Together Beyond Excellence.

DNeX

ENERGISING the FUTURE

annual report 2016

The theme of the Annual Report is inspired by our successful diversification into the energy industry.

Our energy business is rapidly expanding, and it is already contributing to the sustainability of our company. On the cover, it is represented by the silhouette of an oil platform. The stylised computer circuit design that flows across the image symbolises our IT and e-Services business.

The vibrancy of the cover is enhanced by the striking colours that are embedded in the headline, reflecting our organisation's exciting prospects.

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FORTY SEVENTH ANNUAL GENERAL MEETING

Tuesday, 2 May 2017 at 10.00 a.m.
Nexus 2 & 3, Connexion Conference & Event Centre (CCEC)
Nexus, Level 3A, No. 7, Jalan Kerinchi,
Bangsar South City, 59200 Kuala Lumpur.

OUR STORY

1970

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

1972-75

Electric power component manufacturing
Started to manufacture and supply electrical switchgears, switchboards and transformers.

1981

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

1983

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

1989-90

Toll Road development
Pioneering solutions for the design and construction of Malaysia's first major toll roads, the North South Expressway and the New Klang Valley Expressway.

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

1994

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

1995

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

Toll system
Developed the first local toll system in Malaysia.

1996

Subsea engineering

Introduced Malaysia's first Remotely Operated Vehicle and Cable Joining System and developed uniform standards for the maintenance of festooned submarine cables. Also installed the Malaysia-Thailand-East submarine fibre optic cable link for the Telecommunications Organisation of Thailand.

1997

Railways & LRT
Provided trackwork solutions including installation and commissioning of railway signaling equipment for PUTRA LRT.

Also advised on the rail infrastructure for the Kuala Lumpur Sentral Station in Brickfields.

Sabah IPP
Became the first Independent Power Producer in Sabah. Owned and operated a 120MW open-cycle gas fired power plant, which was then the largest power supplier to the State's electricity board with an average of 45% contributorship for Sabah's west coast consumption.

1998

TIME Highway Radio
Launched Malaysia's first private radio station & *THR Ford Transport Mobile*, the first outdoor broadcasting vehicle designed to reach out to the public, encouraging them to air opinions and concerns on issues of common interest.

OVER 45 YEARS OF HUMAN INNOVATION & COLLABORATION

DNeX has always believed that the dynamic power and knowledge that comes from collaboration and shared expertise gives us a unique and progressive edge we can call our own - Together Beyond Excellence.

Since its inception, each and every one of our milestones is the result of combined entrepreneurial spirit and a shared passion for positive initiatives. The attributes we nurture in our people empower them to be greater individuals, team players and leaders – ultimately providing our clients unparalleled solutions that improve life.

As a company, we have been united for close to five decades; led by our persistence to create a culture that rewards inclusiveness and human innovation.

Today, DNeX continues to innovate and explore new grounds in an effort to better the future. Our pursuits continue to open new promising opportunities; propelling us to become a global solution powerhouse.

2003

PPSMI
Appointed by the Government of Malaysia to advise and supply hardware and teaching equipment for the nationwide implementation of Teaching and Learning of Mathematics and Science in English ("PPSMI") initiative, with a total contract award worth approx. RM1.5 billion.

2004

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

2005

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

2009

National Single Window
Appointed to exclusively design, develop, operate and maintain Malaysia's National Single Window for Trade Facilitation.

2013

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

2014

National Single Window
Retained as exclusive operator of Malaysia's National Single Window.

myTrade2Cash.com
Launched myTrade2Cash.com, Malaysia's first online trade financing service providing timely and efficient electronic trade finance service for exporters, particularly those in the SME category.

Global Halal Exchange
Launched Global Halal Exchange, a global eMarketplace for Halal products and services.

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

2015

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

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

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

Bangladesh IPP
Ventured into the development of a small power plant in Bangladesh that is set to serve a local community.

Vehicle Entry Permit ("VEP") and Road Charges ("RC") System Project
Awarded a total subcontract to implement the VEP and RC System Project worth RM45.2 million.

NSW Renewal
Awarded by the Government of Malaysia the contract extension of two years to exclusively operate the National Single Window for Trade Facilitation System for the Royal Malaysian Customs Department.

Ping Petroleum Limited ("Ping") Acquisition
The acquisition presented DNeX with a 15% effective equity interest in the producing Anasuria Cluster in the North Sea, marking its entry into the upstream oil and gas industry.

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

Vehicle Entry Permit ("VEP") and Road Charges ("RC") System Project
Awarded a total subcontract to operate and manage the VEP and RC System Project for a duration of 5 years, worth RM104.3mil.

2016 AT A GLANCE

REVENUE
(RM Million)

178.5

PROFIT BEFORE TAXATION
(RM Million)

142.1

EARNINGS PER SHARE
(SEN)

11.49

NET ASSETS PER SHARE
(RM)

0.23

VISION

TO BE A LEADING MULTINATIONAL CORPORATION THAT IS TRUSTED FOR ITS WORLD-CLASS SERVICES AND EXPERTISE.

CORE VALUES
L.A.C.E

LEAN

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

AGILE

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

ENTERPRISING

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

CLEAN

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

MISSION

WE ARE VIBRANT TALENTS WHO ARE COMMITTED TO DELIVER BUSINESS INNOVATION THAT CREATES VALUE FOR STAKEHOLDERS.

INNOVATIONS PIONEERED WITH IT

We capitalise on our IT knowledge to develop effective solutions for our customers. Our pioneering research efforts enable us to be an industry leader.

CHAIRMAN'S STATEMENT

Dear Shareholders,

Thank you for your support in helping us complete the transformation of Dagang NeXchange Berhad (''DNeX'') as a company you are proud of. The year 2016 can be likened to the year of graduation for DNeX where the Group has managed to come out stronger financially with a solid foundation for a sustainable growth.

While the external business environment posed significant challenges to growth and profitability, we navigated our ways through these challenges by staying the course and line of sight of our objectives. I am pleased to see how much we have achieved unlocking the creativity of our people in energising the business to a new level of competitiveness.

In 2016, we completed our acquisition of the OGPC Group, an oil and gas services company and a stake in Ping Petroleum Limited, which gave us exposure into the Anasuria Cluster, an oilfield in the North Sea, United Kingdom. We also launched a directional drilling service business, a technologically-competitive business to gain foothold in the market for high-end services that had been dominated by major international industry players.

I am especially pleased that we have also captured several attractive business opportunities by leveraging on our traditional core competency in IT and e-Services. The Vehicle Entry Permit ("VEP") and Road Changes ("RC") System Project based on Radio Frequency Identification ("RFID") technology is evident of our technology application expertise in bringing customised solutions to our clients. We have seeded more business creation such as Global Halal Exchange eMarketplace as well as multiple Business-to-Government ("B2G") e-service offerings that are promising and clearly scalable.

In summary, we have completed the strategic transformation of DNeX into a two core business namely Energy, and IT and e-Services. Today we see ourselves as an entrepreneur-driven company with an asset light, know-how intensive business approach.

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

The transformation has yielded excellent financial results and I believe we are in a better shape today with a brighter future. Our company is more resilient and well-positioned for growth that will take us to become a truly multinational company.

As a reward for your support, the Group paid out dividends amounting to 1.5 sen per share for the full financial year of 2016. This brings the total payout to RM16.4 million.

As we scale up our business across several sectors of the market, we recognise and are committed to investment discipline, operational excellence and good corporate governance. We believe in the importance of putting in the right risk mitigation measures and prudent business control practices. We remain dedicated to the very highest standards of corporate governance to guard the interests of shareholders.

Our overarching commitment is to continue executing our business strategies aimed to generate profitable growth for the Group, improve earning resiliency and enhance shareholders' value. This is our mission.

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

I would like to extend my admiration and thanks to my fellow members of the Board for their contribution and enlightened counsel in the pursuit of our goals. My heartfelt appreciation goes to the management team and employees for their unwavering commitment, diligence and perseverance to the continued success of the Group. It has been an excellent year for DNeX and I am personally excited of our future.

Thank you.

TAN SRI ABD RAHMAN MAMAT
Chairman
20 February 2017

MANAGEMENT DISCUSSION AND ANALYSIS

KEY HIGHLIGHTS

In 2016, Group's revenue has been the highest in nine years since 2009 while profit sees a fifteen year high

Successfully diversified into Energy as the Group's second core business

Dagang Net was awarded another two year extension until 24 September 2018 to exclusively operate the National Single Window for Trade Facilitation System for the Royal Malaysian Customs Department

DNeX RFID was awarded two total subcontracts for Vehicle Entry Permit and Road Charges System Project involving foreign-registered vehicles entering Malaysia via Johor

The Management Discussion and Analysis ("MD&A") provides an overview of the Group's performance in 2016, encompassing both operational and financial activities. The aim of the MD&A is to provide shareholders with a better understanding of the business, operations and financial position of the Group. Several topics shared in the MD&A are similar to what we have disclosed previously in our Annual Reports under the Review of Operations by Group Managing Director.

OVERVIEW 2016

In the year under review Dagang NeXchange Berhad ("DNeX") strengthened its competitive position and continued its growth momentum for the third consecutive year amidst challenges for both the Malaysian and global economies as investors search for increasing yield amid uncertainties in the market, which was further impacted by volatile commodity prices, and slower growth in major economies.

The Group has also managed to successfully complete its strategic transformation into a two core businesses namely Energy and IT and e-Services. In 2016, the Group's revenue has been the highest in nine years since 2009 while profit sees a fifteen year high with the inclusion of new businesses and investment.

ENERGY

In 2016, we have successfully diversified into Energy to improve earnings resiliency with Energy established as the Group's second core business. DNeX embarked into the Energy business in 2014 with the proposed acquisition of the entire equity interest in OGPC Group ("OGPC"), a leading provider of equipment and services for the oil and gas, petrochemical and power and general industries.

The acquisition was completed during the period of declining crude price. We are now well-positioned to ride the current market up cycle.

In the second quarter 2016 ("2Q 2016"), DNeX through wholly-owned subsidiary company DNeX Petroleum Sdn Bhd acquired a 30 per cent of enlarged issued share capital in Ping Petroleum Limited ("Ping"). Through the acquisition, DNeX has 15 per cent effective equity interest in producing Anasuria cluster, a fully operating oilfield in the North Sea, UK cluster for a total consideration of USD10.0 million. The Anasuria cluster is owned equally by Ping and Hibiscus Petroleum Berhad. Along with the completion of OGPC acquisition, the new Energy business is able to contribute a new stream of revenue to DNeX in addition to synergistic business within the Group.

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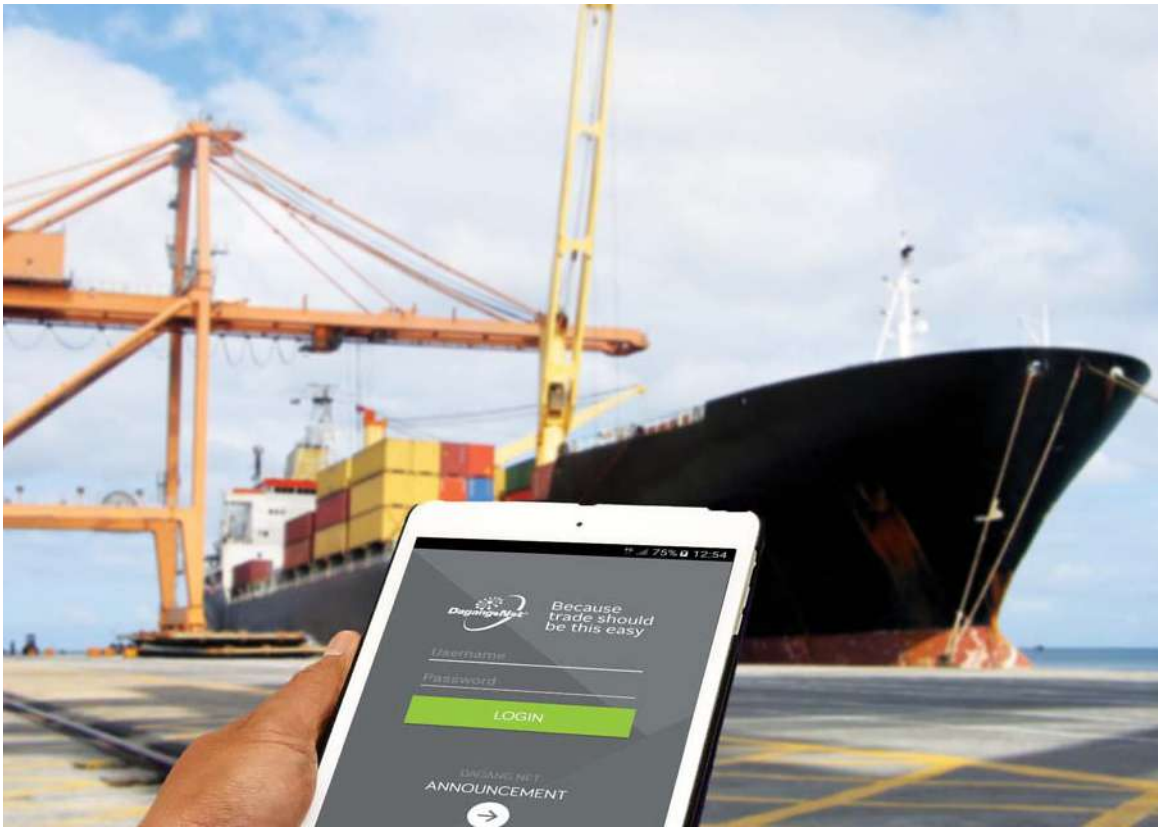


There were also other milestones for the Energy business that were more organic in its growth. In 2Q 2016, DNeX's 80 per cent owned subsidiary, DNeX Oilfield Services Sdn Bhd ("DOSB") received a three year contract from PETRONAS Carigali Sdn Bhd for Umbrella Contract for the Provision of Directional Drilling/Measurement While Drilling/Logging While Drilling Equipment and Services. DOSB is the first Malaysian company to be awarded with such contract. Following this, in January 2017, DOSB managed to secure two work orders from the said contract worth about RM7.3 million.

IT AND e-SERVICES

e-Services for Trade Facilitation

IT and e-Services remain the key contributor of the Group's business in 2016. DNeX's wholly-owned subsidiary Dagang Net Technologies Sdn Bhd ("Dagang Net"), was awarded with another two year extension until 24 September 2018 to exclusively operate the National Single Window ("NSW") for Trade Facilitation System for the Royal Malaysian Customs Department.

The sole operator of the NSW for Trade Facilitation for the Government of Malaysia, Dagang Net is a pioneer in e-Services for Trade Facilitation in Asia and represents Malaysia in the global Trade Facilitation community. The NSW for Trade Facilitation facilitates electronic Customs-related transactions and duty payments, and electronic document transfer between members of the trading community made up of manufacturers, importers & exporters, forwarders, shipping agents, terminal & port operators, banks, port authorities, permit issuing agencies and Customs.

The NSW for Trade Facilitation, currently the main generator of revenue of the Group's IT and e-Services division, is expected to be replaced by uCustoms where Dagang Net has been appointed as one of two service providers.

In the year under review, key developments include the completion of design and development works of the Integration Module for ASEAN Single Window ("ASW"). DNeX, through Dagang Net also manages operations and maintenance of the Integration Module.

The Group, through 51 per cent-owned subsidiary company DNeX RFID Sdn Bhd, has been awarded two total subcontracts – the first being the entire works to implement the Vehicle Entry Permit (''VEP'') and Road Charges (''RC'') System Project, and the second being the total subcontract to operate and manage the VEP and RC System Project.

A key component of the ASEAN Economic Community, the ASW for Trade Facilitation is a unique regional initiative that connects and integrates NSWs of ASEAN member states to expedite cargo clearance within the context of increased economic integration in the ASEAN region.

In recognition of its performance and achievements in the sector, Dagang Net was conferred the Industry Excellence Award in the E-Commerce category at the ASEAN Business Awards Malaysia 2016. The ASEAN Business Awards Malaysia 2016 – the seventh ASEAN Business Awards Malaysia – recognises outstanding businesses and entrepreneurs that have created a positive impact on the growth of the Malaysian economy and helped elevate the country's image in ASEAN.

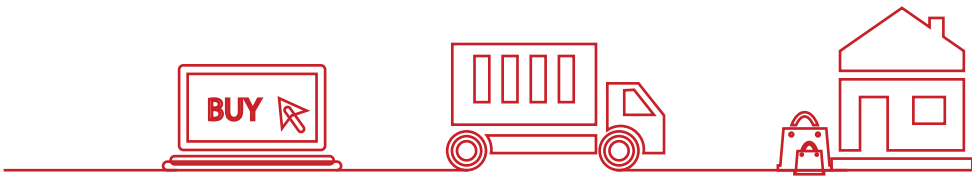
In a pursuit to strengthen its position in e-Services for Trade Facilitation, the Group is undertaking continuous efforts in providing end-to-end, comprehensive e-Services for Trade Facilitation by expanding on Business-to-Government services to Business-to-Business services.

