,000,000	-
Share of post-acquisition reserve	129,996	-	-	-
	8,129,996	-	8,000,000	-

During the financial year, the Company acquired 112,500 ordinary shares, representing 20% equity interest in Innov8tif Solutions Sdn. Bhd. ("Innov8tif Malaysia") for a total cash consideration of RM8,000,000. Consequently, Innov8tif Malaysia became a 20% owned associate of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 7. INVESTMENT IN AN ASSOCIATE (cont'd)

Details of the associate are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2021	2020	
<i>Direct holding</i>				
Innov8tif Solutions Sdn. Bhd. *	Malaysia	20	-	Involved in ICT system development, development and maintenance service with software trading and services

\* Associate not audited by UHY

The summarised financial information of the associate, not adjusted for the percentage of ownership held by the Group are as follows:

	2021 RM	2020 RM
<b>Assets and liabilities</b>		
Non-current asset	163,577	-
Current assets	7,591,947	-
Total assets	7,755,524	-
Non-current liability	(407,682)	-
Current liabilities	(1,616,199)	-
Net assets	5,731,643	-
	<b>2021 RM</b>	<b>2020 RM</b>
<b>Financial results</b>		
Revenue	10,830,793	-
Profit for the financial year	537,733	-
Other comprehensive income for the financial year	3,375	-
Total comprehensive income for the financial year	541,108	-
<b>Group's share of results for the financial year ended 31 December</b>		
Group's share of profit	129,908	-
Group's share of other comprehensive income	88	-
Group's share of total comprehensive income	129,996	-
Group's share of net assets, representing carrying amount of Group's interest in an associate	1,146,329	-

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 8. DEVELOPMENT EXPENDITURE

	Group	
	2021	2020
	RM	RM
<b>Cost</b>		
At 1 January/31 December	2,417,014	2,417,014
<b>Accumulated amortisation</b>		
At 1 January	1,933,612	1,450,209
Charge for the financial year	483,402	483,403
At 31 December	2,417,014	1,933,612
<b>Carrying amount</b>		
At 31 December	-	483,402

The development expenditure incurred for research and development of in-house developed centralised authentication management system ("CENTAGATE®"), which is funded through government grant received by a subsidiary company as disclosed in Note 22(a).

## 9. OTHER INVESTMENTS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b><u>Non-current</u></b>				
<b>Financial assets at fair value through other comprehensive income</b>				
<b><i>At market value</i></b>				
Quoted shares, in Malaysia	228,689	165,554	-	-
<b><i>At cost</i></b>				
Unquoted shares, outside Malaysia	6,095,250	6,095,250	6,095,250	6,095,250
	6,323,939	6,260,804	6,095,250	6,095,250

The fair value of the quoted shares was determined by reference to the quoted price in the share market.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 10. DEFERRED TAX ASSETS

	Group	
	2021	2020
	RM	RM
At 1 January	92,225	89,685
Recognised in profit or loss	23,141	5,597
Exchange differences	1,788	(3,057)
At 31 December	117,154	92,225

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

	Group	
	2021	2020
	RM	RM
Deferred tax assets	168,953	140,674
Deferred tax liabilities	(51,799)	(48,449)
	117,154	92,225

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

### Deferred tax assets

	Deferred revenue	Others	Total
	RM	RM	RM
<b>Group</b>			
At 1 January 2021	-	140,674	140,674
Recognised in profit or loss	45,025	(35,592)	9,433
Under provision in prior year	-	17,723	17,723
Exchange differences	-	1,123	1,123
At 31 December 2021	45,025	123,928	168,953
At 1 January 2020	-	132,832	132,832
Recognised in profit or loss	-	5,633	5,633
Under provision in prior year	-	5,297	5,297
Exchange differences	-	(3,088)	(3,088)
At 31 December 2020	-	140,674	140,674

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 10. DEFERRED TAX ASSETS (cont'd)

The components and movements of deferred tax assets and liabilities are as follows: (cont'd)

### Deferred tax liabilities

	Accelerated capital allowances	Others	Total
	RM	RM	RM
<b>Group</b>			
At 1 January 2021	45,362	3,087	48,449
Recognised in profit or loss	(4,743)	(3,084)	(7,827)
Under provision in prior year	11,180	662	11,842
Exchange differences	-	(665)	(665)
At 31 December 2021	51,799	-	51,799
At 1 January 2020	43,147	-	43,147
Recognised in profit or loss	(8,901)	3,118	(5,783)
Under provision in prior year	11,116	-	11,116
Exchange differences	-	(31)	(31)
At 31 December 2020	45,362	3,087	48,449

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

	Group	
	2021	2020
	RM	RM
Other deductible temporary differences	411,667	1,631,917
Deferred revenue	1,815,434	-
Unutilised capital allowances	1,353,621	852,787
Unused tax losses	7,529,492	5,595,105
	11,110,214	8,079,809

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

Pursuant to an amendment to Section 44(5F) of the Income Tax Act 1967, effective from year of assessment 2019 onwards, the unused tax losses can be carried forward for a maximum period of ten consecutive years of assessment. The unused tax losses accumulated up to year of assessment 2018 can be carried forward for another ten consecutive years of assessment until year of assessment 2028. The other temporary differences do not expire under current tax legislation.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 11. TRADE RECEIVABLES

	Group	
	2021	2020
	RM	RM
<b>Non-current</b>		
Trade receivables	1,040,774	-
<b>Current</b>		
Trade receivables	8,532,248	10,492,111
Less: Accumulated impairment losses	(385,483)	(1,709,740)
	8,146,765	8,782,371
Total trade receivables	9,187,539	8,782,371

Trade receivables are non-interest bearing and are on 30 to 90 days (2020: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Lifetime allowance	Credit Impaired	Loss allowance
	RM	RM	RM
<b>Group</b>			
At 1 January 2021	94,682	1,615,058	1,709,740
Impairment losses recognised	-	55,635	55,635
Impairment losses reversed	(64,393)	(1,317,701)	(1,382,094)
Exchange differences	2,202	-	2,202
At 31 December 2021	32,491	352,992	385,483
At 1 January 2020	20,476	143,399	163,875
Impairment losses recognised	76,405	1,471,659	1,548,064
Impairment losses reversed	(2)	-	(2)
Exchange differences	(2,197)	-	(2,197)
At 31 December 2020	94,682	1,615,058	1,709,740

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 11. TRADE RECEIVABLES (cont'd)

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

	Gross amount RM	Loss allowance RM	Net amount RM
<b>Group</b>			
<b>2021</b>			
Not past due	4,875,233	(19,302)	4,855,931
Past due			
Less than 30 days	609,345	(480)	608,865
31 to 60 days	261,504	(11)	261,493
61 to 90 days	793,399	(12,672)	780,727
More than 90 days	2,680,549	(26)	2,680,523
	4,344,797	(13,189)	4,331,608
<b>Credit impaired</b>			
Individually impaired	352,992	(352,992)	-
	9,573,022	(385,483)	9,187,539
<b>2020</b>			
Not past due	2,424,366	(12,197)	2,412,169
Past due			
Less than 30 days	1,364,955	(8,245)	1,356,710
31 to 60 days	638,480	(31,541)	606,939
61 to 90 days	4,430	-	4,430
More than 90 days	4,444,822	(42,699)	4,402,123
	6,452,687	(82,485)	6,370,202
<b>Credit impaired</b>			
Individually impaired	1,615,058	(1,615,058)	-
	10,492,111	(1,709,740)	8,782,371

Trade receivables that are not past due nor individually impaired are creditworthy debtors with good payment records with the Group.