Towards this end, DNeX is working with GeTS Asia Pte Ltd of Singapore and Tiffa Edi Services Co Ltd of Thailand in efforts to explore opportunities in cross border services for the transport and logistics community in the region.

In February 2017, DNeX, through subsidiary company MyCall Gateway Sdn Bhd, has been appointed as the Service Provider for the provision of eWork Permit System to provide consultancy, advice and services as the Technology Partner and Solution Provider for the rehiring programme of illegal foreign workers involving foreign workers without permits from 15 countries. The appointment is from Bukti Megah Sdn Bhd that operates the One Stop Centre for recruitment and management of foreign workers under the purview of the Ministry of Home Affairs of Malaysia.

IT Solutions

The Group, through 51 per cent-owned subsidiary company DNeX RFID Sdn Bhd, has been awarded two total subcontracts – the first being the entire works to implement the Vehicle Entry Permit ("VEP") and Road Charges ("RC") System Project, and the second being the total subcontract to operate and manage the VEP and RC System Project.



Worth about RM45.2 million, the first subcontract involves the supply and installation of relevant IT and non-IT hardware, application system development, software as well as networking. The second, worth RM104.3 million, is for DNeX RFID to operate and manage the VEP and RC System Project for a total of five years.

Both subcontracts cover the VEP and RC System Project involving foreign-registered vehicles entering Malaysia via Johor namely Kompleks Sultan Abu Bakar in Tanjung Kupang and Bangunan Sultan Iskandar in Johor Baru.

DNeX RFID offers a range of radio-frequency identification ("RFID") solutions comprising planning, project management, integration, installation, hardware and software, and service maintenance.

In the year under review, the Group is also is intensifying efforts in the Business-to-Consumer segment through its Global Halal Exchange ("GHX") eMarketplace and the introduction of MOVE, a new ride-hailing application for taxi available for customers looking for fixed fare and reliable taxi service.

GHX has launched its physical outlet – GHX Showcase - as part of marketing efforts that combines both online and offline strategies to extend its reach to both customers and merchants.

The Group's Cyber Security Services, which is ISO/IEC 27001 : 2013 Information Security Management System certified, continued to provide services to several financial institutions and agencies.

FINANCIAL

Income Statement

The Group's financial performance for the year ended 31 December 2016 was well above our expectations. The Group's profit after taxes increased eight folds to RM132.2 million and posted 87 per cent growth in revenue at RM178.5 million.

The NSW for Trade Facilitation remains the single main revenue contributor to the Group contributing 48 per cent of its total revenue as compared to 83 per cent in 2015, showing reduced dependency risk from one source of recurring income. Consolidation of OGPC's revenue effective August 2016 presents long-term recurring revenue prospective to the Group. Additionally, new IT Solutions project namely the VEP and RC System Project has contributed significantly to the revenue growth in 2016.

The Group's profit performance is primarily the result of its new business investments namely the consolidated results of OGPC effective August 2016 and share result of associate from 30 per cent in Ping.

From operational perspective, the Group's earnings before interest, taxes, depreciation and amortisation ("EBITDA") performed lower by two per cent at RM34.0 million compared to RM34.7 million excluding one-off costs relating to investment and employee share option scheme. The lower EBITDA was resulted from increase in operating expenses specifically for start-up of new businesses.

The Group's profit after taxes increased eight folds to RM132.2 million and posted 87 per cent growth in revenue at RM178.5 million. With zero gearing we have a stronger balance sheet with RM72.3 million cash in hand.

Statement of Financial Position

Share Capital sees significant increase with new shares issued from multiple exercises amongst others the rights issue, special issue and OGPC Group acquisition together with warrants with total proceeds of RM126.3 million being recognised in statement of cash flows.

The proceeds were put to use for new investment in 2016 being namely Ping, which has enlarged the non-current asset whilst consolidation of OGPC has increased the overall value of the Group's total assets. With zero gearing we have a stronger balance sheet with RM72.3 million cash in hand.

2017 OUTLOOK

Our performance in 2016 was achieved from our determination to create value for shareholders and progress the DNeX brand within Malaysia and globally. We foresee challenges ahead in 2017 with ongoing uncertainties in crude oil prices and competition in both our cores businesses namely Energy and IT & e-Services that are not shielded from changes in global economic, technological and political sentiments.

Guided by our Vision, Mission and Core Values, we remain committed to create new services while enhancing existing ones, and pursue strategic investments to build a sustainable business thus create value for shareholders wealth and grow DNeX - the Company and the brand – in Malaysia and globally as well.

ENHANCEMENTS DRIVEN BY ENERGY

We have diversified into the energy sector to explore fresh opportunities. Our investments are already yielding promising results.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Datuk Samsul Husin / Executive Deputy Chairman

Zainal 'Abidin Abd Jalil / Group Managing Director

Dato' Wong Kam Yin / Executive Director

Rosli Abdullah / Senior Independent Non-Executive Director

Norlila Hassan / Independent Non-Executive Director

Satria Ahmad / Independent Non-Executive Director

* **Ang Hsin Hsien /** Non-Independent Non-Executive Director

Azman Karim / Non-Independent Executive Director *(Appointed on 20 January 2017)*

Note: ** A nominee of Censof Holdings Berhad*

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Rosli Abdullah
T : (03) 2730 0300
F : (03) 2713 3131
E : rosli.abdullah@dnex.com.my

BOARD COMMITTEES

AUDIT COMMITTEE

Rosli Abdullah
Chairman / Senior Independent Non-Executive Director

Norlila Hassan
Independent Non-Executive Director

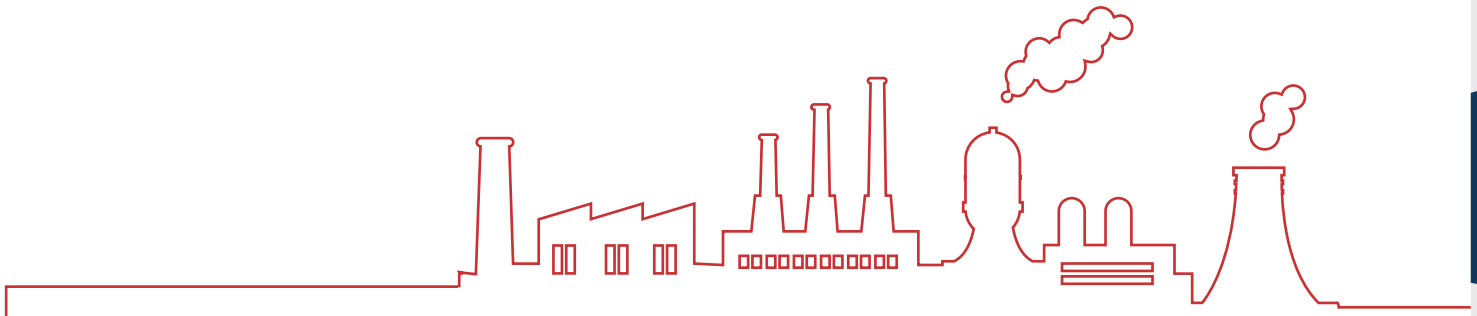
Ang Hsin Hsien
Non-Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Norlila Hassan
Chairperson / Independent Non-Executive Director

Rosli Abdullah
Senior Independent Non-Executive Director

Satria Ahmad
Independent Non-Executive Director



BOARD PROCUREMENT AND TENDER COMMITTEE

Datuk Samsul Husin
Executive Deputy Chairman

Ang Hsin Hsien
Non-Independent
Non-Executive Director

Satria Ahmad
Independent Non-Executive Director

EMPLOYEE SHARE OPTION SCHEME COMMITTEE

Norlila Hassan
Chairperson /
Independent Non-Executive Director

Datuk Samsul Husin
Executive Deputy Chairman

Zainal 'Abidin Abd Jalil
Group Managing Director

Dato' Wong Kam Yin
Executive Director

Zahid Mohammad Sham
Chief People Officer

Lim Kek Siang
Chief Financial Officer

COMPANY SECRETARY

Keh Ching Tyng
MAICSA 7050134

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F : (03) 2788 9998

SHARE REGISTRAR

Mega Corporate Services Sdn Bhd
Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
T : (03) 2692 4271
F : (03) 2732 5388 / 2732 5399

STOCK EXCHANGE LISTING

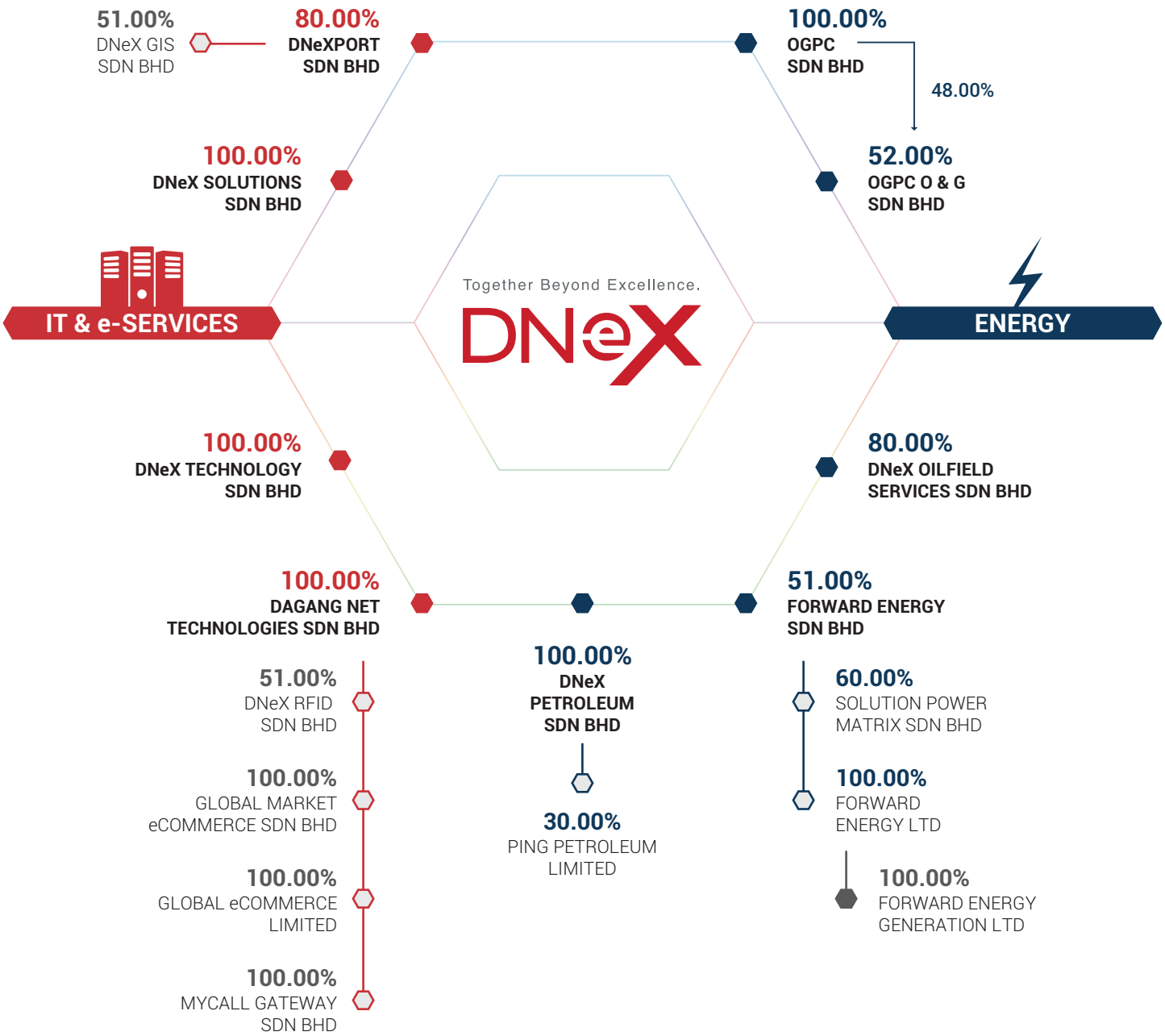
Main Market of the Bursa Malaysia Securities Berhad
[Listed since 12 September 1983]

Stock Name : DNEX
Stock Code : 4456
Sector : Trading/Services

PRINCIPAL BANKERS

AmBank (M) Berhad
Bank Muamalat Malaysia Berhad
CIMB Bank Berhad
Malayan Banking Berhad

GROUP CORPORATE STRUCTURE



CORPORATE PROFILE

At DNeX, our core businesses stem into a myriad of sectors that encompasses a family of specialised companies; each providing customised services, solutions and even infrastructures, engineered and led by industry experts.

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

DEPTH OF TECHNOLOGICAL KNOW-HOW, BREADTH OF TECHNICAL EXPERTISE

We leverage on our highly qualified team members comprising certified engineers and security analysts, and draw upon our project managers' and consultants' industry experience with regulatory bodies, vendors, promoters and financiers to provide added value in our ideas and input.

DOMESTIC AND REGIONAL EXPERTISE

Our technology-driven experience and problem solving skills in the industry extend not only to large scale projects in Malaysia, but also to a number of significant assignments internationally in Bangladesh, Indonesia and United Kingdom.

HOLISTIC AND INTEGRATED APPROACH

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

QUALITY ASSURANCE

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

Energising New Possibilities

DNeX business diversification into the energy business was successfully completed via strategic acquisitions and strong long-term partnerships. With a heavy know-how coupled with asset-light strategy, we work on integrating and developing a commercially sustainable energy business together with fellow experts and key industry partners.

OILFIELD SERVICES

Our ultimate aim is to provide integrated solutions with value creation to our clients in the oilfield industry. We leverage on our industry expertise and know-how to integrate fit-for-purpose solutions with specialised knowledge for our clients, specifically those seeking to maintain competitive edge in the energy sector's fast changing landscape.

DNeX's very own niche technology and solutions brings forth new possibilities to oilfield services; placing emphasis on local competencies and cost efficiencies to enhance operational effectiveness.

Today, DNeX is proudly a Malaysian pioneer for drilling services.

EQUIPMENT SUPPLY & MAINTENANCE

DNeX offers quality oil and gas equipment to serve our diverse international clientele. We import and distribute the industry's best technical products from reputable manufacturers around the world. From pumps and compressors to gas turbine filtration systems, we offer a range of products and technical support that are fit-for-purpose under various service conditions.

Our team of engineers is well-equipped to provide after sales service, maintenance, and installation works to the industry, and they are committed to render on-time services so that our clients do not face interruptions to their operations and their assets are managed at the highest level of long-term value optimisation and best-in-class productivity.

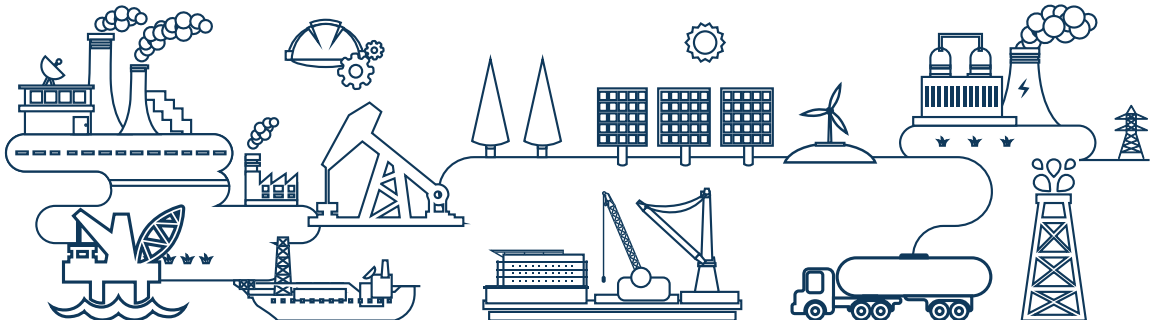
UPSTREAM OIL & GAS

With a combination of proven commercial expertise and effective partnerships, as well as a strong commitment to maximise shareholder value, we seek to own assets with proven hydrocarbon reserves in preferred locations with stable fiscal regime. On the back of this, we emulate a strong maintenance culture and continuous improvement to extend the life cycle of our asset as part of optimising our return on investments.

POWER

Design, build and operate captive market power plants in a safe and reliable manner. DNeX also strives to build and manage renewable power plants and key infrastructures for energy supply in an environmentally friendly way.

With cumulative experience spanning more than 30 years in power plant development and operations, we work on IPP opportunities, construct, and manage reliable power plants and key infrastructures for the energy sector.



Facilitating Trade Processes

One of our key businesses is ideating, engineering and delivering customised trade processing solutions. For over 25 years, we have been innovating Business-to-Government (''B2G'') solutions with enterprise-class applications that simplify trade processes. We recently enhanced our Business-to-Business (''B2B'') offerings to offer Malaysia's most comprehensive cargo and trade management software – making business flow like never before.

NATIONAL SINGLE WINDOW

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

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

Today, more than 100 million electronic transactions and RM1.8 billion worth of Customs duty payment are transacted annually through our proven infrastructure system. From logistics to manufacturing, retail to government, we serve a diverse range of customers, gaining valuable expertise to fully capitalise on eCommerce, helping customers run their business faster and more accurately.