As at 31 December 2021, the Group has gross trade receivables amounting to RM4,344,797 (2020: RM6,452,687) were past due but not individually impaired. These relate to a number of independent customers from whom there is no recent history of default but with slower repayment records.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM352,992 (2020: RM1,615,058), relate to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debts recovery process.

The Group has 3 (2020: 2 customers) that owed to the Group for approximately 41% (2020: 36%) of total trade receivables at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 12. INVENTORIES

	Group	
	2021	2020
	RM	RM
Finished goods	1,418,690	1,128,544
<b>Recognised in profit or loss</b>		
Inventories recognised as cost of sales	5,285,613	7,114,994
Inventories written off	27,669	351,766

As at 31 December 2021, the Group's inventories amounted to RM31,077 (2020: RM181,494) were transferred from/to property, plant and equipment.

## 13. CONTRACT ASSETS/(LIABILITIES)

### (a) Contract assets

		Group	
		2021	2020
	Note	RM	RM
Amount due from customers on contracts	(i)	54,325	171,592
Software, consultancy and installation services	(ii)	449,604	143,962
		503,929	315,554

(i) Amount due from customers on contracts

	Group	
	2021	2020
	RM	RM
Contract costs incurred to date	1,080,563	1,080,563
Attributable profits	3,940,126	3,531,594
	5,020,689	4,612,157
Less: Progress billings	(4,966,364)	(4,440,565)
	54,325	171,592
Presented as:		
Contract assets	54,325	171,592

Amount due from customers on contracts relates to the Group's rights to consideration for work completed but not billed at the reporting date. This amount will be transferred to trade receivables when the rights become unconditional.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 13. CONTRACT ASSETS/(LIABILITIES) (cont'd)

### (a) Contract assets (cont'd)

#### (ii) Software, consultancy and installation services

This represents Group's rights to consideration for work completed but not yet billed at the reporting date.

### (b) Contract liabilities

	Group	
	2021	2020
	RM	RM
Deferred revenue	4,809,537	4,513,345

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

## 14. OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Other receivables	58,243	119,071	-	-
Deferred costs	2,388,231	1,538,233	-	-
Deposits	765,700	182,417	1,000	1,000
Prepayments	1,017,256	852,249	14,589	9,540
GST receivable	584	575	-	-
	4,230,014	2,692,545	15,589	10,540

Included in the other receivables of the Group is a refundable performance security bonds amounting to RM8,489 (2020: RM91,671) and are repayable within next twelve months upon the issuance of sale invoices.

## 15. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES

### (a) Amount due from a subsidiary company

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

### (b) Amount due to a subsidiary company

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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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### 16. FIXED DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Deposits with tenures of:				
- less than 3 months	2,521,154	13,465,754	2,521,154	12,015,754
- more than 3 months	601,893	589,830	-	-
	<u>3,123,047</u>	<u>14,055,584</u>	<u>2,521,154</u>	<u>12,015,754</u>

Included in fixed deposits with licensed banks of the Group is an amount of RM419,697 (2020: RM411,858) which has been pledged to a licensed bank as security for bank guarantee facilities granted to the Group.

The interest rates and maturity of deposits at the end of the reporting period are as follows:

	Group		Company	
	2021	2020	2021	2020
Interest rate per annum	1.85% to 2.08%	1.40% to 4.50%	1.85%	1.40% to 1.85%
Maturity of deposits	1 to 12 months	1 to 12 months	3 months	1 to 3 months

### 17. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2021	2020	2021	2020
	Units	Units	RM	RM
<b>Issued and fully paid ordinary shares</b>				
At 1 January	536,030,000	243,600,000	35,683,874	30,453,764
Issuance of shares during the financial year				
- Bonus issue	-	243,600,000	-	-
- Private placement	40,476,000	48,730,000	5,626,164	5,214,110
- Exercise of warrants	-	100,000	-	16,000
At 31 December	<u>576,506,000</u>	<u>536,030,000</u>	<u>41,310,038</u>	<u>35,683,874</u>

During the financial year, the Company issued 40,476,000 new ordinary shares pursuant to the private placement at an issue price of RM0.139 per placement share for a total cash consideration of RM5,626,164.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 18. RESERVES

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Fair value adjustment reserve	(a)	164,151	101,016	-	-
Foreign currency translation reserve	(b)	(317,677)	(402,410)	-	-
Other reserves	(c)	(38,201,876)	(38,201,876)	(38,205,150)	(38,205,150)
Merger reserve	(d)	(11,004,663)	(11,004,663)	-	-
Warrant reserve	(e)	38,205,150	38,205,150	38,205,150	38,205,150
		(11,154,915)	(11,302,783)	-	-

(a) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative net change in the fair value of financial asset at fair value through other comprehensive until they are derecognised or impaired.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Other reserves

Other reserves comprise of the followings:

(i) Tax amnesty

The subsidiary companies, namely Securemetric Indonesia and Softkey Indonesia participated in the Tax Amnesty Program in accordance with Law No. 11/2016. Both subsidiary companies paid the related redemption money amounting to RM3,274 (2020: RM3,274) and recorded the declared tax amnesty assets under other reserve.

(ii) Fair value of warrants issued amounting to RM38,205,150 (2020: RM38,205,150).

(d) Merger reserve

The merger reserve arises from the difference between the nominal value of shares issued by the Company and the nominal value of shares of the subsidiary company acquired under the merger method of accounting.

(e) Warrant reserve

This represents the fair value of the warrants issued and is non-distributable.

On 4 February 2020, the Company had issued 243,600,000 warrants pursuant to bonus issue of warrants to all the entitled shareholders of the Company on the basis of one (1) warrant for every one (1) existing ordinary shares held in the Company.



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## 18. RESERVES (cont'd)

### (e) Warrant reserve (cont'd)

The warrants are constituted under a Deed Poll executed on 3 January 2020 and each warrant entitles the registered holder the right at any time during the exercise period from 22 January 2020 to 21 January 2023 to subscribe in cash for one new ordinary share of the Company at an exercise price of RM0.16 each.

The new ordinary shares allotted and issued upon exercise of the warrants shall rank pari passu in all respects with the existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from the exercise of the warrants.

As at 31 December 2021, the total number of warrants that remain unexercised were 243,500,000 (2020: 243,500,000) units.

## 19. EMPLOYEE DEFINED BENEFIT PLAN

	Group	
	2021	2020
	RM	RM
Present value of defined benefit obligations	331,849	274,944

The subsidiary companies in Indonesia operate an unfunded defined benefit retirement benefit scheme for its employees based on the provisions of Labour Law No. 13/2003. The latest independent actuarial report is dated 14 February 2022.

Movements in the present value of defined benefit obligations of the Group are as follows:

	Group	
	2021	2020
	RM	RM
At 1 January	274,944	228,671
Recognised in profit or loss:		
- Current service costs	62,809	53,586
Benefits paid by the plan	(6,267)	-
Exchange differences	363	(7,313)
At 31 December	331,849	274,944

# NOTES TO THE FINANCIAL STATEMENTS

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## 19. EMPLOYEE DEFINED BENEFIT PLAN (cont'd)

The principal actuarial assumptions at the end of the reporting period are as follows:

	Group	
	2021	2020
Discount rate at 31 December	10%	10%
Expected rate of salary increases	3%	3%
Normal retirement age	55 years	55 years

### Sensitivity analysis

The effect of changes in the principal actuarial assumptions on the present value of unfunded obligations of the Group are as follows:

	Group	
	+1%	-1%
	RM	RM
<b>2021</b>		
Increase/(Decrease) of present value of unfunded obligations		
- Discount rates	32,484	(42,596)
- Expected salary	42,424	(32,538)
<b>2020</b>		
Increase/(Decrease) of present value of unfunded obligations		
- Discount rates	182,860	(182,860)
- Expected salary	269,740	(269,740)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

# NOTES TO THE FINANCIAL STATEMENTS

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## 20. LEASE LIABILITIES

	Group	
	2021	2020
	RM	RM
At 1 January	629,928	1,018,581
Additions	1,363,656	85,736
Accretion of interest	23,192	24,785
Payments	(592,158)	(499,758)
Rent concessions related to Covid-19	(67,484)	-
Exchange differences	(1,863)	584
At 31 December	1,355,271	629,928
Presented as:		
Non-current	731,025	157,329
Current	624,246	472,599
	1,355,271	629,928

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

	Group	
	2021	2020
	RM	RM
Within one year	658,069	485,124
Later than one year but not later than two years	560,211	82,164
Later than two years but not later than five years	197,121	82,110
	1,415,401	649,398
Less: Future finance charges	(60,130)	(19,470)
Present value of lease liabilities	1,355,271	629,928

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

The weighted average incremental borrowing rate applied to lease liabilities at the reporting date was 2.44% (2020: 2.30%).

## 21. TRADE PAYABLES

The trade credit terms granted to the Group range from 30 to 90 days (2020: 30 to 90 days) depending on the terms of the contracts.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 22. OTHER PAYABLES

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Other payables		1,661,980	998,813	5,522	1,306
Deferred capital grant	(a)	-	450,034	-	-
Accruals		1,095,560	836,374	84,500	84,500
Provision for liquidated damages	(b)	782,500	-	-	-
		3,540,040	2,285,221	90,022	85,806

### (a) Deferred capital grant

Deferred capital grant refers to government grant received from Government of Malaysia under Kementerian Sains, Teknologi dan Inovasi ("MOSTI") for the new technology project research and development activities. There are no unfulfilled conditions or contingencies attached to this grant. The grant is to be amortised over the useful life of the technology and recognised as other income in profit or loss upon the completion of the project.

Movements of the deferred capital grant is as follows:

	Group	
	2021	2020
	RM	RM
At 1 January	450,034	900,069
Amortised during the financial year	(450,034)	(450,035)
At 31 December	-	450,034

### (b) Provision for liquidated damages

Provision for liquidated damages represents liquidated damages compensation of SGD250,000 to a customer for late commissioning of the system pursuant to the Principal Agreement dated 31 May 2021.

Movements of provision for liquidated damages is as follows:

	Group	
	2021	2020
	RM	RM
At 1 January	-	-
Provision made	782,500	-
At 31 December	782,500	-

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 23. REVENUE

	Group	
	2021	2020
	RM	RM
<b>Revenue from contracts with customers</b>		
Sale of goods	11,198,177	13,839,988
Rendering of services	15,156,717	13,258,440
	<u>26,354,894</u>	<u>27,098,428</u>
<b>Timing of revenue recognition</b>		
At a point in time	16,689,420	18,535,770
Over time	9,665,474	8,562,658
Total revenue from contracts with customers	<u>26,354,894</u>	<u>27,098,428</u>

Revenue from contracts customers recognised for the Group in the current financial year included RM3,378,978 (2020: RM4,415,325) that was included in the contract liabilities at the beginning of the financial year.

Set below is the disaggregation of the Group's revenue from contracts with customers:

	Digital security solutions RM	Electronic identification products RM	Others RM	Total RM
<b>Group</b>				
<b>2021</b>				
<b>Type of goods and services</b>				
Sale of goods	9,718,805	1,479,372	-	11,198,177
Rendering of services	5,552,874	-	9,603,843	15,156,717
Total revenue from contracts with customers	<u>15,271,679</u>	<u>1,479,372</u>	<u>9,603,843</u>	<u>26,354,894</u>
<b>Geographical market</b>				
Malaysia	1,773,598	657,094	711,603	3,142,295
Vietnam	4,942,531	16,475	1,353,276	6,312,282
Philippines	1,854,061	27,117	2,141,677	4,022,855
Indonesia	3,040,310	777,817	3,719,596	7,537,723
United States	208,280	-	12,116	220,396
Singapore	871,915	869	1,026,132	1,898,916
Others	2,580,984	-	639,443	3,220,427
	<u>15,271,679</u>	<u>1,479,372</u>	<u>9,603,843</u>	<u>26,354,894</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 23. REVENUE (cont'd)

Set below is the disaggregation of the Group's revenue from contracts with customers: (cont'd)

	Digital security solutions RM	Electronic identification products RM	Others RM	Total RM
<b>Group</b>				
<b>2021</b>				
<b>Timing of revenue recognition</b>				
At a point in time	14,745,880	1,479,372	464,168	16,689,420
Over time	525,799	-	9,139,675	9,665,474
Total revenue from contracts with customers	15,271,679	1,479,372	9,603,843	26,354,894
<b>2020</b>				
<b>Type of goods and services</b>				
Sale of goods	9,743,366	4,096,622	-	13,839,988
Rendering of services	4,596,434	-	8,662,006	13,258,440
Total revenue from contracts with customers	14,339,800	4,096,622	8,662,006	27,098,428
<b>Geographical market</b>				
Malaysia	2,021,522	336,113	676,403	3,034,038
Vietnam	7,007,445	35,202	1,437,354	8,480,001
Philippines	1,033,789	1,693,970	1,618,253	4,346,012
Indonesia	2,397,759	730,235	3,426,302	6,554,296
United States	157,876	1,293,087	12,042	1,463,005
Singapore	294,149	3,265	1,063,526	1,360,940
Others	1,427,260	4,750	428,126	1,860,136
	14,339,800	4,096,622	8,662,006	27,098,428
<b>Timing of revenue recognition</b>				
At a point in time	14,053,572	4,096,622	385,576	18,535,770
Over time	286,228	-	8,276,430	8,562,658
Total revenue from contracts with customers	14,339,800	4,096,622	8,662,006	27,098,428

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 24. COST OF SALES

	Group	
	2021	2020
	RM	RM
Sale of goods	5,285,613	7,114,994
Services rendered	6,340,899	5,072,878
	<u>11,626,512</u>	<u>12,187,872</u>

## 25. FINANCE COST

	Group	
	2021	2020
	RM	RM
Interest expense on lease liabilities	<u>23,192</u>	<u>24,785</u>