Backed with a wealth of knowledge and operational know-how in the provisioning of eServices for Trade Facilitation, our track record stands testament to its relentless drive to deliver nothing less than perfection.

You Trade. We Facilitate.

BUSINESS-TO-BUSINESS ("B2B")

myCARGO2U

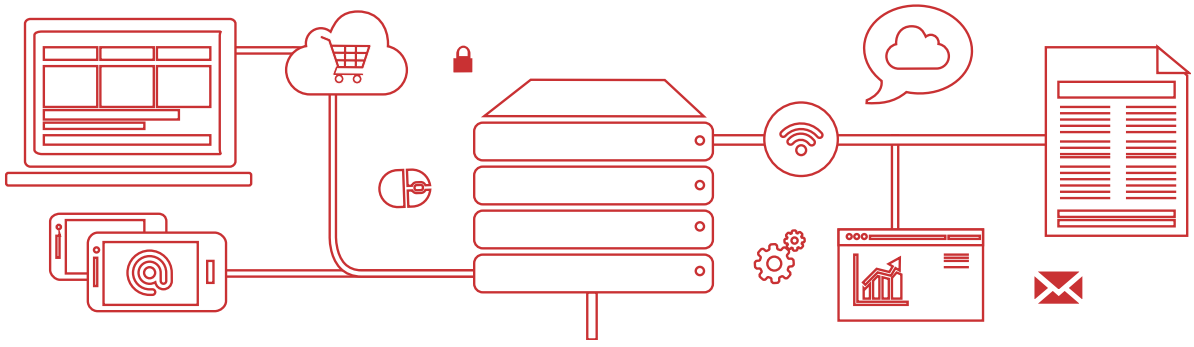
myCargo2U is the first holistic and integrated trade facilitation tool online, that encompasses the entire supply chain process; from pre to post declaration, cargo/marine insurance, billing/invoicing, access to trade financing and even data warehousing – encapsulating the complete B2G processes to back office requirements.

With intelligent streamlined services, freight forwarders and shipping agents can now access and enjoy convenient services in just a few clicks without leaving home.

myPAYMENT

myPayment is DNeX's proprietary online payment platform that allows users to prepare, submit and settle payments, anytime and anywhere.

Developed in house to facilitate online payments for Customs duties and importation GST, and permit fees, this modular-based application is also available for various bill settlements including transaction fees, prepaid top up, premium for marine cargo insurance, or any other general payments in favour of any registered billers. myPayment also provides users real-time tracking on their payment, and ensures where the money needs to go safely and securely.



Technology, Humanised For You

Technology is only as good as its purpose. That is why at DNeX, we constantly embrace, challenge and improve on today's latest technological advancements to provide communities an edge that impacts life for the better.

RADIO FREQUENCY IDENTIFICATION (RFID) SOLUTION

Our RFID solutions span the commercial and residential sectors, as well as business and industrial industries. We take pride in designing end-to-end solutions, aimed at leading high impact results; boosting productivity, revenue growth and bottom line profitability.

Our specialty lies in providing complete RFID solutions; encapsulating planning, project management, integration, installation, hardware, software and high quality of service maintenance to improve and protect customers' business operations with high and reliable technology. With the emergent need for an efficient transport monitoring system, our engineers embarked to develop solutions to facilitate cross-border vehicle tracking system and pioneered the implementation of the Vehicle Entry Permit ("VEP") and Road Charges ("RC") System Project in Malaysia, which involves foreign-registered vehicles entering Malaysia via Johor.

We ensure the combination of our unparalleled experience and comprehensive capabilities across all industries and business function bring towards seamless business operations.

CYBER SECURITY SERVICES

FORTRESS®
Enterprise Security. Simplified.®

Over the years, DNeX's FORTRESS® has helped many businesses build reliable, resilient security defences, reduce costs and achieve operational efficiencies. We achieve this by offering our very own end-to-end Cyber Security services, from Managed Services to Advisory Services.

FORTRESS® Managed Services is aimed at providing 360° Security Operations Centre (SOC) services including Monitoring, Network Security Management and Identity & Access Management.

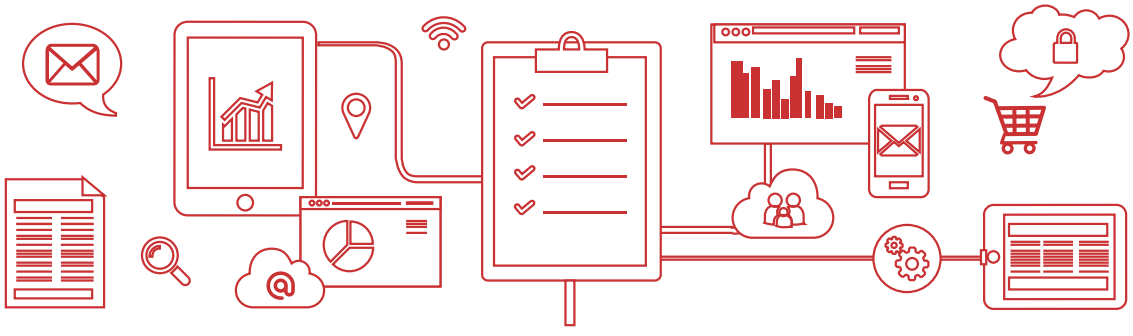
On the other side of the spectrum is our Advisory Services, encapsulating Security Posture Assessment, Governance & Compliance, Security Management, Resiliency Management, Training, Incident Response & Cyber Forensics.

IT CONSULTING

Our team who work on Integrated Intelligent Infrastructure (I^3) are innovative problem solvers. From remodelling business, to refocusing strategic designs and even maintaining the system, we turn the complicated, into solutions that are simple and easy to manage.

DNeX specialises in full project management, from design and build right through to installation and commissioning. Our IT management and consultation approach emphasises a Standard Operation Procedure that includes designing, developing, improving, adopting and maintaining infrastructure to suit our clients' needs.

Additionally, our range of services include procurement, delivery, installation, testing and commissioning of IT equipment in large nationwide ICT rollout. Complementing all this is our comprehensive online and on-site technical support technicians who are authorised and certified by multinational vendors and strategic partners.



Building Better Customer Experience

From Trade Facilitation, we expanded our capabilities further into the Business-to-Consumer (''B2C'') industry segment. A strategic imperative, our expansion is a step forward in building business sustainability and comprehensiveness of our value chain.

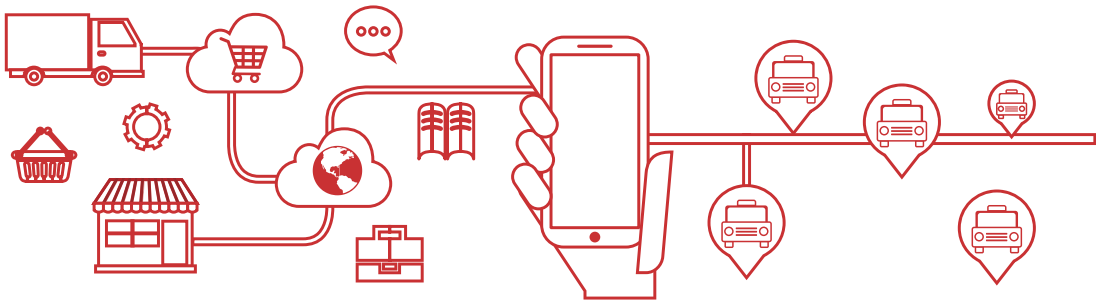
GLOBAL HALAL EXCHANGE

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

Through globalhalalexchange.com, suppliers experience great accessibility and transactional ease through features and services that will help get their products to market as quickly as possible, including setting merchants up with online tools to make their business run smoothly. Create business opportunities, develop business network and promote knowledge in the Halal industry – all online, and in real time.

MOVE™

DNeX's reach of e-services goes mobile with MOVE™, a smart taxi booking app. Designed to appeal to the urban professionals and youths of today, MOVE™ offers its customers fixed fare taxi rides and a safe, professional transportation. Available for Android and iOS operating devices, the MOVE™ app can be downloaded via Google Play or the App Store.



PROGRESS ACHIEVED WITH LEADERSHIP

Our visionary leaders guide us towards a vibrant future, and they inspire us to perform at our best.

BOARD OF DIRECTORS

DATUK SAMSUL HUSIN
Executive Deputy Chairman

DATO' WONG KAM YIN
Executive Director

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

NORLILA HASSAN
Independent
Non-Executive Director

AZMAN KARIM
Non-Independent
Executive Director

ZAINAL 'ABIDIN ABD JALIL
Group Managing Director

ROSLI ABDULLAH
Senior Independent
Non-Executive Director

ANG HSIN HSIEN
Non-Independent
Non-Executive Director

SATRIA AHMAD
Independent
Non-Executive Director

PROFILE OF DIRECTORS

"The traditional remedies of the past will not address the challenging business environment of today and the future. We have to focus on technological innovation and new talent development to enhance operational excellence and sustainable business for our company."

Tan Sri Abd Rahman Mamat

Chairman / Independent Non-Executive Director

Nationality	Age	Gender	Date of appointment
Malaysian	64	Male	12 December 2013

Tan Sri Abd Rahman Mamat was appointed as the Chairman of the Company on 16 December 2013 following his appointment as an Independent Non-Executive Director on 12 December 2013.

He graduated with a Bachelor of Economics (Honours) from Universiti Malaya, Malaysia and has an Advanced Management Programme qualification from Harvard Business School, Boston, the United States of America.

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

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

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

He also sits on Boards of various companies and organisations including serving as Chairman of Asia Logistics Council Sdn Bhd, Hiap Teck Venture Berhad, River of Life Hospital Sdn Bhd, Eastern Integrated Steel Mill Sdn Bhd, BioAlpha Holdings Bhd, Malaysian Industrial Development Finance Berhad and Ocean Might Sdn Bhd, as well as Executive Chairman of Broadgate Engineering Sdn Bhd, and Director of Parkson Holdings Berhad and Malaysian Technology Development Corporation Sdn Bhd. He involves in two (2) US-based non-governmental organisations (NGOs) namely International Council for SMEs and Entrepreneurship (ICSMEE) and ENACTUS, Malaysia.

Tan Sri Abd Rahman attended six (6) out of the seven (7) Board Meetings held during the financial year ended 31 December 2016.

Datuk Samsul Husin

Executive Deputy Chairman

Nationality	Age	Gender	Date of appointment
Malaysian	54	Male	12 November 2013

Datuk Samsul Husin was appointed as a Non-Independent Non-Executive Director of the Company on 12 November 2013. He was named Acting Group Managing Director/Group Chief Executive Officer on 28 November 2013 and thereafter redesignated and appointed as Executive Deputy Chairman effective 16 December 2013. He is also member of the Board Procurement and Tender Committee and the Employee Share Option Scheme Committee of the Company.

Datuk Samsul graduated with a Bachelor of Accounting from Universiti Kebangsaan Malaysia and is a Chartered Accountant and Certified Financial Planner.

He has over 27 years of experience in accounting and IT specialising in financial systems, system planning and designing. His areas of specialty also include system computerisation namely simplifying decision support systems, public sector accounting for statutory bodies, change management and project management.

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

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

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

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

Datuk Samsul attended five (5) out of the seven (7) Board Meetings held during the financial year ended 31 December 2016.

"People is our greatest asset. Profit is our main objective. Creating the right environment and working culture for people to grow is our recipe for success."

"How do we stay ahead in a highly competitive market? We keep our operations lean, our strategies agile, our integrity uncompromised and we instil in ourselves an enterprising model.
It is crucial to stay engaged at the core and keep everyone on the same page."

Zainal 'Abidin Abd Jalil

Group Managing Director

Nationality	Age	Gender	Date of appointment
Malaysian	58	Male	19 June 2014

Zainal 'Abidin Abd Jalil is the Group Managing Director of the Company effective 19 June 2014. He is also a member of the Employee Share Option Scheme Committee of the Company.

Zainal is an accomplished industry leader with a wealth of experience in managing businesses and operations in high-technology and capital-intensive upstream oil and gas industry, and power generation utilities.

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

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

Zainal sits on the Board of Ping Petroleum Limited, an associate company of Dagang Nexchange Berhad.

Zainal attended all the seven (7) Board Meetings held during the financial year ended 31 December 2016.

Dato' Wong Kam Yin

Executive Director

Nationality	Age	Gender	Date of appointment
Malaysian	48	Male	12 December 2013

Dato' Wong Kam Yin was appointed as an Executive Director of Dagang NeXchange Berhad on 12 December 2013. He is also a member of the Employee Share Option Scheme Committee of the Company.

Dato' Wong graduated from Monash University, Melbourne, Australia with a Bachelor of Economics (Accounting and Computer Science). He started his career with Arthur Andersen Tax Services, an international accounting firm in the area of taxation before moving on to investment banking and securities, where he served as Investment Analyst.

In 2002, seeing vast opportunities in the IT industry, he ventured into the business by becoming a Technopreneur and eventually via a merger, got his company to be part of Main Market-listed Censof Holdings Berhad.

His broad, in-depth and diversified business knowledge has provided him with sound understanding of both large public-listed companies and small and medium enterprises. Dato' Wong also has business ventures in Japan in the area of building maintenance, and tax consulting/training business in Malaysia. He is a Director and substantial shareholder of DNeXPORT Sdn Bhd.

Dato' Wong attended all the seven (7) Board Meetings held during the financial year ended 31 December 2016.

"We aim to engineer business innovations that contribute towards a brighter future. We want to be seen as "best in class", as suitors of global, accomplished brands."

"A successful company delivers more than performance and achievements. Acting responsibly and ethically is an integral part of our business performance. We will be working with partners and peers to drive integrity, transparency and high standards at all levels and all across the industry supply chain."

Rosli Abdullah

Senior Independent Non-Executive Director

Nationality	Age	Gender	Date of appointment
Malaysian	63	Male	12 December 2013

Rosli Abdullah was appointed as an Independent Non-Executive Director of Dagang NeXchange Berhad on 12 December 2013. He is also the Chairman of the Audit Committee and member of the Nomination and Remuneration Committee of the Company.

He holds a Masters Degree in Business Administration from Universiti Kebangsaan Malaysia, and Post-Graduate Diploma in Accounting and Bachelor in Economics (Honours) from Universiti Malaya, Malaysia. He is also a Chartered Accountant and member of Malaysian Institute of Accountants (MIA).

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

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

He sits on the Boards of Malaysia Airports Holdings Berhad, i-VCAP Management Sdn Bhd and CapitaMalls Malaysia REIT Management Sdn Bhd, the Manager of CapitaMalls Malaysia Trust.

Rosli attended five (5) out of the seven (7) Board Meetings held during the financial year ended 31 December 2016.

Norlila Hassan

Independent Non-Executive Director

Nationality	Age	Gender	Date of appointment
Malaysian	54	Female	12 December 2013

Norlila Hassan was appointed as Independent Non-Executive Director of Dagang NeXchange Berhad on 12 December 2013. She is the Chairperson of the Nomination and Remuneration Committee and the Employee Share Option Scheme Committee of the Company. She is also member of the Audit Committee of the Company.

She has a Masters in Accounting from St. Louis University, Missouri, and holds a Bachelor of Science degree in Accounting from Indiana State University, Indiana, the United States of America.

She has more than 25 years of experience in Accounting and Financial Management and Operations. She has served as Financial Controller with ON Semiconductor Malaysia Sdn Bhd and ON Semiconductor Thailand Co. Ltd. where she was responsible for Corporate Finance, General Accounting, Financial Analysis and Internal Controls. She was also responsible in managing ON Semiconductor Global Cost Accounting team and the Asian External Manufacturing Finance Team, in charge of the Subcontract houses in Asia.

During her tenure with ON Semiconductor, she served in various positions in the company including the Malaysian Compliance and Ethics Liaison for ON Semiconductor where the major focus was ensuring Compliance Code of Business Conduct and Ethics, and SOX (Sarbanes-Oxley Act) Compliance for the Malaysian and Thailand entities. Norlila is also author of several white papers for the company on cost competitiveness: Possibility of setting up GDC in Malaysia vs Singapore, Night Trucking for product shipment to improve cycle time and the study on cost effectiveness through 4Crew3shift vs 3Crew2shifts.

Norlila attended all the seven (7) Board Meetings held during the financial year ended 31 December 2016.

"Despite the increasingly challenging market conditions, we are encouraged by what we have achieved and we look forward for continued growth this year and beyond."

"Embracing our integrity and value in building a sustainable business to achieve the greater whole."

Ang Hsin Hsien

Non-Independent Non-Executive Director

Nationality	Age	Gender	Date of appointment
Malaysian	49	Female	12 December 2013

Ang Hsin Hsien was appointed as a Non-Independent Non-Executive Director of Dagang NeXchange Berhad on 12 December 2013. She is a member of the Audit Committee and the Board Procurement and Tender Committee of the Company.

A graduate of Curtin University of Technology, Western Australia, Ang has more than 20 years of experience in business and the IT industry, majoring in sales and marketing activities for business solutions involving both the public and private sector key accounts.