## 26. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Auditors' remuneration				
- statutory				
- UHY	100,000	95,000	75,000	75,000
- member firms of UHY International Limited	48,352	50,775	-	-
- non-statutory	5,000	5,000	5,000	5,000
Amortisation of development expenditure	483,402	483,403	-	-
Depreciation of :				
- property, plant and equipment	659,191	638,975	-	-
- right-of-use assets	652,005	532,056	-	-
Non-executive Directors' remuneration				
- fees	114,000	114,000	114,000	114,000
- allowances	5,400	5,400	5,400	5,400
Impairment losses on trade receivables	55,635	1,548,064	-	-
Inventories written off	27,669	351,766	-	-
Property, plant and equipment written off	5,584	519	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 26. LOSS BEFORE TAX (cont'd)

Loss before tax is arrived at after charging/(crediting): (cont'd)

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Lease expenses relating to short-term leases				
- office	64,191	142,427	-	-
- hostel	29,400	29,400	-	-
Provision for liquidated damages	782,500	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	(16,464)	2,877	-	-
Dividend income	(1,398)	-	-	-
(Gain)/Loss on foreign exchange				
- unrealised	(136,093)	105,321	1,336	(135)
- realised	(36,594)	(58,231)	(9,828)	1,096
Gain on disposal of equity shares in a subsidiary company	-	-	-	(3)
Government grant income	(450,034)	(450,035)	-	-
Interest income	(312,394)	(432,174)	(147,825)	(228,734)
Income from rent concessions	(67,484)	-	-	-
Reversal of impairment losses on trade receivables	(1,382,094)	(2)	-	-



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 27. TAXATION

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Tax expenses recognised in profit or loss</b>				
Current tax provision				
- Malaysian tax	-	4,279	-	4,279
- Foreign tax	828,485	856,333	-	-
Over provision in prior years	(27,560)	(63,925)	(2,345)	(50,320)
	800,925	796,687	(2,345)	(46,041)
<b>Deferred tax (Note 10)</b>				
Relating to origination and reversal of temporary differences	(17,260)	(11,416)	-	-
(Over)/Under provision in prior years	(5,881)	5,819	-	-
	(23,141)	(5,597)	-	-
	777,784	791,090	(2,345)	(46,041)

Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable loss for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Loss before tax	(1,081,739)	(4,076,989)	(494,963)	(465,128)
At Malaysian statutory tax rate of 24% (2020: 24%)	(259,617)	(978,477)	(118,791)	(111,631)
Effect of different tax rate in other jurisdictions	(663,190)	(555,437)	-	-
Expenses not deductible for tax purposes	1,431,316	1,105,365	156,631	115,940
Income not subject to tax	(424,581)	(223,746)	(37,840)	(30)
Deferred tax assets not recognised	727,297	1,501,491	-	-
Over provision of income tax in prior years	(27,560)	(63,925)	(2,345)	(50,320)
(Over)/Under provision of deferred tax in prior years	(5,881)	5,819	-	-
Tax expenses for the financial year	777,784	791,090	(2,345)	(46,041)

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 27. TAXATION (cont'd)

The Group has the following estimated unutilised capital allowances and unused tax losses available for offset against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group	
	2021	2020
	RM	RM
Unutilised capital allowances	1,353,621	852,787
Unused tax losses	7,529,492	5,595,105
	<u>8,883,113</u>	<u>6,447,892</u>

## 28. LOSS PER SHARE

### (a) Basic loss per share

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

	Group	
	2021	2020
Loss for the financial year, attributable to owners of the parent (RM)	<u>(1,846,349)</u>	<u>(4,851,830)</u>
Weighted average number of ordinary shares in issue (in units)		
- Ordinary shares in issue at 1 January	536,030,000	243,600,000
- Bonus issue	-	243,600,000
- Effect of private placement	16,744,866	25,296,995
- Effect of exercise of warrants	-	86,065
Weighted average number of ordinary shares in issue at 31 December	<u>552,774,866</u>	<u>512,583,060</u>
Basic loss per ordinary share (sen)	<u>(0.33)</u>	<u>(0.95)</u>

### (b) Diluted loss per share

The Group has no dilution in their loss per ordinary share as the exercise price of the warrants has exceeded the average market price of ordinary shares during the financial year, the warrants do not have any dilutive effect on the weighted average number of ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the reporting period and before the authorisation of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 29. STAFF COSTS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Salaries, wages and other emoluments	10,217,852	9,340,062	600	600
Defined contribution plans	1,036,562	907,170	-	-
Social security contributions	114,596	97,572	-	-
Other benefits	308,471	153,235	-	-
Defined benefit plans	62,809	53,586	-	-
	11,740,290	10,551,625	600	600

The staff costs of the Group do not include the estimated non-monetary value of benefit-in-kind amounting to RM15,000 (2020: RMNil).

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Executive Directors</b>				
<b>Company's Directors</b>				
Salaries and other emoluments	1,020,600	927,100	600	600
Defined contribution plans	122,400	111,180	-	-
Social security contributions	1,656	1,658	-	-
Other benefits	190	190	-	-
	1,144,846	1,040,128	600	600
<b>Executive Directors</b>				
<b>Subsidiary companies' Directors</b>				
Salaries and other emoluments	231,756	211,149	-	-
Defined contribution plans	30,130	25,448	-	-
Social security contributions	829	829	-	-
Other benefits	18,795	95	-	-
	281,510	237,521	-	-
<b>Total</b>	1,426,357	1,277,649	600	600

The Directors' remuneration of the Group do not include the estimated non-monetary value of benefit-in-kind amounting to RM15,000 (2020: RMNil).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below show the details changes in the liabilities of the Group arising from financing activities, both cash and non-cash changes:

	Note	At 1 January RM	Financing cash flows (i) RM	New lease [Note 5(b)] RM	Other changes (ii) RM	At 31 December RM
<b>Group</b>						
<b>2021</b>						
Lease liabilities	20	629,928	(568,966)	1,363,656	(69,347)	1,355,271
<b>2020</b>						
Lease liabilities	20	1,018,581	(474,973)	85,736	584	629,928

(i) The financing cash flows represents payment of lease liabilities in the statements of cash flows.

(ii) Other changes represent income from Covid-19 rent concessions and exchange differences.

## 31. RELATED PARTY DISCLOSURES

### (a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

### (b) Significant related party transactions

Other than related party balances disclosed elsewhere in the financial statements, the Group and the Company do not have any significant related party transactions during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 31. RELATED PARTY DISCLOSURES (cont'd)

### (c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Fees	114,000	114,000	114,000	114,000
Salaries and others emoluments	2,111,738	2,011,616	6,000	6,000
Defined contribution plans	258,525	244,188	-	-
Social security contributions	5,800	5,801	-	-
Others	43,364	25,864	-	-
	2,533,427	2,401,469	120,000	120,000

The remuneration of Directors and other members of key management of the Group do not include the estimated non-monetary value of benefit-in-kind amounting to RM15,000 (2020: RMNil).

## 32. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and service as follows:

Digital security solutions	Provision of digital security solutions
Electronic identification products	Sales of smart cards, smart card readers, finger print readers, barcode scanners and barcode printers
Others	Provision of support and maintenance services, labelling and packaging

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Information about segment assets and liabilities are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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## 32. SEGMENT INFORMATION (cont'd)

	Digital security solutions RM	Electronic identification products RM	Others RM	Total RM
<b>2021</b>				
Total revenue	18,837,714	1,498,272	12,167,714	32,503,700
Inter-segment revenue	(3,566,035)	(18,900)	(2,563,871)	(6,148,806)
Revenue from external customers	15,271,679	1,479,372	9,603,843	26,354,894
Cost of sales	(6,869,324)	(682,167)	(4,075,021)	(11,626,512)
Segment gross profit	8,402,355	797,205	5,528,822	14,728,382
Other income				1,235,681
Administrative expenses				(18,478,977)
Net gain on impairment of financial instruments				1,326,459
Finance cost				(23,192)
Share of results of an associate, net of tax				129,908
Loss before tax				(1,081,739)
Taxation				(777,784)
Loss for the financial year				(1,859,523)
<b>2020</b>				
Total revenue	17,815,602	4,786,315	10,268,357	32,870,274
Inter-segment revenue	(3,475,802)	(689,693)	(1,606,351)	(5,771,846)
Revenue from external customers	14,339,800	4,096,622	8,662,006	27,098,428
Cost of sales	(6,602,255)	(2,359,676)	(3,225,941)	(12,187,872)
Segment gross profit	7,737,545	1,736,946	5,436,065	14,910,556
Other income				1,238,849
Administrative expenses				(18,653,547)
Net loss on impairment of financial instruments				(1,548,062)
Finance cost				(24,785)
Loss before tax				(4,076,989)
Taxation				(791,090)
Loss for the financial year				(4,868,079)

### (a) Adjustments and eliminations

Interest income, finance cost, depreciation and amortisation and other non-cash items are not allocated to individual segments as the underlying instruments are managed on a group basis.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

### 32. SEGMENT INFORMATION (cont'd)

#### (a) Adjustments and eliminations (cont'd)

Current taxes and deferred taxes are not allocated to individual segments as the underlying instruments are managed on a group basis.

Inter-segment revenue are eliminated on consolidation.

#### (b) Geographic information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2021	2020	2021	2020
	RM	RM	RM	RM
Malaysia	3,142,295	3,034,038	2,040,690	1,945,580
Vietnam	6,312,282	8,480,001	372,058	55,183
Philippines	4,022,855	4,346,012	84,212	270,764
Indonesia	7,537,723	6,554,296	152,537	200,120
United States	220,396	1,463,005	-	-
Singapore	1,898,916	1,360,940	1,919	4,205
Others	3,220,427	1,860,136	-	-
	26,354,894	27,098,428	2,651,416	2,475,852

Non-current assets for this purpose consist of property, plant and equipment, ROU assets and development expenditure.

#### (c) Major customers

No customer revenue equal or more than 10% of the Group's revenue.

### 33. FINANCIAL INSTRUMENTS

#### (a) Classification of financial instruments

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 33. FINANCIAL INSTRUMENTS (cont'd)

### (a) Classification of financial instruments (cont'd)

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

	Financial asset at FVTOCI RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>Group</b>				
<b>2021</b>				
<b>Financial Assets</b>				
Other investments	6,323,939	-	-	6,323,939
Trade receivables	-	9,187,539	-	9,187,539
Other receivables	-	823,943	-	823,943
Fixed deposits with licensed banks	-	3,123,047	-	3,123,047
Cash and bank balances	-	19,007,395	-	19,007,395
	6,323,939	32,141,924	-	38,465,863
<b>Financial Liabilities</b>				
Trade payables	-	-	2,149,285	2,149,285
Other payables	-	-	3,540,040	3,540,040
Lease liabilities	-	-	1,355,271	1,355,271
	-	-	7,044,596	7,044,596
<b>2020</b>				
<b>Financial Assets</b>				
Other investments	6,260,804	-	-	6,260,804
Trade receivables	-	8,782,371	-	8,782,371
Other receivables	-	301,488	-	301,488
Fixed deposits with licensed banks	-	14,055,584	-	14,055,584
Cash and bank balances	-	12,453,653	-	12,453,653
	6,260,804	35,593,096	-	41,853,900
<b>Financial Liabilities</b>				
Trade payables	-	-	2,028,257	2,028,257
Other payables	-	-	1,835,187	1,835,187
Lease liabilities	-	-	629,928	629,928
	-	-	4,493,372	4,493,372



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 33. FINANCIAL INSTRUMENTS (cont'd)

### (a) Classification of financial instruments (cont'd)

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

	Financial asset at FVTOCI RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>Company</b>				
<b>2021</b>				
<b>Financial Assets</b>				
Other investments	6,095,250	-	-	6,095,250
Other receivables	-	1,000	-	1,000
Amount due from a subsidiary company	-	3,241,002	-	3,241,002
Fixed deposits with licensed banks	-	2,521,154	-	2,521,154
Cash and bank balances	-	3,000,018	-	3,000,018
	6,095,250	8,763,174	-	14,858,424
<b>Financial Liability</b>				
Other payables	-	-	90,022	90,022
<b>2020</b>				
<b>Financial Assets</b>				
Other investments	6,095,250	-	-	6,095,250
Other receivables	-	1,000	-	1,000
Fixed deposits with licensed banks	-	12,015,754	-	12,015,754
Cash and bank balances	-	642,947	-	642,947
	6,095,250	12,659,701	-	18,754,951
<b>Financial Liabilities</b>				
Other payables	-	-	85,806	85,806
Amount due to a subsidiary company	-	-	2	2
	-	-	85,808	85,808

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 33. FINANCIAL INSTRUMENTS (cont'd)

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

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

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

#### (i) Credit risk

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

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

At each reporting date, the Group assesses whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

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

The Group has no significant concentration of credit risks except as disclosed in Note 11. The Company has no significant concentration of credit risks except for amount due from a subsidiary company where the risk of default is assessed to be low.

#### (ii) Liquidity risk

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 33. FINANCIAL INSTRUMENTS (cont'd)

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

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

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

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
<b>Group</b>					
<b>2021</b>					
<b>Non-derivative financial liabilities</b>					
Trade payables	2,149,285	-	-	2,149,285	2,149,285
Other payables	3,540,040	-	-	3,540,040	3,540,040
Lease liabilities	658,069	560,211	197,121	1,415,401	1,355,271
	6,347,394	560,211	197,121	7,104,726	7,044,596
<b>2020</b>					
<b>Non-derivative financial liabilities</b>					
Trade payables	2,028,257	-	-	2,028,257	2,028,257
Other payables	1,835,187	-	-	1,835,187	1,835,187
Lease liabilities	485,124	82,164	82,110	649,398	629,928
	4,348,568	82,164	82,110	4,512,842	4,493,372
<b>Company</b>					
<b>2021</b>					
<b>Non-derivative financial liability</b>					
Other payables	90,022	-	-	90,022	90,022
<b>2020</b>					
<b>Non-derivative financial liabilities</b>					
Other payables	85,806	-	-	85,806	85,806
Amount due to a subsidiary company	2	-	-	2	2
	85,808	-	-	85,808	85,808

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 33. FINANCIAL INSTRUMENTS (cont'd)

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

#### (iii) Market risks

##### (1) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD) and Euro (EUR).

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	USD RM	EUR RM	Total RM
<b>Group</b>			
<b>2021</b>			
Trade receivables	1,995,406	-	1,995,406
Cash and bank balances	1,684,161	82,260	1,766,421
Trade payables	(759,427)	(1,123,020)	(1,882,447)
	<u>2,920,140</u>	<u>(1,040,760)</u>	<u>1,879,380</u>
<b>2020</b>			
Trade receivables	1,815,234	-	1,815,234
Cash and bank balances	2,852,558	62,100	2,914,658
Trade payables	(1,121,559)	(824,638)	(1,946,197)
	<u>3,546,233</u>	<u>(762,538)</u>	<u>2,783,695</u>
	<b>Denominated in USD</b>		
	<b>2021</b>	<b>2020</b>	
	<b>RM</b>	<b>RM</b>	
<b>Company</b>			
Cash and bank balances		<u>2,987</u>	<u>9,268</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 33. FINANCIAL INSTRUMENTS (cont'd)

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

#### (iii) Market risks (cont'd)

##### (1) Foreign currency risk (cont'd)

##### Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's and the Company's loss before tax to a reasonably possible change in the USD and EUR exchange rates against RM, with all other variables held constant.