Ang currently heads the Group Business Development of Censof Holdings Berhad ("Censof") where she serves as the Executive Director, with focus on customer support and developing new market opportunities for the Censof Group, including overseeing the operations of Knowledgecom Corporation Sdn Bhd, in expanding its specialised professional Up-skilling services.

Ang attended all the seven (7) Board Meetings held during the financial year ended 31 December 2016.

Satria Ahmad

Independent Non-Executive Director

Nationality	Age	Gender	Date of appointment
Malaysian	60	Male	5 June 2014

Satria Ahmad was appointed as an Independent Non-Executive Director of the Company on 5 June 2014. He is a member of the Nomination and Remuneration Committee and the Board Procurement and Tender Committee of the Company.

He holds a diploma in Electrical Engineering from the Federal Institute of Technology Kuala Lumpur and a Bachelor's degree in Marine Engineering from Akademi Ilmu Pelayaran Jakarta, Indonesia.

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

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

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

Satria attended six (6) out of the seven (7) Board Meetings held during the financial year ended 31 December 2016.

"In a business with market cycles like oil & gas, timing is key. Bottom fishing presents golden opportunities for businesses to maximise value at lower cost and risk."

"Having steered the OGPC Group for more than 25 years, I am excited that OGPC is now part of a public listed company. With DNeX's strong business background, we look forward to scaling greater heights and ensuring an enhanced profitability for all our stakeholders."

Azman Karim

Non-Independent Executive Director

Nationality	Age	Gender	Date of appointment
Malaysian	50	Male	20 January 2017

Azman Karim was appointed as a Non-Independent Executive Director of Dagang NeXchange Berhad on 20 January 2017.

He graduated with a Bachelor of Science Degree in Mechanical Engineering from The George Washington University, Washington D.C., the United States of America.

Azman brings more than 26 years of professional experience in the oil & gas industry with him. His career in the industry began in 1991, when he joined SAAG Corporation Sdn Bhd ("SAAG") as a Sales Engineer. During his service with SAAG, he was promoted to several positions and was responsible for, amongst others, sales and marketing, customer relations and consultancy.

In 1992, Azman left his Marketing Manager role at SAAG to join Sony Electronics (M) Sdn Bhd as a Manufacturing Engineer. During his short tenure with Sony, he was responsible for supervising a team of technicians on maintaining, trouble shooting and servicing the company's production lines and equipment. After leaving Sony in the same year, he rejoined SAAG.

In 1994, Azman joined Penaga Grove Sdn Bhd as a Sales Manager, being responsible for the Sales Department, as well as Contract and Operations Department. He left to join Matco (Malaysia) Sdn Bhd as a Sales Director in 1995 and subsequently resigned to establish OGPC in 1996 along with Abdul Manaf Shariff and Khoo Kok Seng.

Azman is currently the Managing Director of OGPC Sdn. Bhd.

Notes:

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

PROFILE OF SENIOR MANAGEMENT

Lim Kek Siang

Chief Financial Officer

Nationality	Age	Gender
Malaysian	51	Male

Date of appointment
1 February 2014

Academic/Professional Qualification(s) :
1. Member of the Malaysian Institute of Certified Public Accountants
2. Member of the Malaysian Institute of Accountants
3. Certificate of Investor Relations from Investor Relations Society, United Kingdom

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

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

Lim has been with DNeX since December 1995.

Zahid Mohammad Sham

Chief People Officer

Nationality	Age	Gender
Malaysian	48	Male

Date of appointment
2 January 2012

Academic/Professional Qualification(s) :
1. Bachelors Degree in Mass Communications (majoring in Public Relations), MARA Institute of Technology, Malaysia
2. Masters Degree in Human Resources Management, Curtin University of Technology, Perth, Australia

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

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

Zahid has been with DNeX since January 2012.

Jasbendarjit Kaur

Chief Technology Officer

Nationality	Age	Gender
Malaysian	45	Female

Date of appointment
1 April 2013

Academic/Professional Qualification(s) :
1. Bachelors Degree in Computing Science, Staffordshire University, United Kingdom
2. Executive Masters in Management from Asia e-University

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

Jasbendarjit has been instrumental in leading the Group's technical team towards technology excellence and enhancing user experience in service provisioning within the trade facilitation landscape. Her technical leadership includes designing, deployment and implementation of hardware and software infrastructure for the Group as well as managing production, disaster recovery and development sites with a diverse range of operating systems and applications. She has also played a key role as chief architect on enterprise-wide architecture aligning business to technology thus enabling holistic and structured strategic planning, coordination, execution and deployment of identified initiatives and components within the enterprise architecture.

Jasbendarjit has been with DNeX since 2 June 2008.

Keh Ching Tyng

Company Secretary

Nationality Malaysian
Age 41
Gender Female

Date of appointment
15 October 2012

Academic/Professional Qualification(s) :
1. Masters Degree in Business Law, Universiti Kebangsaan Malaysia
2. Associate Member of The Malaysian Institute of Chartered Secretaries and Administrators

Working experience :
Keh has been the company secretary of Dagang NeXchange Berhad ("DNeX") since 15 October 2012. She is also the company secretary of several subsidiaries of DNeX. Her responsibilities include advising the Board on matters relating to the constitution of the Company, facilitating compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and maintenance of statutory records.

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

Keh has been with DNeX since October 2012.

Mohd Hasery Abu Bakar

Chief Executive Officer,
DNeX Petroleum Sdn Bhd

Nationality Malaysian
Age 40
Gender Male

Date of appointment
1 December 2015

Academic/Professional Qualification(s) :
1. Bachelors Degree in Electrical and Electronics Engineering, University of Hertfordshire, United Kingdom
2. Masters Degree in Business Administration in International Business, University of East London, United Kingdom

Working experience :
Hasery is responsible to build the Group's traction on the upstream oil and gas business within the energy business arm.

Leveraging on his involvement in several capital intensive and high value projects internationally and securing large contracts domestically, Hasery is exceptionally adept at building niche businesses. He previously served Shell and Baker Hughes, and founded and established Hevilift (M) Sdn Bhd, an Offshore Helicopter Services company. Under his leadership, the boutique services company secured its first contract with Murphy Oil for the "Provision of Helicopter Services" on a five-year plus five-year commitment.

He was also the pioneer employee of a privately held start up company that offers Upstream to Downstream services with various potential projects predominantly in the Islamic Republic of Iran, where he served as the company's first representative in Tehran.

Hasery first joined DNeX in July 2014 as the Senior Vice President of Business Development prior to taking up his current role.

Wan Azryn Wan Ab Rashid

Chief Executive Officer,
DNeX Oilfield Services Sdn Bhd

Nationality Malaysian
Age 33
Gender Male

Date of appointment
1 November 2015

Academic/Professional Qualification(s) :
Bachelors Degree in Engineering (Electrical and Electronics) Universiti Teknologi Malaysia

Working experience :
Azryn is primarily responsible in driving and expanding DNeX's oilfield service offerings within the Group's energy business line.

A high achiever and named as its top 100 high potential leader worldwide whilst serving at Baker Hughes Inc., Azryn is exposed to various cycles of the Oilfield Services Business Management – from start ups to downturns as well as sustaining the business organisation. Azryn works on propelling revenue, profitability and enterprise success across diverse markets via strategic management, business development, employee training, operational standardisation and planning.

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

Prior to joining DNeX in February 2015, Azryn was Baker Hughes' Executive Global Account Director and he oversaw Baker Hughes' domestic and international businesses, primarily the maintenance of PETRONAS as a strategic account.

Dato' Azmi Abdullah

Managing Director,
Forward Energy Sdn Bhd

Nationality Malaysian
Age 56
Gender Male

Date of appointment
9 March 2015

Academic/Professional Qualification(s) :
1. Bachelors Degree in Mechanical Engineering Technology, Point Park College, Pennsylvania, United States
2. Masters Degree in Industrial and Labour Relations, Indiana University of Pennsylvania, United States

Working experience :
As the person-in-charge for DNeX's power sub division, Dato' Azmi's primary responsibility lies in the development of private power generating plants under the independent power producers scheme. Under his stewardship, Forward Energy pursues power related projects such as acquisition of power generating assets, development of Greenfield power plant projects, waste product management, green technology, electricity transmission, gas pipelines and others.

Dato' Azmi's illustrious career spans more than 30 years of project financing and project management experience in the power industry. As the former Managing Director at Jimah Power Sdn. Bhd, he has led the company's 1400MW IPP power plant projects in Negeri Sembilan.

Earlier on, he was Chief Operating Officer of Segari Energy Ventures, a position he was promoted to subsequent to his Project Manager role for the development of the 1330MW IPP project. Prior to joining the private sector, he was with Tenaga Nasional Berhad (then known as National Electricity Board).

Dato' Azmi founded Forward Energy Sdn Bhd and A&Z Power Consult Sdn Bhd to pursue developments of power related projects.

Subsequently in 2015, Forward Energy Sdn Bhd became a subsidiary of DNeX.

Wan Ahmad Syatibi Wan Abd Manan

Chief Executive Officer,
Dagang Net Technologies Sdn Bhd

Nationality Malaysian
Age 42
Gender Male

Date of appointment
1 January 2016

Academic/Professional Qualification(s) :
Bachelors Degree in Computer Science, Coventry University, United Kingdom

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

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

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

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

Chong Yoke Ching

Chief Executive Officer,
DNeXPORT Sdn Bhd

Nationality Malaysian
Age 49
Gender Female

Date of appointment
1 April 2015

Academic/Professional Qualification(s) :
Bachelors Degree in Business Administration, Universiti Kebangsaan Malaysia

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

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

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

Profile of Senior Management
(continued)

Zaridan Ridzuan

Chief Executive Officer,
DNeX Solutions Sdn Bhd

Nationality	Age	Gender
Malaysian	37	Male

Date of appointment
1 January 2015

Academic/Professional Qualification(s) :
1. Bachelors Degree in Accounting & Finance, University of Western Australia, Australia
2. Certificate of Investor Relations (CIR), Investor Relations Society, United Kingdom

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

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

Zaridan has been with DNeX since 2004.

Mohd Fazly Zaid

Chief Executive Officer,
DNeX RFID Sdn Bhd

Nationality	Age	Gender
Malaysian	43	Male

Date of appointment
5 May 2015

Academic/Professional Qualification(s) :
Member of Intelligent Transport System Association of Malaysia

Working experience :
Mohd Fazly oversees the company's daily management decisions and operations. With a strong educational background in business and vast knowledge and experience in management of RFID solutions, he is also responsible for implementing strategic goals and plans for the business in line with the Group's vision and mission.

Under his leadership, Fazly plays a vital role in ensuring the success of the implementation and operatorship of the Vehicle Entry Permit and Road Charges project awarded by the Ministry of Transport, Malaysia whilst at the same time developing new ventures and opportunities in the pipeline.

Prior to this, Fazly served as Chief Operations Officer of TCSens Sdn Bhd where he steered the company towards bringing in innovative ideas to players in the market. He has been with DNeX since May 2015, bringing with him a wealth of marketing strategies and sound knowledge of the RFID technology.

Rodney Lee Yat Nam

Chief Executive Officer,
DNeX Technology Sdn Bhd

Nationality	Age	Gender
Malaysian	50	Male

Date of appointment
1 June 2016

Academic/Professional Qualification(s) :
1. ISO27001 Lead Auditor
2. CISCO Sales Specialist

Working experience :
Rodney drives the DNeX Group's delivery of cyber security strategy, services and operations, and to aggressively bring innovative solutions for DNeX, its clients and employees.

With cumulative IT experience spanning over 25 years, of which 15 years spent in IT Security, his key roles were always in the development and building of Security Operation Centres, leading and training sales team and creating new pipelines. He has advised and collaborated with multiple government agencies and mid-tier financial institutions on information systems security, policy review, policy implementation assurance, penetration testing, technical configuration evaluation, and security procedures.

Rodney joined DNeX in June 2016 to strengthen its team of IT security specialists and the delivery of key solutions ranging from security monitoring services, security risk assessment, audit and compliance execution, as well as planning, strategising and rolling out enterprise-wide security infrastructure programmes.

Notes:

Save as disclosed above, none of the key senior management has:

(a) any directorship in public companies and listed issuers;
(b) any family relationship with any directors and/or major shareholders of the Company;
(c) any conflict of interests with the Company;
(d) any conviction for offences (other than traffic offences) within the past five (5) years; and
(e) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

GROUP CORPORATE DIRECTORY

INFORMATION TECHNOLOGY & E-SERVICES

Dagang Net Technologies Sdn. Bhd.
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Tel : (03) 2730 0200
Fax : (03) 2713 2121
Email : info@dagangnet.com
Website : www.dagangnet.com
Careline : 1300 133 133 or careline@dagangnet.com

DNeXPORT Sdn. Bhd.
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Tel : (03) 2730 0300
Fax : (03) 2713 3131
Email : info@dnex.com.my
Website : www.dnex.com.my

DNeX GIS Sdn. Bhd.
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Tel : (03) 2730 0300
Fax : (03) 2713 3131
Email : info@dnex.com.my
Website : www.dnex.com.my

DNeX RFID Sdn. Bhd.
Tower 3, Avenue 5
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Tel : (03) 2730 0300
Fax : (03) 2713 3131
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Website : www.dnex.com.my

DNeX Solutions Sdn. Bhd.
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The Horizon, Bangsar South
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Fax : (03) 2713 3131
Email : info@dnex.com.my
Website : www.dnex.com.my

Global eCommerce Limited
(formerly known as Global Energy Corp Limited)
Brumby Centre,
Lot 42, Jalan Muhibbah,
87000 Federal Territory of Labuan, Malaysia
Tel : (087) 593 828
Fax : (087) 417 242
Email : info@dnex.com.my

Global Market eCommerce Sdn. Bhd.
Tower 3, Avenue 5
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Fax : (03) 2713 3131
Email : info@dnex.com.my
Website : www.dnex.com.my

MyCall Gateway Sdn. Bhd.
Tower 3, Avenue 5
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59200 Kuala Lumpur
Tel : (03) 2730 0300
Fax : (03) 2713 3131
Email : info@dnex.com.my
Website: www.dnex.com.my

ENERGY

DNeX Oilfield Services Sdn. Bhd.
Suite 15.09, 15th Floor, G Tower
199 Jalan Tun Razak
50400 Kuala Lumpur
Tel : (03) 2181 5924
Fax : (03) 2181 5934
Email : info@dnex.com.my
Website : www.dnex.com.my

DNeX Petroleum Sdn. Bhd.
Tower 3, Avenue 5
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59200 Kuala Lumpur
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Fax : (03) 2713 2966
Email : info@dnex.com.my
Website : www.dnex.com.my

Forward Energy Sdn. Bhd.
Tower 3, Avenue 5
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59200 Kuala Lumpur
Tel : (03) 2730 0300
Fax : (03) 2713 2966
Email : info@forwardenergy.com.my
Website : www.forwardenergy.com.my

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

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

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

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

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

Solution Power Matrix Sdn. Bhd.
Lot No. N.6.3, Level 6
Bangunan Dewan Perniagaan Tionghua
Jalan Laiman Diki, Kampong Air
88000 Kota Kinabalu, Sabah
Tel : (088) 223 450
Fax : (088) 212 541
Email : info@forwardenergy.com.my

EXCELLENCE INSPIRED BY EXPERTISE

The professionalism of our workforce is powering our progress. To prepare for the future, we are constantly nurturing our employees to enhance their capabilities.

ASEAN Business Awards Malaysia, 31 May 2016

FINANCIAL CALENDAR

13 May

Single-Tier Interim Dividend of 1.0 sen per ordinary share of RM0.20 each in respect of the financial year ending 31 December 2016, paid on 15 June 2016.

20 February

Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2016.

2016 DECLARATION OF DIVIDEND PAYMENT

2017 FINANCIAL RESULTS

20 December

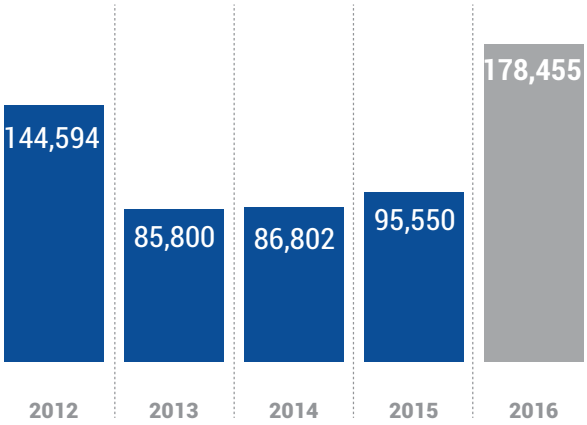
Second Interim Single-Tier Dividend of 0.5 sen per ordinary share of RM0.20 each in respect of the financial year ending 31 December 2016, paid on 28 February 2017.

5-YEAR FINANCIAL HIGHLIGHTS

Revenue

RM178.5m

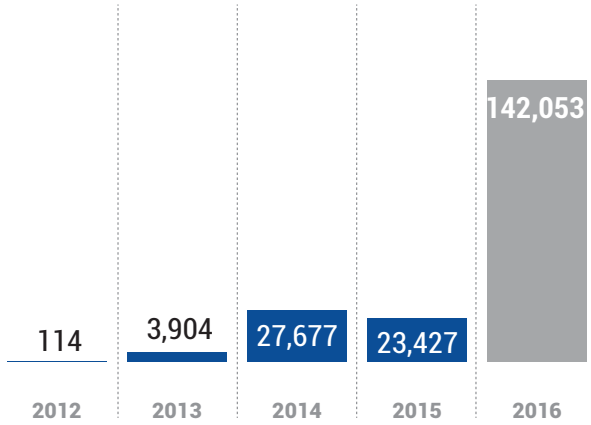
(RM'000)



Profit Before Taxation

RM142.1m

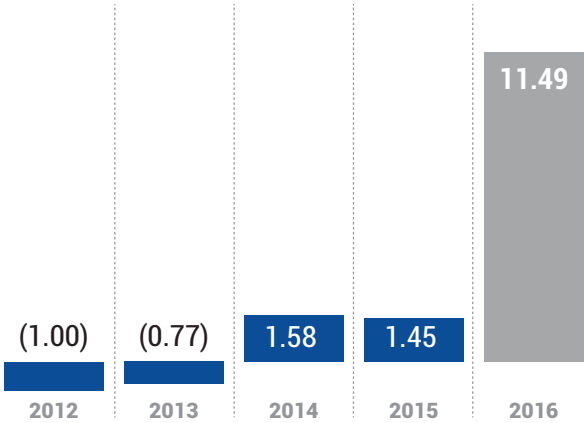
(RM'000)



Net Earnings/(Loss) Per Share

11.49 sen

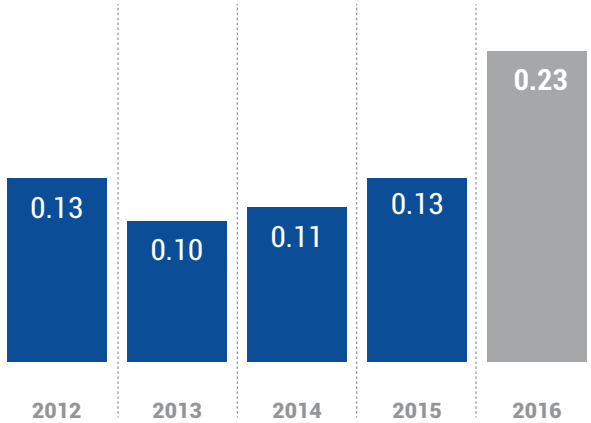
(Sen)



Net Assets Per Share

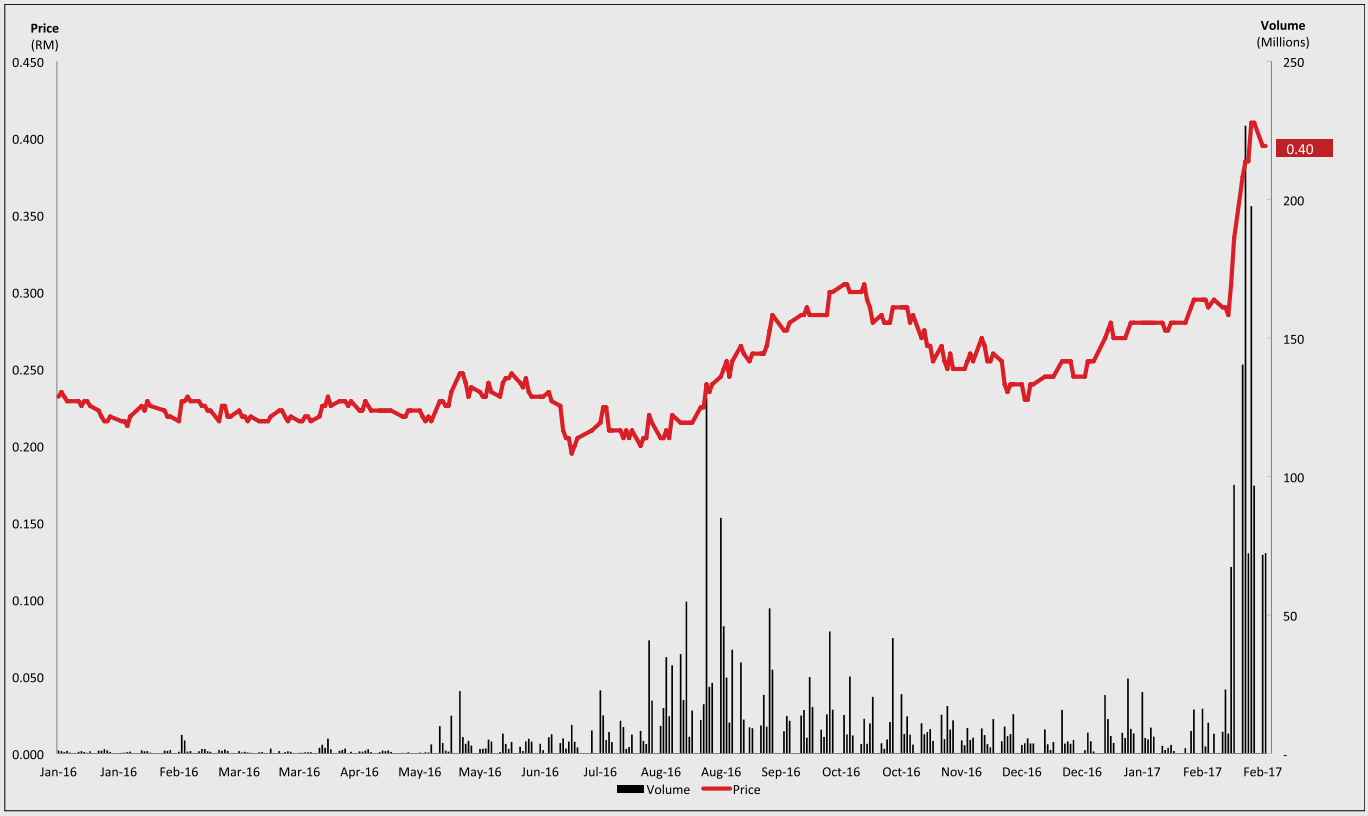
RM0.23

(RM)



	'12	'13	'14	'15	'16
Consolidated Statements of Financial Position (RM'000)					
Investments	-	-	-	4,172	**181,684**
Other Assets	241,916	182,207	172,319	169,117	**275,784**
Total Assets	241,916	182,207	172,319	173,289	**457,468**
Share Capital	155,049	155,049	155,049	155,049	**346,578**
Reserves	(51,846)	(81,074)	(68,859)	(54,049)	**56,961**
Equity Attributable to shareholders of the Company	103,203	73,975	86,190	101,000	**403,539**
Non-controlling interests	11,845	17,795	21,996	(747)	**(1,884)**
Borrowing	67,386	57,024	38,530	20,036	**-**
Other Liabilities	59,482	33,413	25,603	53,000	**55,813**
Total Equity and Liabilities	241,916	182,207	172,319	173,289	**457,468**
Consolidated Statements of Profit or Loss and Other Comprehensive Income (RM'000)					
Revenue	144,594	85,800	86,802	95,550	**178,455**
Results from operating activities	2,494	18,320	28,295	23,232	**19,175**
Finance costs	(538)	(3,442)	(2,390)	(1,449)	**(890)**
Impairment loss in plant and equipment	-	(9,781)	-	-	**-**
Finance income	2,658	1,851	1,772	1,644	**233**
Provision for legal claim	(4,500)	(3,044)	-	-	**-**
Share of Results of Associates	-	-	-	-	**123,535**
Profit Before Taxation	114	3,904	27,677	23,427	**142,053**
Zakat	(281)	(266)	(259)	(359)	**(450)**
Taxation	(2,999)	(3,659)	(9,649)	(7,243)	**(9,377)**
Profit/(Loss) For the Year	(3,166)	(21)	17,769	15,825	**132,226**
Attributable to:					
Owners of the Company	(7,779)	(5,971)	12,215	11,226	**133,743**
Non-controlling interests	4,613	5,950	5,554	4,599	**(1,517)**
Profit/(Loss) For the Year	(3,166)	(21)	17,769	15,825	**132,226**
Financial Highlights (RM'000)					
Revenue	144,594	85,800	86,802	95,550	**178,455**
Profit Before Taxation	114	3,904	27,677	23,427	**142,053**
Profit/(Loss) For The Year After Taxation	(3,166)	(21)	17,769	15,825	**132,226**
Profit/(Loss) Attributable To owners of the Company	(7,779)	(5,971)	12,215	11,226	**133,743**
Financial Ratios					
Revenue Growth %	121.3	(40.7)	1.2	10.1	**86.8**
Debt/Equity ratio times	0.6	0.6	0.4	0.2	**-**
Net Earnings/(Loss) per Share sen	(1.00)	(0.77)	1.58	1.45	**11.49**
Gross Dividend per Share sen	4.00	-	-	-	**1.50**
Net Assets per Share RM	0.13	0.10	0.11	0.13	**0.23**
Closing Price sen	30.0	25.5	25.5	25.0	**25.5**
Price Earnings Ratio times	NA	NA	16.1	17.2	**2.2**

SHARE PERFORMANCE CHART



CORPORATE GOVERNANCE STATEMENT

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

The Board is pleased to provide the following statement which outlines how the Group has applied the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") during the financial year ended 31 December 2016:-

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Composition and size of the Board

Throughout the financial year ended 31 December 2016, the Company has continued to comply with Paragraph 15.02(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") whereby at least two (2) directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. With the resignation of Dato' Arif Ambrose Leonard Ng on 12 April 2016, the Board has eight (8) members comprising four (4) Independent Non-Executive Directors including the Chairman, one (1) Non-Independent Non-Executive Director, one (1) Executive Deputy Chairman, one (1) Group Managing Director and one (1) Executive Director.

The Board composition and size are periodically assessed by the Board through the Nomination and Remuneration Committee.

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

The members of the Board are of diverse backgrounds, specialisations and experience which bring a wealth of expertise to the leadership of the Group. The Board has the right mix of skills, experience and knowledge relevant to effectively direct and supervise the Company's business activities and ensure that the interests of all stakeholders are adequately protected. The profile of each Director is set out on pages 32 to 40 of this Annual Report.

1.2 Clear Functions of the Board and Management

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

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

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

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

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

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

1.4 Clear Roles and Responsibilities

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

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

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

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

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

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

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

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

1.5 Code of Ethics and Whistleblowing Policy

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

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

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

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

1.6 Strategies Promoting Sustainability

Sustainability has long been a key driving force in the Group's corporate agenda, ever since the emergence of corporate responsibility in the early 2000s. It is the foundation of the Group's commitment as a responsible corporate citizen in ensuring the sustainable growth of its profits (a commitment to its shareholders), the sustenance of the planet (a commitment to the environment and community), and the sustainable development of its people (a commitment to nurture DNeX's talented employees and those within the community it operates). The details of the Group's sustainability activities including its corporate social responsibility activities are set out on pages 72 to 80 of this Annual Report.

1.7 Access to Information and Advice

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

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

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

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

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

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

1.8 Periodic Review and Publication of Board Charter

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

2. STRENGTHEN COMPOSITION

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

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

2.1 Nomination and Remuneration Committee ("NRC")

The NRC comprises entirely of Independent Non-Executive Directors. The composition of the NRC is as follows:-

Name	Designation	Directorate
Norlila Hassan	Chairperson	Independent Non-Executive Director
Rosli Abdullah	Member	Senior Independent Non-Executive Director
Satria Ahmad	Member	Independent Non-Executive Director

The NRC meets as and when required. The NRC met once during the year under review with full attendance of its members.

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

(a) Annual assessment of the Board's effectiveness as a whole, the Board Committees and the contribution of each individual Director;
(b) Reviewed the size and composition of the Board; and
(c) Recommended the re-election of Directors.

During deliberation on the re-election of Rosli Abdullah as Director of the Company, Rosli Abdullah who is a member of the NRC abstained from deliberation and decision on his own eligibility to stand for re-election in order to avoid any conflict of interests.

Criteria for Recruitment and Annual Assessment of Directors

Appointment of Directors and Board Diversity

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

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

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

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

In relation to board diversity, the Board acknowledges the recommendation of the MCCG 2012 pertaining to the establishment of boardroom gender diversity policy. The Board is at present guiding the transformation of DNeX and its current Board composition reflects the need for a balanced experience and skill mix to steward the Company. After reaching steady-state, the Board will look for opportunities to achieve the diversity target which includes gender diversity in line with the strategic stewardship needs of the Company at that time. The critical attributes of suitable Board candidate include skills, knowledge, expertise and experience, professionalism, character, competence, commitment (including time commitment) and integrity that the candidate shall bring to the Board. The female representation on the Board is 25%.

Re-election of Directors

The Company's Articles of Association provides that an election of Directors shall take place at an annual general meeting of the Company. All Directors including the Managing Director shall retire from office once at least in every three (3) years, but shall be eligible for re-election.

The Directors to retire in every year shall be those who, being subject to retirement by rotation, have been longest in office since their last election or appointment, but as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

Where a person has been appointed as Director either to fill a casual vacancy or as an additional Director, he shall hold office only until the next annual general meeting and shall then be eligible for re-election.

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

Annual Assessment of Directors

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

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

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

The 2016 assessment was carried out in February 2017 through questionnaires sent to each individual director and encompasses an assessment of the performance of the Board as a whole, the Board Committees and individual Directors (via self and peer assessment) as well as the independence of Independent Directors.

2.2 Audit Committee

The Audit Committee Report is set out on pages 68 to 70 of this Annual Report.

2.3 Board Procurement and Tender Committee ("BPTC")

The BPTC was established on 16 December 2013 to oversee the procurement process and contract management of the Group. No meeting was held during the financial year.

The composition of the BPTC is as follows:-

Name	Directorate
Datuk Samsul Husin	Executive Deputy Chairman
Ang Hsin Hsien	Non-Independent Non-Executive Director
Satria Ahmad	Independent Non-Executive Director

2.4 Employee Share Option Scheme ("ESOS") Committee

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

During the financial year, the ESOS Committee comprises of four (4) Directors and two (2) senior managements. The composition of the ESOS Committee is as follows:-

Name	Designation	Directorate/ Position held
Norlila Hassan	Chairperson	Independent Non-Executive Director
Datuk Samsul Husin	Member	Executive Deputy Chairman
Zainal 'Abidin Abd Jalil	Member	Group Managing Director
Dato' Wong Kam Yin	Member	Executive Director
Zahid Mohammad Sham	Member	Chief People Officer, Group Human Resource
Lim Kek Siang	Member	Chief Financial Officer

The ESOS Committee meets as and when required. The ESOS Committee met once during the year under review. Except for Zahid Mohammad Sham, all the other members present at the meeting.

3. DIRECTORS' REMUNERATION

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

Non-Executive Directors are remunerated in the form of directors' fees which are approved annually by the shareholders at Annual General Meeting ("AGM") and an attendance allowance of RM1,000 for each Board meeting that they attend.

Based on the existing fees structure which was last revised in 2009 and approved by the shareholders at the 46th AGM for the financial year 2016, directors' fees are at RM7,500 per month for the Non-Executive Chairman and RM3,300 per month for each Non-Executive Director.

At Board Committee level, directors' fees are at RM2,700 per month for the Non-Executive Chairman of the Board Audit Committee and RM1,200 per month for each Non-Executive Director who are members of the Board Audit Committee.

Non-Executive Directors who are members of Board Committees are paid attendance allowance for each Committee meeting they attend, at RM750 per meeting for the Board Committee Chairman and RM500 per meeting for the members of Board Committee.

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

The details of remuneration for the Directors of DNeX (including their remuneration for services rendered on group basis) during the financial year ended 31 December 2016 are presented in the table below:-

(a) Aggregate remuneration of directors categorised into appropriate components and distinguished between Executive and Non-Executive Directors:-

	Received from DNeX		Received on Group basis	
	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Salaries	2,760	-	2,760	-
EPF and benefits in kind	1,097	-	1,097	-
Directors' fees	-	321	-	321
Allowance and other emoluments	-	43	-	43
	3,857	364	3,857	364

(b) The number of Directors of DNeX whose total remuneration falls within the following bands:-

Range of Remuneration	Executive	Non-Executive
RM50,000 and below	-	2
RM50,001 to RM100,000	-	4
RM800,001 to RM850,000	1	-
RM1,400,001 to RM1,450,000	1	-
RM1,600,001 to RM1,650,000	1	-

4. REINFORCE INDEPENDENCE

4.1 Annual Assessment of Independent Directors

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

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

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

4.2 Tenure of Independent Director

MCCG 2012 recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to his re-designation as a non-independent director.

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

4.3 Chairman to be a Non-Executive Director

MCCG 2012 recommends that the Chairman of the Board to be a non-executive member of the Board and in the event, the Chairman is not an independent director, the Board must comprise a majority of independent directors. The Chairman of the Board, Tan Sri Abd Rahman Mamat has been an Independent Non-Executive Director since his appointment to the Board on 12 December 2013.