	Change in currency rate	2021 Effect on loss before tax RM	Change in currency rate	2020 Effect on loss before tax RM
<b>Group</b>				
USD	Strengthened 10%	292,014	Strengthened 10%	354,623
	Weakened 10%	<u>(292,014)</u>	Weakened 10%	<u>(354,623)</u>
EUR	Strengthened 10%	(104,076)	Strengthened 10%	(76,254)
	Weakened 10%	<u>104,076</u>	Weakened 10%	<u>76,254</u>
<b>Company</b>				
USD	Strengthened 10%	299	Strengthened 10%	927
	Weakened 10%	<u>(299)</u>	Weakened 10%	<u>(927)</u>

##### (2) Interest rate risk

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 33. FINANCIAL INSTRUMENTS (cont'd)

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

#### (iii) Market risks (cont'd)

#### (2) Interest rate risk (cont'd)

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

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

	2021	2020
	RM	RM
<b>Group</b>		
<b><i>Fixed rate instruments</i></b>		
Fixed deposits with licensed banks	3,123,047	14,055,584
Lease liabilities	(1,355,271)	(629,928)
	<u>1,767,776</u>	<u>13,425,656</u>
<b>Company</b>		
<b><i>Fixed rate instrument</i></b>		
Fixed deposits with licensed banks	<u>2,521,154</u>	<u>12,015,754</u>

#### Interest rate risk sensitivity analysis

##### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

#### (3) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted instruments. These investments are listed on Bursa Malaysia Securities Berhad and are classified as financial assets at FVTOCI.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

### 33. FINANCIAL INSTRUMENTS (cont'd)

#### (c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term loans and borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

It was not practical to estimate fair value of investment in unquoted equity due to the lack of comparable quoted prices in active market and the fair value cannot be reliably estimated.

The table below analyses financial instruments carried at fair value, together with their fair value and carrying amount shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Carrying amount
	Level 1	Level 2	Level 3	Total	
	RM	RM	RM	RM	RM
<b>Group</b>					
<b>2021</b>					
<b>Financial asset</b>					
Quoted shares	228,689	-	-	228,689	228,689
<b>2020</b>					
<b>Financial asset</b>					
Quoted shares	165,554	-	-	165,554	165,554

The fair value above has been determined using the following basis:

- The fair value of the quoted shares was determined by reference to the quoted price in the share market.

#### Transfer between levels of fair value hierarchy

There is no transfer between levels of fair value hierarchy during the financial year.

### 34. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

## 34. CAPITAL MANAGEMENT (cont'd)

The Group and the Company monitors capital using a gearing ratio, which is the net debt divided by total equity. The Group and the Company include within net debt, lease liabilities less cash and cash equivalents. The Group's and the Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Lease liabilities	1,355,271	629,928	-	-
Less: Cash and cash equivalents	(21,528,549)	(25,919,407)	(5,521,172)	(12,658,701)
Excess funds	(20,173,278)	(25,289,479)	(5,521,172)	(12,658,701)
Total equity	42,947,994	39,033,561	37,880,723	32,747,177
Gearing ratio (times)	*	*	*	*

\* The gearing ratio of the Group and of the Company at the end of the reporting period is not applicable as its cash and cash equivalents exceeded the total borrowing.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

## 35. FINANCIAL GUARANTEES

	Group	
	2021	2020
	RM	RM
<b>Secured</b>		
Bank guarantees provided to customers to secure performance under contracts	25,917	10,086

## 36. SIGNIFICANT EVENTS

- (a) On 22 March 2021, the Company announced its intention to implement second private placement of up to 107,176,000 Securemetric Shares pursuant to the general mandate obtained from its shareholders at the annual general meeting convened on 24 August 2020, where the Board has been authorised to issue and allot Securemetric Shares not exceeding 20% of the total number of issued shares of the Company (excluding treasury shares) at the time of issue.

On 3 August 2021, 40,476,000 new Securemetric Shares which were issued at RM0.139 each, were listed on the ACE Market of Bursa Malaysia Securities Berhad pursuant to the Company's private placement exercise.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

### 36. SIGNIFICANT EVENTS (cont'd)

#### (b) Impact of Covid-19 pandemic

On 11 March 2020, the World Health Organisation declared the Covid-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed several levels of Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

The Group's operations have been disrupted by a series of precautionary and control measures taken by the government in response to the emergency of the pandemic. The Group has taken into account the impact of the pandemic on its results in the financial statements for the current financial year ended 31 December 2021.

The country is aligned with the National Recovery Plan on Covid-19 in the current endemic phase. This has enabled the Group and the Company to resume operations at best capacity whilst complying with the necessary Standard Operating Procedures to detect and prevent the effects of the Covid-19 virus such as the safety and health measures of its employees.

The management and Directors will continue to assess health risks versus economic losses, wherever possible, and adhere to all directives or rules issued by the Government, State and various relevant authorities and operate in the best and safest possible way without jeopardising the health of employees and their families.

### 37. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution Directors on 25 April 2022.

# ANALYSIS OF SHAREHOLDINGS

As at 31 MARCH 2022

## SHARE CAPITAL

Total Number of Issued Shares	:	576,506,000 Shares
Issued Share Capital	:	RM41,310,038.00
Class of Shares	:	Ordinary Shares
Voting Rights	:	Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
1 to 99	1	0.03	20	negligible
100 to 1,000	201	6.11	112,480	0.02
1,001 to 10,000	998	30.32	6,786,500	1.18
10,001 to 100,000	1,657	50.35	69,788,900	12.10
100,001 to less than 5% of issued shares	431	13.10	305,307,536	52.96
5% and above of issued shares	3	0.09	194,510,564	33.74
<b>Total</b>	<b>3,291</b>	<b>100.00</b>	<b>576,506,000</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Clifton Heath Fernandez	-	-	-	-
Law Seeh Key	179,675,210	31.17	-	-
Yong Kim Fui	6,886,200	1.19	-	-
Shireen Chia Yin Ting	-	-	-	-
Dato' Ng Wan Peng	-	-	-	-

## SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Name of Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Law Seeh Key	179,675,210	31.17	-	-
Phillip Securities (Hong Kong) Ltd				
Affin Hwang Nominees (Asing) Sdn. Bhd.	40,000,000	6.94	-	-