5. FOSTER COMMITMENT

5.1 Time commitment

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

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

During the financial year 2016, the Board met seven (7) times (including three special board meetings). The Board Committees also convened their respective meetings in accordance with their terms of reference.

Details of the Board meetings convened during the year and the attendance of each member at Board meetings held in 2016 are as follows:-

Name of Director	Directorate	Attendance
Tan Sri Abd Rahman Mamat	Chairman/Independent Non-Executive Director	6/7
Datuk Samsul Husin	Executive Deputy Chairman	5/7
Dato' Arif Ambrose Leonard Ng *(resigned on 12 April 2016)*	Independent Non-Executive Director	1/2
Dato' Wong Kam Yin	Executive Director	7/7
Rosli Abdullah	Senior Independent Non-Executive Director	5/7
Norlila Hassan	Independent Non-Executive Director	7/7
Ang Hsin Hsien	Non-Independent Non-Executive Director	7/7
Satria Ahmad	Independent Non-Executive Director	6/7
Zainal 'Abidin Abd Jalil	Group Managing Director	7/7

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

5.2 Directors' Training

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

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

During the year under review, the Directors have attended and participated in training programmes, seminars, conferences and forums that covered the areas of corporate governance, financial, relevant industry updates and global business developments which they considered as useful in contributing to the effective discharge of their duties as Directors. The development and training programmes attended by the Directors in 2016 are as follows:-

Name of Director	Training/Seminar/Conference Attended	Date	Organiser/Co-ordinator
Tan Sri Abd Rahman Mamat	In-house Directors' Training on Finance for Non Finance – "Finance Language in the Boardroom"	20 January 2016	Parkson Holdings Berhad
	B20 Taskforce for G20 Meeting China – Member Trade & Investment Taskforce and SME Development Taskforce	26 January 2016	
	12th INSME Annual Meeting at Doha/Qatar in collaboration with Qatar Development Bank"Enabling Smart SMEs as Key to Success"	12 to14 April 2016	The International Network for Small and Medium Sized Enterprises - INSME
	The B20 China First Joint Taskforce Meeting – Member Trade & Investment Taskforce and SME Development Taskforce in Washington DC	16 & 17 April 2016	
	Roundtable on Financing SMEs in Global Value Chains	31 May & 1 June 2016	Co-organised by the Business and Industry Advisory Committee (BIAC), B20 China, the World SME Forum and the SME Finance Forum, in cooperation with the OECD
	Workshop on Financials hidden in plain sight : Why Directors & Management need to ask hard questions (Speaker : Mr Andrew Fastow, fomer Chief Financial Officer of Enron Corp.)	2 June 2016	CG Board Asia Pacific Sdn Bhd
	In-house Directors' Training on: (i) Transfer Pricing (ii) Corporate Sustainability Reporting (iii) Amendments to the Main Market Listing Requirements of Bursa Securities relating to: (a) Disclosure and Corporate Governance Requirements (b) Future Financial Information Consequential to the Revised Prospectus Guidelines (c) The Securities Commission (Amendment) Act 2015 and Capital Markets and Services (Amendment) Act 2015	29 June 2016	Hiap Teck Venture Berhad
	The Financial Institutions Directors' Education ("FIDE") Core Programme (Module A – Bank)	6 to 9 September 2016	The Iclif Leadership and Governance Centre
	The FIDE Core Programme (Module B – Bank)	5 to 7 October 2016	The Iclif Leadership and Governance Centre

Name of Director	Training/Seminar/Conference Attended	Date	Organiser/Co-ordinator
Tan Sri Abd Rahman Mamat (Con'td)	Corporate Governance Breakfast Series - Thought Leadership Session for Directors entitled "How to Leverage on AGMs for Better Engagement with Shareholders"	21 November 2016	The Malaysian Institute of Chartered Secretaries and Administrators
Datuk Samsul Husin	The 3rd World Muslim Leadership Forum (WMLF) : "Governance And Leadership In The Muslim World: The Way Forward For Peace, Security And Prosperity"	6 October 2016	Asian Strategy & Leadership Institute
Dato' Wong Kam Yin	Seminar on Amendments to Bursa Malaysia's Listing Requirements – with latest cases on directors duties	16 November 2016	Bursatra Sdn Bhd
Rosli Abdullah	In-house Seminar on Directors & Officers Liability, Cyber & Network Security Insurance and Mergers and Acquisitions	19 July 2016	CapitaLand Malaysia Mall REIT Management Sdn. Bhd. (formerly known as CapitaMalls Malaysia REIT Management Sdn. Bhd.)
	Latest Updates on Directors' Remuneration Sectors 2016	20 July 2016	Federation of Public Listed Companies Bhd
	Trans Pacific Partnership Agreement (TPPA)	13 August 2016	Khazanah Research Institute
	In-house training on The Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA)	25 August 2016	i-VCAP Management Sdn. Bhd.
	Khazanah Megatrends Forum 2016	26 & 27 September 2016	Khazanah Nasional Berhad
	2016 National Conference – Navigate Waves of the Digital Revolution	10 & 11 October 2016	The Institute of Internal Auditors Malaysia
	MIA International Accountants Conference 2016	15 & 16 November 2016	Malaysian Institute of Accountants
Satria Ahmad	Seminar on Allowed Financial Assistance & Benefits To Directors	19 December 2016	The Malaysian Institute of Chartered Secretaries and Administrators
Zainal 'Abidin Abd Jalil	Seminar on Amendments to Bursa Malaysia's Listing Requirements – with latest cases on directors duties	16 November 2016	Bursatra Sdn Bhd
Ang Hsin Hsien	Workshop on "Management Discussion and Analysis Statement – What and How to Disclose	6 December 2016	Malaysian Investor Relations Association Berhad
	IBM BusinessConnect 2016 - outthink competition	24 May 2016	IBM
	Audit Committee Workshop E : Understanding Complex Financial Reporting under MFRS/IFRS	13 July 2016	Malaysian Institute of Accountants
Norlila Hassan	Riba Symposium 2016	21 May 2016	Al Naqiy Islamic Solutions

6. UPHOLD INTEGRITY IN FINANCIAL REPORTING

6.1 Compliance with Applicable Financial Reporting Standards

The financial statements of the Group were prepared under the historical cost convention and modified to include other bases of valuation as disclosed therein under significant accounting policies, and in compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965.

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

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

6.2 Statement of Directors' Responsibility in respect of the preparation of the Audited Financial Statements

The Directors are responsible in ensuring that the Company and its subsidiaries maintain and properly keep their accounting records, the register books and other statutory documents to enable the preparation of the Audited Financial Statements with reasonable accuracy in compliance with the provisions of the Companies Act, 1965.

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

The Statement of Directors' Responsibility in respect of the preparation of the Annual Audited Financial Statement of the Group pursuant to Section 169 of the Companies Act, 1965 is set out on pages 82 to 87 of this Annual Report.

6.3 Relationship with Auditors and Independence of External Auditors

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

The external auditors, Messrs Crowe Horwath, provide an independent opinion, based on audit performed on the financial statements of the Group and report the same to the shareholders of the Company in accordance with Section 174 of the Companies Act 1965. The external auditors also attend each AGM in order to assist in giving clarifications to shareholders on the audited financial statements.

7. RECOGNISE AND MANAGE RISKS

7.1 Statement on Risk Management and Internal Control

The Board acknowledges its responsibility for maintaining a sound system of internal control which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations and to safeguard shareholders' investment and its assets and interests in compliance with the relevant law and regulations as well as the Group's internal financial administration procedures and guidelines. The Statement on Risk Management and Internal Control furnished on pages 66 and 67 of this Annual Report provides an overview on the state of internal controls and level of risks and the effectiveness of risks mitigation plans within the DNeX Group.

7.2 Internal Audit Function

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

Baker Tilly reports directly to the Audit Committee and assists the Audit Committee in discharging its duties and responsibilities. Further details of the activities of the internal audit function are set out on page 70 of this Annual Report.

8. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

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

The Company's website is regularly updated and provides relevant information on the Company which is accessible to the public.

9. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

9.1 Annual General Meeting ("AGM")

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

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

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

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

9.2 Investor Relations

The Board acknowledges the need for the Company's shareholders and investors to be informed of all material business and corporate developments concerning the Group in a timely manner. In accordance with the Policy on Investor Relations and Communication with Shareholders, the Company publishes all material information as required by the regulators via the Bursa LINK as well as other publications such as the Annual Report, quarterly financial reports and Media announcements. The Company's Investor Relations is discussed in a dedicated segment of this Annual Report on page 71.

10. COMPLIANCE STATEMENT

The Board is committed to achieving a high standard of Corporate Governance throughout the organisation and would endeavour to apply the recommendations of the MCCG 2012.

This Statement on Corporate Governance has been approved by the Board of DNeX on 20 February 2017.

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

On 3 August 2016, DNeX had completed its Rights Issue exercise involving the issuance of 465,146,809 new ordinary shares of RM0.20 each in DNeX ("Share(s)" or "DNeX Share(s)") ("Rights Share(s)") together with 465,146,809 new free detachable warrants ("Warrant(s)") at an issue price of RM0.21 per Rights Share on the basis of three (3) Rights Shares together with three (3) Warrants for every five (5) existing DNeX Shares held.

On 25 August 2016, DNeX had completed its Special Issue exercise involving the issuance of 130,000,000 Shares ("Special Issue Share(s)") together with 65,000,000 Warrants on the basis of one (1) Warrant for every two (2) Special Issue Shares at an issue price of RM0.22 per Special Issue Share.

As at 28 February 2017, the status of utilisation of proceeds raised from Rights Issue and Special Issue during the financial year ended 31 December 2016 are as follows:-

Detail of utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Amount Unutilised (RM'000)
Rights Issue			
(a) Acquisitions of OGPC Group	73,000	73,000	-
(b) Working capital	19,881	19,881	-
(c) Expenses incidental thereto	4,800	4,800	-
	97,681	97,681	-
Special Issue			
Future investments/projects	28,600	28,600	-

2. AUDIT AND NON-AUDIT FEES

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

	Company (RM'000)	Group (RM'000)
Audit Fees	108	311
Non-Audit Fees	190	215

The significant non-audit fees amounting to RM215,000 paid/payable to the external auditors, Messrs. Crowe Horwath were in respect of the following :-

(i) Due diligence audit and reporting for the corporate proposal involving Rights Issue, Special Issue, Acquisition of OGPC Group and ESOS implemented and/or completed in 2016;
(ii) Special audit for the period from 1 April 2015 to 31 March 2016;
(iii) Special audit for the period from 1 July 2016 to 31 December 2016;
(iv) Review of the Statement on Risk Management and Internal Control; and
(v) Review of the 2016 Annual Report.

3. RECURRENT RELATED PARTY TRANSACTIONS

During the financial year 2016, the Company did not enter into any recurrent related party transaction that requires the shareholders' mandate.

4. MATERIAL CONTRACTS

Save as disclosed in the Audited Financial Statements for the year ended 31 December 2016, there were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors, chief executive who is not a director or major shareholders, either still subsisting at the end of the financial year ended 31 December 2016 or entered into since the end of the previous financial year.

5. CONTRACTS RELATING TO LOANS

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

6. ESOS

During the financial year ended 31 December 2016, the Company had established an ESOS of up to five percent (5%) of the issued and paid-up share capital of the Company (excluding treasury shares, if any) for Executive Directors and employees of the Company and its subsidiaries which are not dormant, who meet the eligibility criteria to participate in the ESOS ("Eligible Persons"), to subscribe for new DNeX shares at a predetermined price (hereinafter referred to as the "ESOS Option(s)"), in accordance with the by-laws governing the ESOS. The duration of the ESOS is five (5) years expiring on 24 August 2021. Further information on the ESOS is set out in the Directors' Report and Annual Audited Financial Statements for the financial year ended 31 December 2016 on pages 84, 85 and 123.

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

	Eligible Executive Director/Chief Executive ('000)	Eligible Senior Management ('000)	Other Eligible Employees ('000)	Total ('000)
Number of ESOS Options granted	6,000	16,000	16,309	38,309
Number of ESOS Options exercised	0	0	0	0
Number of ESOS Options outstanding as at 31 December 2016	6,000	16,000	16,309	38,309

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board') of DNeX is committed in maintaining a sound system of risk management and internal control in conduct of its business operations. This Statement is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and guided by the "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers" and Practice Note 9 of the MMLR.

BOARD RESPONSIBILITIES

The process of identifying, evaluating, monitoring and managing significant risks that may materially affect the Group's business objectives has been in place throughout the year under review. The Board recognises its responsibility in determining the nature and extent of the strategic risk that the Group is willing and able to take to achieve its objectives. This is complimented with a system of internal control that warrants compliance and provides accurate and reliable information for reporting.

The Board tasks Management to identify and assess the risks faced by the Group, and thereafter design, implement and monitor appropriate internal controls to mitigate and control those risks. The Board convene meetings at minimal on quarterly basis where all meeting materials are distributed to the Board members ahead of meetings. The members have access to all required relevant information both financial and operational. Amongst the matters being discussed throughout the year are financial results, risk management and internal audit findings whilst internal audit plan and internal audit appointment are discussed once a year. These are to assure the Board members that the system in place are reliable and functioning adequately. Decisions are made by the Board only after the required information is presented and deliberated to facilitate appropriate oversight and responsibility on the direction of the Group.

However, the Group's system of internal control seeks to manage and minimise impact rather than completely eliminate risk that may impact the achievements of business objective. It can only provide reasonable but not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Group has in place a risk management framework designed to ensure principal risks are identified and that controls are adequate, in place and functioning effectively.

Risk management is firmly embedded in the Group's management system as the Board believes that risk management is critical for the Group's sustainability and the enhancement of shareholder value.

Responsibility for risk management and control is delegated to the appropriate levels of management within the Group. The strategic risk management function rests with the Board and Executive Deputy Chairman whilst the Group Managing Director and Chief Financial Officer (CFO) are accountable for operational risks.

The Group runs risk management processes where business, operational and financial risks are identified, managed and reported. Identification and evaluation of key business and operational risks are conducted through the risk management review, a formal process carried out together with risk owners. The respective heads of business and supporting units are responsible for monitoring and managing risks in their area of responsibility. The Group maintains a risk register and co-ordinates risk management activities and ensure that mitigating actions are implemented appropriately.

Risks are rated based on their likelihood of occurrence and potential severity. For each risk identified, the management assesses the root causes, probability of the risk occurring, impact and mitigating controls. Risk rating are then determined and risks which have been identified as significant and high were reviewed together with their associated mitigating controls and later reported to the Board on quarterly basis whilst risks rated medium and below were monitored at management level. Shareholders were also kept informed on material changes affecting the Group through continuous disclosure reporting via Bursa LINK announcements.

INTERNAL CONTROL

Executive Leaders and Heads of Divisions across DNeX Group have been empowered with appropriate levels of authority to ensure effective management and supervision of the Group's core areas of business operations. The Executive Directors assist the Board in ensuring that the Company's daily operations are performed in accordance with the corporate objectives, policies, approved annual budget and strategies.

The Audit Committee reviews the internal control issues identified by the internal auditors, the external auditors, regulatory authorities and management to evaluate the adequacy and effectiveness of the risk management and system of internal control. The Audit Committee reviews the internal audit function with particular emphasis on the scope of audits and the competency as well as performance. The Internal Audit function has been outsourced to Baker Tilly Monteiro Heng Governance Sdn Bhd since 2014 to provide independent assurance and consulting activities and serves to assist the Company in achieving its objectives. The findings from audits undertaken are presented to the Audit Committee during the Audit Committee meetings. The Audit Committee meets to review, discuss and direct actions on matters pertaining to reports which, among other matters, include findings relating to the adequacy and integrity of the internal control systems of the Group. After deliberation by the Audit Committee, the findings are then forwarded to the identified operational management for attention and necessary actions. The

operational management is responsible for ensuring recommended corrective actions on reported weaknesses are taken within the required time frame.

For the year under review, the internal audit concluded that the Group has satisfactorily complied with the guidelines by the Malaysian Code on Corporate Governance 2012, risk management framework of DNeX Group, the Board Charter and Terms of Reference for the Board of Directors of DNeX Group. Various audit recommendations have been considered and implemented in view of improving internal controls and corporate governance and transparency.

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

FINANCIAL REPORTING

Internal controls over financial reporting are in place to provide reasonable assurance regarding the reliability of financial reporting in preparation of financial statements for external reporting purposes. The Group performs a comprehensive annual planning and budgeting exercise which includes the development and validation of business strategies for a rolling five-year period. Budgetary controls within the Group closely monitor actual performances against budgets to identify and to address significant variances.

The Group's key business leaders meet monthly to monitor and elucidate performances against budgets. Comprehensive monthly financial and management reports are prepared for effective monitoring and decision making. The monitoring of performance variances are followed up and management actions are taken to rectify any significant deviations on a timely and effective manner.

A summary of the Group's financial results supported by commentary and performance measures is also provided to the Board on quarterly basis. Annual audits performed on financial statements by external auditors provide further assurance on the credibility of DNeX's financial reports.

ORGANISATION STRUCTURE AND AUTHORISATION PROCEDURES

The Group maintains a formal organisation structure with well-defined delegation of responsibilities and accountability. The Discretionary Authority Limits ("DAL") is in place to define the decision making limits for each level of management within the Group. The approved DAL is reviewed when required to reflect significant changes in organisational structure and the Group's risk appetite. The DAL framework facilitates the Management in making sound business decisions with the aspiration to lead the Group towards a more proactive and inclusive risk management approach to facilitate the business need.

Management's commitment to establish and maintain effective internal control systems is cascaded down by the Board to the Executive Deputy Chairman to safeguard the Group's control environment. Respective management team will update the Board of any significant matters that require the Board's attention or approval.

Additionally, comprehensive and rigorous guidelines on employment, performance appraisal, training and employee retention are in place to ensure that employees are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively. The Group's core values, LACE i.e. Lean, Agile, Clean and Enterprising form the foundation of the Group's culture. These core values guide DNeX's employees to achieve the Group's vision and mission.

MANAGEMENT COMMITMENT

The Board received assurance from the Executive Deputy Chairman, Group Managing Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, in addressing the material risks within the Group's business environment.

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

In accordance with Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and had reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control. The fee for the review of this statement to the auditors of Crowe Horwath is RM5,000 only.

This statement is made in accordance with a resolution of the Board dated 20 February 2017.

AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 December 2016.

1. COMPOSITION AND MEMBERSHIP

The Audit Committee during the financial year ended 31 December 2016 comprised of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director as follows:-

Chairman : Rosli Abdullah
Senior Independent Non-Executive Director
(member of the Malaysian Institute of Accountants)

Members : Norlila Hassan
Independent Non-Executive Director

Ang Hsin Hsien
Non-Independent Non-Executive Director

The composition of the Audit Committee complies with Paragraph 15.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Terms of Reference of the Audit Committee.

2. MEETINGS AND ATTENDANCE

There were five (5) meetings held during the financial year 2016. The details of attendance of each member at the Audit Committee Meetings are as follows:-

	Attendance
Rosli Abdullah	5/5
Norlila Hassan	5/5
Ang Hsin Hsien	5/5

3. AUTHORITY

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

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

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

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

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

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

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

4. SUMMARY OF THE WORK OF THE AUDIT COMMITTEE

A summary of the work of the Audit Committee in the discharge of its duties and responsibilities for the financial year ended 31 December 2016 is as follows:-

(i) Financial Reporting

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

(b) The Audit Committee had also reviewed the audited financial statements of the Company and the Group for the financial year ended 31 December 2015 which covers the financial position and performance for the year and ensure that it complied with all disclosures and regulatory requirements and recommended the audited financial statements to the Board for approval.

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

(ii) External Audit

(a) Considered the audit fees and re-appointment of Messrs. Crowe Horwath as external auditors of the Group.
(b) Reviewed and approved the external auditors' Audit Planning Memorandum, audit approach and scope of audit work for the year.
(c) Met with the external auditors without the presence of executive Board members and Management to discuss the Group's practices to enhance compliance in all law and regulations imposed by relevant regulatory bodies.
(d) The declaration of independence of the external auditors was noted.

(iii) Internal Audit

(a) Reviewed and approved the Internal Audit Plan for DNeX Group to ensure adequate scope and comprehensiveness of the activities and coverage on auditable entities with significant high risks.
(b) Reviewed the progress of audit assignmentjs carried out in accordance with the Internal Audit Plan for the year 2016.
(c) Reviewed the Internal Audit Reports issued during the year 2016 as follows:-
    1. Billing and Collection as well as IT Support on Billing Process.
    2. Human Resource Management and Payroll Function.
    3. Project Management (focusing on non-National Single Window projects).
    4. Information Security Control and IT Outsourcing Control.
(d) Reviewed the Follow-up Internal Audit Reports issued during the year 2016 as follows:-
    1. Customer Profile Management and Customer Service Management on Dagang Net Technologies Sdn Bhd and DNeXPORT Sdn Bhd.
    2. Information Security Control and IT Outsourcing Control.
    3. Billing and Collection.

(iv) Risk Management

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

(v) Related Party Transactions

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

5. INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to an independent professional consultancy firm. The internal audit function is carried out by Baker Tilly Monteiro Heng Governance Sdn Bhd ("Baker Tilly") since March 2014.

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

Baker Tilly undertakes the internal audit activities in conformance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

A summary of the work of the internal audit function for the financial year ended 31 December 2016 is as follows:

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

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

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

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

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

As at 31 December 2016, the total cost incurred for the internal audit function was RM68,000.00 which relates to personnel cost on audit assignments (excluding out-of-pocket expenses and Goods and Services Tax).

INVESTOR RELATIONS

At Dagang NeXchange Berhad ("DNeX"), we recognise the significance of having open lines of communications with members of the investing community and research analysts.

Towards this end, our main priority in the year under review was to engage with the investing community and research analysts on the transformation of the Group into a two core business namely Energy as well as IT and e-services.

Moreover, the engagement was meant to provide comprehensive insights on this transformation and overall business strategies, which are all aimed to generate profitable growth for the Group, improve earning resiliency and enhance shareholders' value.

In the year under review, we had regular interactions with analysts, fund managers, and brokers through various briefings and one-on-one meetings with management to increase our exposure and visibility in the market.

During these sessions, we provided clarity regarding the operations, financial performance, corporate developments, and strategy of the Group moving forward.

As a result of the above activities, the following research houses had issued reports on the Group in 2016 :

- CIMB Investment Bank
- Hong Leong Investment Bank
- Kenanga Investment Bank
- Public Investment Bank
- TA Securities

We have also undertaken regular engagement with the Media through media releases, conferences and interviews to further communicate our story to the Media, which is a critical conduit to reach to not only the investing community and research analysts but also the public at large.

DNeX also maintains a dedicated Investor Relations section on its corporate website at *www.dnex.com.my* that includes such information as announcements made by the Group to Bursa Securities, reports, stock information, Annual General Meeting information and ways to contact the Group.

In addition, the website also features regularly updated media releases, and relevant information on the Group including its corporate profile, and profile of the Board of Directors and management team. This provides investors an avenue to access information material to their shareholdings.

As a Corporate Member of the Malaysian Investor Relations Association ("MIRA"), the Group enables its employees access to training and resources designed for improvement and knowledge sharing of Investor Relations practices to be more efficient and shareholder-friendly.

The Group's Investor Relations will continue to execute DNeX's commitment to shareholders in ensuring timely updates on company disclosures.

SUSTAINABILITY REPORT

Focusing on the future

At DNeX, anchoring our vision of being a leading multinational solutions provider and trusted for our expertise, is our dream of building a tomorrow that is rich in opportunities and possibilities.

Sustainable Profitability

We aspire to build a sustainable business in the markets where we operate

Propelled by our aspirations in sectors like IT and energy, we focus in doing business in ways that nurtures economic growth – from accomplishments to purpose. Our innovative take on providing various industries with smart, seamless services, coupled with a diverse catalogue of expertise – allows us to shape a future that is sustainable and ideal for our stakeholders and the communities we work within.

STRENGTHENING OUR E-SERVICES

Recognising that the uCustoms system will marginalise service providers like Dagang Net Technologies Sdn Bhd ("Dagang Net"), several initiatives were accelerated to enhance customer loyalty and dampen the impact of potential revenue loss once the uCustoms system comes into place. To this end, relevant achievements include:

i. Expansion and enhancement of Business-to-Business ("B2B") offerings to add value to the existing e-Services product chain, namely myCargo2U and myTrade2Cash, with a long-term aim of beating competition before the uCustoms system is being implemented.

ii. Penetrating into Business-to-Consumer ("B2C") market with the launch of MOVE™ and Global Halal Exchange, both of which are essential components within DNeX's total e-Services product and fulfillment chain.

iii. Strong stakeholder management programme to ensure that Dagang Net services remain relevant even within the uCustoms environment. Relations with influential stakeholders including freight forwarder associations, government agencies and regional partners are its strongest.

iv. Appointment as service provider for the provision of eWork Permit System to provide consultancy, advice and services as the Technology Partner and Solution Provider for the rehiring programme of illegal foreign workers, involving foreign workers without permits from 15 countries.

RE-ENGINEERING IT SOLUTIONS

IT solutioning remains a key interest to DNeX as it is usually the entry point for any software developments and e-Services implementation. Key projects/asset injection which are aimed to offer the Group an expanded revenue stream including the total subcontract award to develop and design the system and to supply hardware and equipment related to the Vehicle Entry Permit ("VEP") & Road Charges ("RC") System Project for the Ministry of Transport Malaysia, worth RM45.0 million by TC Sens Sdn Bhd.

With the implementation of the charging mechanism onto vehicles crossing the Singapore-Malaysia borders in the November 2016, and following the total subcontract award by TC Sens Sdn Bhd for the operatorship of the VEP and RC systems in two entry/exit points between Johor Bahru and Singapore, the Group will be garnering a steady growth from this project.

EXPANSION INTO THE ENERGY SEGMENT

To strengthen our growth, DNeX pursues to expand its revenue stream by venturing into oil, gas and power business. Key to this expansion was several strategic acquisitions and partnerships established since 2015 with various multinational corporations and high potential local entrepreneurship operating within the same business landscape. Key milestones include:

1. The acquisition of the entire equity interest in OGPC Group ("OGPC"), a leading provider of equipment and services for the oil and gas, petrochemical and power and general industries. With the acquisition complete in August 2016, OGPC contributes a healthy new stream of revenue to DNeX Group.

2. In 2015, with an 80 percent shareholding, DNeX established DNeX Oilfield Services Sdn. Bhd. ("DOSB"), which key business offering is oilfield drilling services and making it a Malaysian pioneer in this business landscape. In the same year, DOSB entered into a purchase agreement and a strategic partnership with Baker Hughes to acquire directional drilling equipments and venture into drilling services on consortium basis, when the need arise.

   The following year, DOSB received a three-year contract from PETRONAS Carigali Sdn Bhd for Umbrella Contract for the Provision of Directional Drilling/Measurement While Drilling/Logging While Drilling ("DD/MWD/LWD") Equipment and Services. DOSB is the first Malaysian company to be awarded with such contract.

   Following this, in January 2017, DOSB secured two work orders from the said contract valuing at USD1.6 million.

3. In 2016, less than one year of its establishment, DNeX Petroleum Sdn Bhd, a wholly-owned subsidiary company that focuses on investments into assets within the Upstream Exploration and Production business line, acquired 30 percent of enlarged issue share capital in Ping Petroleum Limited ("Ping"). Through the acquisition, DNeX has 15 percent effective equity interest in producing Anasuria Cluster, a fully operating oilfield in North Sea, UK for a total consideration of USD10.0 million. The Anasuria cluster is owned equally by Ping and Hibiscus Petroleum Berhad.

People

Our people is the foundation of our success.

TOTAL NUMBERS OF EMPLOYEES

319

DNeX is empowered by the people; from clients, customers and stakeholders inspired and aspiring for betterment, to the communities its various projects serve, and the dedicated vibrant talents and employees behind each of our endeavour's success.

EMPLOYEE TURNOVER RATE

< 5%

NURTURING TALENT & PROMOTING GROWTH

Our people are our greatest assets. We are passionate about creating differences that matter, and we believe in nurturing all our talents so that they can achieve their utmost potential, not just at work, but in the fields they are passionate in. Our Group Human Resource team are constantly improving their efforts to make DNeX an employer of choice based on competitive wages and benefits, the quality of our workplace, and the opportunities our group of companies provide.

We strive to attract and employ people with exceptional skills who share our values. We undertake resourcing activities at the local, national and international level that are aligned to our broader business strategy. However, whenever we can, we prioritise internal candidates for vacant roles. That is why, at DNeX, we empower our people to identify and implement improvements that maximise our performance, productivity and entrepreneurship. We build our people up by helping them focus on clear, aligned and measurable goals, and we do this by conducting midyear planning and performance reviews, and year end performance reviews. This process provides a channel to receive feedback and coaching, and to develop skills and capabilities through the execution of each individual's development plan.

We also build our people up through training, which forms an integral part of our talent development strategy. We encourage our employees to seek training that widens their perceptive, sharpen their skills, and motivate them to do better, not just at work, but life outside of work. In 2016, we have invited motivational speakers to our headquarters to share tips and valuable lessons to help our employees gain insights and desire for self-development, helping them to instigate improvement from within.

ADVANCING WOMEN AND PROMOTING WORK-LIFE BALANCE

DNeX is continually increasing its efforts to include more women in its workforce. As a company within male-dominated industries, we are becoming more proactive in our approach in becoming an organisation that supports female empowerment and gender equality. In fiscal year 2016, female employees accounted for 36% of the Group's total workforce, and 11% of our management personnnel are made up of female employees. The DNeX Board of Directors currently comprises of eight members, two of which are female Directors. The Group is currently looking at ways to improve the number of female employees and leaders in its workforce.

As well as recruiting and promoting talented women, the Group is continuously working on improving its employees' ability to combine work and family responsibilities.

Some of the support offered at DNeX includes:

- A return to work at the same level after maternity leave
- A nursing room for working mothers
- A surau for Muslim employees
- Flexibility in relation to hours of work
- Access to fitness amenities for employees above a certain pay grade
- Employee engagement activities and approach, which includes sporting events, Family Day, Annual Dinner, Townhall engagements, and an open door policy.

FEMALE LEADERS

11%

FEMALE EMPLOYEES

36%

EMPLOYEES ON DNeX SAFETY COMMITTEE

33

HEALTH & SAFETY

Regardless of where we work or what we do, we strive to create a working environment that is free from injury and potential hazards. Our priority is to identify, understand and manage the risks within our business, ensuring our people and the communities in which we operate remain safe and healthy.

With this in mind, we put appropriate measures in place and provide our people with the right training. We invest in policies and procedures to minimise risks and protect lives. We utilise several processes to deploy health and safety goals to all our operations, beginning with our new hire induction session, where employees are made aware of the relevant health and safety requirements that are relevant to all employees. This ensures that our organisation is equipped to deal with potential disasters, to minimise harm, and to safely return to function as soon as possible.

Amongst our employees are certified Fire Marshalls and First Aiders, situated on every floor of our office buildings, to ensure that everyone is accounted for and attended to promptly when the situation arises. Our employees, particularly those in the oil & gas sector, frequently attend industry-related safety training and knowledge sharing sessions to mitigate potential risks involved in their job handling, as well as increasing their product knowledge. Our oilfield business is rightly equipped with a Radioactive Licence from the Atomic Energy Licensing Board, which permits the handling and possession of radioactive materials.

In addition to the regular safety training sessions, DNeX Group Human Resource has also worked with Beacon Hospital Kuala Lumpur to host four DNeX Health Awareness Day in 2016. During this time, employees were encouraged to undergo a Body Composition Analysis and other health checks conducted by Beacon Hospital professionals to help ensure employee wellness and fitness for the long-run.

Our People Attributes

Belief

Believe in our own capabilities to make the impossible possible. Believe in being trendsetters. Not afraid to share ideas with others to make things better.

Knowledgeable

Constantly learning new things and always seeking input/feedback to do things better and more efficiently. Committed to continuous improvement and consistently looking beyond the current situation and working towards a desirable future.

High performer

Driven by excellence and setting high standards for oneself and meeting those standards. Always going the extra mile to deliver what is promised and exceed this even further by giving a little extra.

Team player

Reliable and committed to strive together in positive ways that will support each other's growth. We are responsible to ourselves, our team members and to our clients/customers and we choose to remain emotionally stable and consistent in our style of working and leadership.

Focused

Focused to a definite chief aim to create growth, profitability and stakeholders' value. A clear conviction to defined goals, and a solid determination to translate the goals into action.

EMPLOYEE ENGAGEMENT

Engaged, talented, and motivated people are critical to our success. We depend on the ideas, energy, and commitment of our people to sustain our competitive advantage. However, employees of today are becoming more mobile, contingent, and autonomous, and as a result, harder to manage and engage. With this in mind, our Group Human Resource are focusing on employee engagement now more than ever. This begins with communicating our long-term strategies and aligning our people with our vision, mission and core values regularly. We do this by holding Communication Day and Town Halls every quarter of the year. We also conduct competitive outdoor and indoor activities, such as bowling, white water rafting, charity bazaar, futsal – to build leadership skills, create a sense of belonging, promote interdepartmental connection and communication, and achieve a healthy work-life balance for overall job satisfaction. At DNeX, we believe that a successful employee engagement programme create loyal employees, which in turn helps us to retain the workforce, decrease the risk of talent turnover, and attract new talent.