## ANALYSIS OF SHAREHOLDINGS

As at 31 MARCH 2022

cont'd

### THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 MARCH 2022

No.	Name of Shareholders	No. of Shares	%
1	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LAW SEEH KEY</i>	80,000,000	13.88
2	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LAW SEEH KEY</i>	74,510,564	12.92
3	AFFIN HWANG NOMINEES (ASING) SDN. BHD. <i>EXEMPT AN FOR PHILLIP SECURITIES (HONG KONG) LTD (CLIENTS' ACCOUNT)</i>	40,000,000	6.94
4	LAW SEEH KEY	25,164,646	4.37
5	LI JIANJUN	24,024,000	4.17
6	NIOO YU SIONG	23,175,790	4.02
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE</i>	14,473,300	2.51
8	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR OCR LAND HOLDINGS SDN BHD (MY2080)</i>	12,500,000	2.17
9	KOH LIAN SIM	10,000,000	1.73
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK PRIVATE WEALTH MANAGEMENT FOR KOH THUAN TECK (PW-M00971)(422076)</i>	8,000,000	1.39
11	YONG KIM FUI	6,886,200	1.19
12	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEH SWEE HENG (MM1118)</i>	5,700,000	0.99
13	CHUA TECK KIM	5,520,000	0.96
14	JF APEX NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR POO CHIN KEONG (MARGIN)</i>	5,513,000	0.96
15	LOW LAY PING	4,300,000	0.75
16	JF APEX NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN KAY YEN (MARGIN)</i>	4,000,000	0.69
17	LEE KAO CHOON	3,800,000	0.66
18	LAY SOOK HWEY	3,000,000	0.52
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM (211901)</i>	2,924,000	0.51
20	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAY BEN SENG, BENSON</i>	2,410,000	0.42
21	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEH HENG TIAN</i>	2,200,000	0.38
22	LEE FONG SHIEN	2,000,000	0.35
23	JF APEX NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIAN CHOY PENG (STA1)</i>	1,819,000	0.32

# ANALYSIS OF SHAREHOLDINGS

As at 31 MARCH 2022

cont'd

## THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 MARCH 2022 (cont'd)

No.	Name of Shareholders	No. of Shares	%
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SOE AIK KEONG (6000972)</i>	1,670,000	0.29
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DZAKWAN BIN MANSORI</i>	1,650,000	0.29
26	TAI KIAT SIONG	1,512,500	0.26
27	CHOW KHUI WENG	1,500,000	0.26
28	ON THIAM CHAI	1,500,000	0.26
29	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR JACKSON LOW</i>	1,500,000	0.26
30	LYE TECK THONG	1,479,000	0.26
<b>Total</b>		<b>372,732,000</b>	<b>64.68</b>

# ANALYSIS OF WARRANT

As at 31 MARCH 2022

## WARRANT A

Total Number of Issued Warrant A	:	243,600,000
No. of Warrant A exercised	:	100,000
No. of Warrant A unexercised	:	243,500,000
Exercise Period	:	22 January 2020 to 21 January 2023

## DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant holdings	No. of Holders	% No. of Warrants	%
1 to 99	1	0.07	1 negligible
100 to 1,000	107	7.65	56,199 0.02
1,001 to 10,000	335	23.95	2,266,700 0.93
10,001 to 100,000	654	46.75	30,202,300 12.40
100,001 to less than 5% of issued warrant	299	21.37	161,162,300 66.19
5% and above of issued warrant	3	0.21	49,812,500 20.46
<b>Total</b>	<b>1,399</b>	<b>100.00</b>	<b>243,500,000 100.00</b>

## DIRECTORS' WARRANT HOLDINGS

Name of Directors	Direct		Indirect	
	No. of Warrants	%	No. of Warrants	%
Clifton Heath Fernandez	-	-	-	-
Law Seeh Key	-	-	-	-
Yong Kim Fui	-	-	-	-
Shireen Chia Yin Ting	-	-	-	-
Dato' Ng Wan Peng	-	-	-	-

## SUBSTANTIAL SHAREHOLDERS' WARRANT HOLDINGS

Name of Shareholders	Direct		Indirect	
	No. of Warrants	%	No. of Warrants	%
Law Seeh Key	-	-	-	-
Phillip Securities (Hong Kong) Ltd	-	-	-	-
Affin Hwang Nominees (Asing) Sdn. Bhd.	20,000,000	8.21	-	-

## ANALYSIS OF WARRANT

As at 31 MARCH 2022

cont'd

## THIRTY (30) LARGEST WARRANT HOLDERS AS AT 31 MARCH 2022

No.	Name of Warrant Holders	No. of Warrants	%
1	AFFIN HWANG NOMINEES (ASING) SDN. BHD. <i>EXEMPT AN FOR PHILLIP SECURITIES (HONG KONG) LTD (CLIENTS' ACCOUNT)</i>	20,000,000	8.21
2	LI JIANJUN	16,080,000	6.60
3	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEH SWEE HENG (MM1118)</i>	13,732,500	5.64
4	LAM AH CHOI	6,982,200	2.87
5	CHUA TECK KIM	5,683,400	2.33
6	NG TEONG SIANG	4,525,000	1.86
7	TEO LEONG KHOON	3,400,000	1.40
8	LOW LAY PING	3,355,000	1.38
9	LAY SOOK HWEY	3,200,000	1.31
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DZAKWAN BIN MANSORI</i>	3,050,000	1.25
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MOHAMMAD YA'AKUB YUSRA BIN MOHD YUSOF</i>	3,050,000	1.25
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIAW HO ANN</i>	2,988,100	1.23
13	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR NG MUN WAI (TTDI-CL)</i>	2,500,000	1.03
14	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MICHAEL HENG CHUN HONG</i>	2,458,200	1.01
15	IBRAHIM MEMALI BIN ASMAWI	2,400,000	0.99
16	LAM AH CHOI	2,284,900	0.94
17	LOY YUK DIN	2,100,000	0.86
18	JF APEX NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIAN CHOY PENG (STA1)</i>	1,829,700	0.75
19	TEH TEONG POH	1,788,000	0.73
20	CHENG BOON SHENG	1,585,900	0.65
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>LEE MEE KON</i>	1,500,000	0.62
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YEOH CHOON HUAT (E-TAI/TPD)</i>	1,500,000	0.62
23	YAP SOOK CHIN	1,500,000	0.62
24	YAP TAT LOONG	1,500,000	0.62

## ANALYSIS OF WARRANT

As at 31 MARCH 2022

cont'd

### THIRTY (30) LARGEST WARRANT HOLDERS AS AT 31 MARCH 2022 (cont'd)

No.	Name of Warrant Holders	No. of Warrants	%
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM (211901)</i>	1,462,000	0.60
26	DAVID NG CHUN-ERN	1,450,000	0.60
27	CHOY SOOK FEN	1,364,000	0.56
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SOE AIK KEONG (6000972)</i>	1,300,000	0.53
29	JF APEX NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR POO CHIN KEONG (MARGIN)</i>	1,300,000	0.53
30	THONG SWEE SENG	1,280,000	0.53
<b>Total</b>		<b>117,148,900</b>	<b>48.12</b>

## NOTICE OF FIFTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fifth Annual General Meeting of the Company will be held at Auditorium @ Resource Centre, Technology Park Malaysia, Lebuhraya Puchong - Sg. Besi, 57000 Bukit Jalil, Kuala Lumpur on Tuesday, 31 May 2022 at 2.30 p.m., for the following purposes:-

### AGENDA

#### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Directors' and Audit Reports thereon. *Please refer to Explanatory Note 1*
2. To approve the following payments :-
  - (a) Directors' fees to the Non-Executive Directors of up to RM150,000.00 from Fifth Annual General Meeting until the next Annual General Meeting. *Ordinary Resolution 1*
  - (b) Directors' allowances to the Non-Executive Directors of up to RM10,000.00 from Fifth Annual General Meeting until the next Annual General Meeting. *Ordinary Resolution 2*
3. To re-elect the following Directors who are retiring in accordance with Clause 97 of the Company's Constitution:-
  - (a) Mr. Clifton Heath Fernandez *Ordinary Resolution 3*
  - (b) Mr. Yong Kim Fui *Ordinary Resolution 4*
4. To re-elect Dato' Ng Wan Peng who is retiring in accordance with Clause 106 of the Company's Constitution. *Ordinary Resolution 5*
5. To re-appoint Messrs. UHY Malaysia as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration. *Ordinary Resolution 6*

#### SPECIAL BUSINESS

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

6. **Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** *Ordinary Resolution 7*

**"THAT** subject always to the Companies Act 2016 ("Act"), Constitution of the Company, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 20% of the total number of issued shares of the Company at the time of issue **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Malaysia Securities Berhad ("Bursa Securities") **AND FURTHER THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

*Please refer to Explanatory Note 2*



# NOTICE OF FIFTH ANNUAL GENERAL MEETING

cont'd

7. To transact any other business of the Company of which due notice shall be given in accordance with the Company's Constitution and the Companies Act 2016.

By Order of the Board  
**SECUREMETRIC BERHAD**

**WONG YOUN KIM**

Company Secretary

Kuala Lumpur

Dated this 29th day of April, 2022

## **NOTES:**

1. *A member of the Company entitled to be present and vote at the meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person appointed by the Registrar of Companies.*
2. *A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.*
3. *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
4. *If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its attorney.*
5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), as defined under the Securities Industry (Central Depositories) Act, 1991 there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *A proxy appointed to attend and vote in a meeting of the Company shall have the same rights as the member to speak at the meeting.*
7. *The duly completed Form of Proxy must be deposited at the registered office of the Company at HMC Corporate Services Sdn Bhd, Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than twenty-four (24) hours before the time for holding the meeting or any adjournment thereof.*
8. **General Meeting Record of Depositors**

*For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Article 55(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 25 May 2022. Only a depositor whose name appears on the Record of Depositors as at 25 May 2022 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.*

# NOTICE OF FIFTH ANNUAL GENERAL MEETING

cont'd

## EXPLANATORY NOTES ON SPECIAL BUSINESS

### 1. Item 1 of the Agenda - Audited Financial Statement for the Financial Year Ended 31 December 2021

*The Audited Financial Statements are for discussion only as the approval of the shareholders is not required pursuant to the provisions of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by the shareholders of the Company.*

### 2. Ordinary Resolution 7 - Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

*The proposed Resolution 7 under item 6 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, with the authority to issue and allot shares in the Company up to an amount not exceeding 20% of the total number of issued shares of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.*

*The general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring cost and time. The purpose of this general mandate is for fund raising exercises including but not limited to further placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisitions.*

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors who are seeking re-election as Director or continuing in office as Independent Non-Executive Director at the Fifth Annual General Meeting of the Company are :-

- (a) Mr. Clifton Heath Fernandez (Clause 97 of the Company's Constitution)
- (b) Mr. Yong Kim Fui (Clause 97 of the Company's Constitution)
- (c) Dato' Ng Wan Peng (Clause 106 of the Company's Constitution)

The Board of Directors, taking into the recommendation of Nomination Committee, supported the above-mentioned Directors of their re-election as Director at the Fifth Annual General Meeting of the Company.

Based on the assessment and evaluation conducted by the Nomination Committee, the retiring Director met the performance criteria required of an effective and a high-performance Board. In addition, all the Independent Non-Executive Directors have also provided annual declaration/confirmation of independence respectively.

The profiles of the above Directors who are seeking re-election are set out in the Profile of Directors as disclosed on Pages 18, 20 and 22 of the Annual Report.

The details of the above Directors' interest in the securities of the Company are stated on Page 143 and 146 of the Annual Report.

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## PROXY FORM

### SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

I/We .....  
(FULL NAME IN BLOCK LETTERS)

of .....  
(FULL ADDRESS)

being a member/members of **SECUREMETRIC BERHAD**, hereby appoint the following person(s) or failing him, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf, at the Fifth Annual General Meeting of the Company to be held at Auditorium @ Resource Centre, Technology Park Malaysia, Lebuhraya Puchong - Sg. Besi, 57000 Bukit Jalil, Kuala Lumpur on Tuesday, 31 May 2022 at 2.30 p.m. and any adjournment thereof:-

Name of Proxy, NRIC No. & Address

No. of Shares to be  
represented by Proxy

1. Name:  
NRIC No.:  
Mobile number:  
Email address:  
Address: .....
2. Name:  
NRIC No.:  
Mobile number:  
Email address:  
Address: .....

NO.	RESOLUTIONS		FOR	AGAINST
1.	Approval of the following payments :-  (a) Directors' fees to the Non-Executive Directors of up to RM150,000.00 from Fifth Annual General Meeting until the next Annual General Meeting  (b) Directors' allowances to the Non-Executive Directors of up to RM10,000.00 from Fifth Annual General Meeting until the next Annual General Meeting	<i>Ordinary Resolution 1</i>  <i>Ordinary Resolution 2</i>		
2.	Re-election of Mr. Clifton Heath Fernandez	<i>Ordinary Resolution 3</i>		
3.	Re-election of Mr. Yong Kim Fui	<i>Ordinary Resolution 4</i>		
4.	Re-election of Dato' Ng Wan Peng	<i>Ordinary Resolution 5</i>		
5.	Re-appointment of Messrs. UHY Malaysia as Auditors	<i>Ordinary Resolution 6</i>		
6.	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	<i>Ordinary Resolution 7</i>		

Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast on the Resolutions specified in the Notice of Meeting. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.

Number of shares	_____
CDS A/C No.	_____
Mobile No.	_____
Email address	_____

.....  
Date

.....  
Signature of Shareholder

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AFFIX  
STAMP

The Company Secretary

**SECUREMETRIC BERHAD**

Registration No. 201701019864 (1234029-D)

c/o

**HMC Corporate Services Sdn Bhd**

Level 2, Tower 1, Avenue 5

Bangsar South City

59200 Kuala Lumpur

Malaysia

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**NOTES:**

1. A member of the Company entitled to be present and vote at the meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person appointed by the Registrar of Companies.
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4. If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its attorney.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), as defined under the Securities Industry (Central Depositories) Act, 1991 there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
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[www.securemetric.com](http://www.securemetric.com)



**Securemetric Berhad** 201701019864 (1234029-D)

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