DNeX VOLUNTEER HOURS FY2016

3184 hrs

Planet & Society

CHARITABLE CONTRIBUTION FY2016

RM108,955.00

Going Green & Environment Friendly

Over the years, we have achieved an array of breakthroughs; including having 25 years of experience in making Business-to-Government ("B2G") transactions seamless and paperless. Today, we serve over 25,000 users in the trade facilitation and logistics fraternity, offering them connectivity to 167 points of entry and exit and 32 Permit-issuing agencies in Malaysia, as well as a link to more than 10 local banks. Our secured and robust infrastructure processes more than 100 million transactions a year, with more than RM1.8 billion worth of Customs duty payment transacted through our gateway. As a company who pioneered paperless trade facilitation in Malaysia, we have made it our business to digitise all trade related paperwork for the past 26 years. Our efforts in promoting e-services nationally since 1995 has not only impacted organisations operationally, but also helped them function in an environmental-friendly manner.

We manage our facilities and conduct business activities to minimise environmental impacts and promote the welfare and safety of our employees and clients. We regularly run internal campaigns to encourage environmental sensitivity, small steps which go a long way in our commitment to decrease our carbon footprint and save money. The campaigns include:

1. Waste reduction – reduced stationery consumption; default printing configuration to reduce tonnage of paper use and toner wastages.
2. Operational management – utilisation of electronic cards for festive greetings; minimising travel for meetings and leveraging on email and teleconferencing as mode of communication; utilising green bags and recycling bins.
3. Reduce, reuse & recycle – recycling non-hazardous waste like paper, newspaper and magazines. When disposal is necessary, waste is managed in an environmentally responsible manner, at convenient recycling points within our buildings.

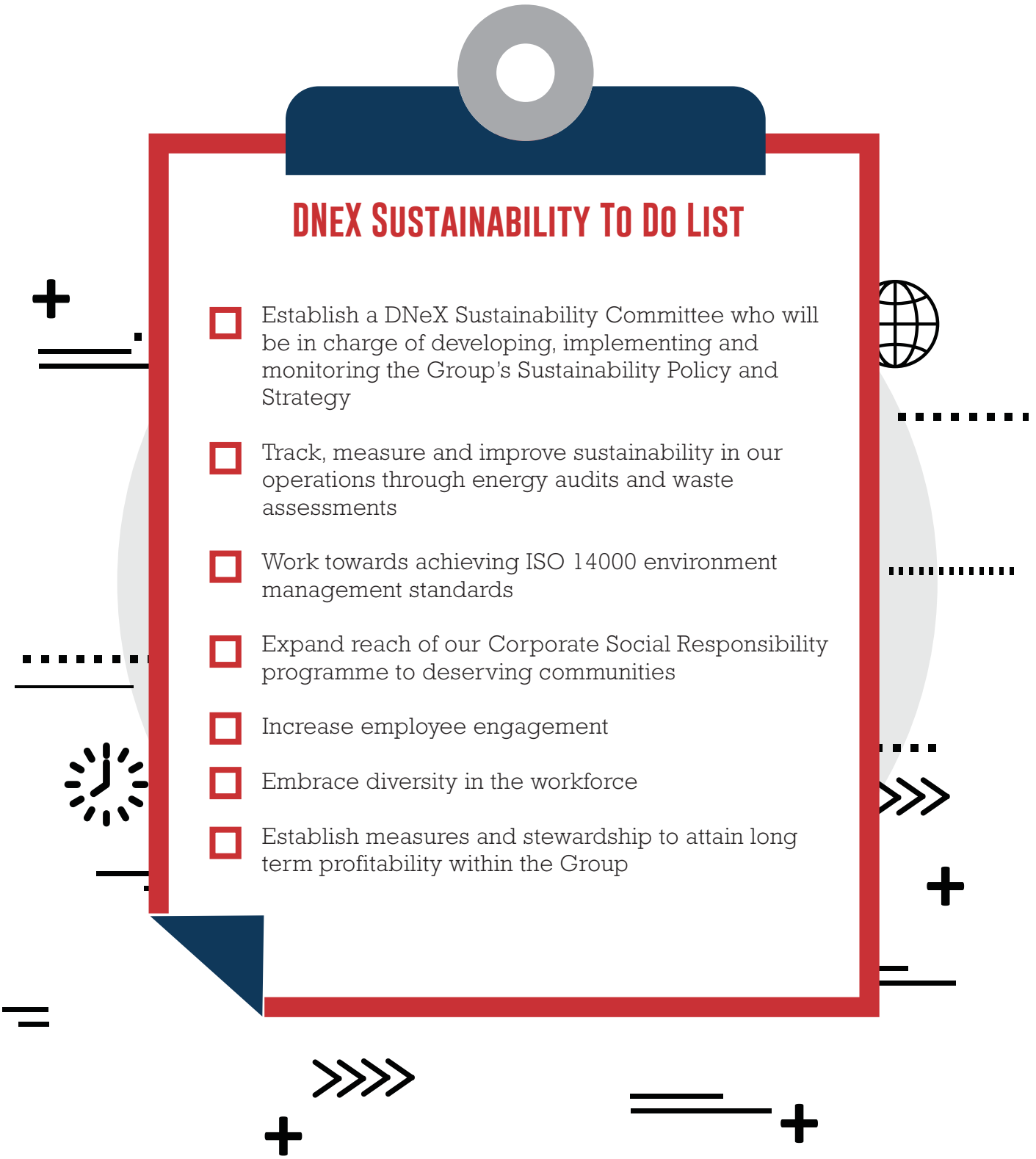
PROJECTS DEPLOYED

FOUR

CORPORATE SOCIAL RESPONSIBILITY

DNeX recognise its responsibility as a corporate entity to actively make a positive contribution to the community it operates within. As a company built on technology and sciences, DNeX is driven to support the nation's youth through scientific education and entrepreneurship. On 8 May 2016, DNeX officially launched its Camp Bijak Sains & Teknologi ("CampBijak"), a supplementary syllabus programme under our CSR flagship programme - Bloom@DNeX. CampBijak was established to help educate and instil a love of Math and Science subjects amongst students in a structured but fun learning environment. The programme, a two-day workshop, sees the students immersing themselves in these two critical subjects through Science-themed activities and experiments conducted by experienced facilitators.

In 2016, DNeX successfully organised three CampBijak outreach sessions, benefitting 188 underprivileged children from seven schools in Klang Valley. With the first two being hosted for UPSR candidates and utilising laboratory facilities and the schools' botanical compound, the final 2016 instalment of CamBijak was held as an outdoor camping activity. Engaging 70 secondary school students and facilitated by 20 programme fellows, comprising young volunteers - university students, young professionals and DNeX employees, this activity was significant not only to enrich the learning journey of the young minds, but also to promote effective mentorship capabilities amongst our own pool of talent and for the long-term, help uplift the spirit of volunteerism in their leadership journey.



DNeX Sustainability To Do List

- ☐ Establish a DNeX Sustainability Committee who will be in charge of developing, implementing and monitoring the Group's Sustainability Policy and Strategy
- ☐ Track, measure and improve sustainability in our operations through energy audits and waste assessments
- ☐ Work towards achieving ISO 14000 environment management standards
- ☐ Expand reach of our Corporate Social Responsibility programme to deserving communities
- ☐ Increase employee engagement
- ☐ Embrace diversity in the workforce
- ☐ Establish measures and stewardship to attain long term profitability within the Group

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DIRECTORS' REPORT
for the year ended 31 December 2016

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	133,743	29,797
Non-controlling interests	(1,517)	-
	132,226	29,797

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the Company paid/declared:

i) a first interim dividend of 1.0 sen net per ordinary share amounting to RM7,752,447 in respect of the financial year ended 31 December 2016 was paid on 15 June 2016; and

ii) a second interim dividend of 0.5 sen net per ordinary share amounting to RM8,674,457 in respect of the financial year ended 31 December 2016 payable on 28 February 2017.

The Directors do not recommend the payment of any final dividend for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Tan Sri Abd Rahman Mamat (Chairman)
Datuk Samsul Husin
Zainal 'Abidin Abd Jalil
Dato' Wong Kam Yin
Rosli Abdullah
Norlila Hassan
Ang Hsin Hsien
Satria Ahmad
Azman Bin Karim (Appointed on 20 January 2017)
Dato' Arif Ambrose Leonard Ng (Resigned on 12 April 2016)

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.20 each			
	At 1.1.2016	Bought	Sold	At 31.12.2016
Interests in the Company:				
Datuk Samsul Husin *				
- Indirect	304,112,731	182,467,638	(175,780,000)	310,800,369
Zainal 'Abidin Abd Jalil				
- Direct	5,000,000	-	(5,000,000)	-
- Indirect **	-	233,676,000	-	233,676,000

* Deemed interest through Censof Holdings Berhad pursuant to Section 6A of the Companies Act, 1965.
** Indirect/deemed interest by virtue of his 78% shareholdings in Arcadia Acres Sdn Bhd (230,000,000 ordinary shares).
** Indirect/deemed interest through his spouse, Puan Rusmin binti Jaafar (3,676,000 ordinary shares).

	Number of options over ordinary shares of RM0.20 each			
	At 1.1.2016	Granted	Exercised	At 31.12.2016
Interests in the Company:				
Datuk Samsul Husin	-	2,250,000	-	2,250,000
Zainal 'Abidin Abd Jalil	-	2,250,000	-	2,250,000
Dato' Wong Kam Yin	-	1,500,000	-	1,500,000

	Number of Warrants 2016/2021			
	At 1.1.2016	Purchase	Disposal/ Conversion	At 31.12.2016
Interest in the Company:				
Datuk Samsul Husin [(a)]				
- Indirect	-	182,467,638	(182,467,638)	-
Zainal 'Abidin Abd Jalil				
- Indirect	-	199,753,638 [(b)]	(198,990,638) [(c)]	763,000 [(d)]

(a) Deemed interest through Censof Holdings Berhad pursuant to Section 6A of the Companies Act, 1965.
(b) Indirect/deemed interest through his spouse, Puan Rusmin binti Jaafar (2,066,000 Warrants pursuant to the Rights Issue) and by virtue of his 78% shareholdings in Arcadia Acres Sdn. Bhd. (61,220,000 Warrants pursuant to the Right Issue and 136,467,638 Warrants via Direct Business Transaction).
(c) Indirect/deemed interest through his spouse, Puan Rusmin binti Jaafar (1,303,000 Warrants) and by virtue of his 78% shareholdings in Arcadia Acres Sdn. Bhd. (197,687,638 Warrants).
(d) Indirect/deemed interest through his spouse, Puan Rusmin binti Jaafar.

None of the other Directors holding office at 31 December 2016 had any interest in the ordinary shares, options over shares and warrants of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 30 to the financial statements.

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

i) a renounceable rights issue of 465,146,809 new ordinary shares of RM0.20 each ("Rights Shares") together with 465,146,809 free new detachable warrants ("Warrants") at an issue price of RM0.21 per Rights Share on the basis of three (3) Rights Shares together with three (3) Warrants for every five (5) existing ordinary shares ("Rights Issue");

ii) a special issue of 130,000,000 new ordinary shares of RM0.20 each ("Special Issue Shares") together with 65,000,000 Warrants at an issue price of RM0.22 per Special Issue Share on the basis of one (1) Warrant for every two (2) new ordinary shares ("Special Issue"); and

iii) 362,500,000 new ordinary shares together with 181,250,000 Warrants on the basis of one (1) Warrant for every two (2) new ordinary shares ("Consideration Shares") as partial satisfaction of the acquisition of OGPC Sdn. Bhd. and OGPC O & G Sdn. Bhd. as subsidiaries ("Acquisitions") as disclosed in Note 25 to the financial statements.

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

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employee's Share Option Scheme ("ESOS").

At an extraordinary general meeting held on 27 January 2016, the Company's shareholders approved the establishment of an ESOS of up to 5% of the issued and paid-up share capital of the Company, to eligible Directors and employees of the Company and of its subsidiaries ("Eligible Persons"). A total of 38,329,400 ESOS options at an exercise price of RM0.245 each were offered to Eligible Persons as defined in the ESOS By-Laws to subscribe for new ordinary shares of RM0.20 each in the Company under its ESOS.

The salient features of the above ESOS are, inter alia, as follows:

i) The ESOS shall be in force for a period of five (5) years from the implementation date of 25 August 2016. The unexercised ESOS will become null and void after the date of expiry on 24 August 2021.

ii) Subject to compliance with the Listing Requirements, guidelines or directives issued by Bursa Malaysia Securities Berhad and/or any of the relevant authorities, the Company may at any time during the duration of the ESOS terminate the ESOS and shall immediately announce to Bursa Malaysia Securities Berhad the effective date, number of ESOS and reasons for the termination.

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

The options offered to take up unissued ordinary shares RM0.20 each and the exercise price is as follows:

		Number of options over ordinary shares of RM0.20 each				
Date of offer	**Exercise Price**	**At 1.1.2016**	**Granted**	**Exercised**	**Forfeited**	**At 31.12.2016**
14 September 2016	RM0.245	-	38,329,400	-	(20,900)	38,308,500

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of holders to whom options have been granted to subscribe for less than 500,000 ordinary shares of RM0.20 each. The names of options holders granted options to subscribe for 500,000 or more ordinary shares of RM0.20 each during the financial year, other than directors whose details disclosed in the section on Directors' Interests in this report, are as follows:-

Name	**Expiry date**	**Number of share option granted**
Abdul Manaf bin Shariff	24 August 2021	1,500,000
Azman bin Karim	24 August 2021	1,500,000
Khoo Kok Seng	24 August 2021	1,500,000
Lim Kek Siang	24 August 2021	1,500,000
Mohd Hasery bin Abu Bakar	24 August 2021	750,000
Zahid bin Mohammad Sham	24 August 2021	750,000
Asvinder Kaur A/P Asha Singh	24 August 2021	500,000
Basyirah binti Anuar	24 August 2021	500,000
Chong Yoke Ching	24 August 2021	500,000
Fazilah binti Md Dahan	24 August 2021	500,000
Gunendran A/L Veerappan	24 August 2021	500,000
Jasbendarjit Kaur A/P Mejor Singh	24 August 2021	500,000
S Chandra Bogar A/L Samuel Swamiadian	24 August 2021	500,000
S. Marsita binti S. Kasim	24 August 2021	500,000
Samsuri bin Ishak	24 August 2021	500,000
Wan Ahmad Syatibi B Wan Abd Manan	24 August 2021	500,000
Zaridan bin Ridzuan	24 August 2021	500,000

WARRANTS 2016/2021

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

During the financial year, a total of 711,396,809 Warrants were issued by the Company as follows:

(a) 465,146,809 Warrants pursuant to the Rights Issue;

(b) 65,000,000 Warrants pursuant to the Special Issue; and

(c) 181,250,000 Warrants pursuant to the Acquisitions.

WARRANTS 2016/2021 (CONTNUED)

The salient features of the Warrants are as follows:

i) Each Warrant entitles the registered holder ("Warrant holders") to subscribe for new ordinary shares of RM0.20 each in the Company at the exercise price of RM0.50, which may be exercised at any time from the date of issuance to the close of business on the market day immediately preceding the date which is the fifth anniversary from the date of the issuance of Warrants which falls on 30 July 2021 ("Exercise Period").

ii) Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.

iii) Warrant holders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and shares allocated and issued upon exercise shall rank pari-passu in all respects with the then existing shares of the Company, and shall be entitled for any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

iv) The Warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrant holders exercise their warrants for new shares in the Company.

v) The Deed Poll and accordingly the Warrants, are governed by and shall be construed in accordance with the laws of Malaysia.

The movements of the Warrants since the listing and quotation thereof is as follows:

	Entitlement for ordinary shares of the RM0.20 each			
	At 1.1.2016	**Issued**	**Exercised**	**At 31.12.2016**
Number of unexercised Warrants	-	711,396,809	-	711,396,809

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

OTHER STATUTORY INFORMATION (CONTINUED)

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

The significant events are disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to accept re-appointment.

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

Datuk Samsul Husin

Rosli Abdullah

Kuala Lumpur,
Date: 20 February 2017

Statements of Financial Position
at 31 December 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Assets					
Property, plant and equipment	3	**32,255**	21,250	**237**	28
Goodwill	4	**49,740**	1,636	**-**	-
Intangible assets	5	**49,031**	3,553	**-**	-
Investments in subsidiaries	6	**-**	-	**204,273**	69,975
Investments in associates	7	**177,010**	-	**-**	-
Other investments	8	**4,674**	4,172	**-**	-
Trade and other receivables	10	**-**	985	**-**	-
Total non-current assets		**312,710**	31,596	**204,510**	70,003
Inventories	9	**649**	-	**-**	-
Trade and other receivables	10	**68,610**	93,657	**899**	13,654
Amount due from subsidiaries	11	**-**	-	**76,373**	15,454
Tax recoverable		**3,216**	1,916	**1,000**	1,727
Cash and cash equivalents	12	**72,283**	46,120	**11,241**	2,290
Total current assets		**144,758**	141,693	**89,513**	33,125
Total assets		**457,468**	173,289	**294,023**	103,128
Equity					
Share capital	13	**346,578**	155,049	**346,578**	155,049
Warrant reserve	13	**5,691**	-	**5,691**	-
Share option reserve	13	**2,415**	-	**2,415**	-
Translation reserve	13	**11,811**	(54)	**-**	-
Retained earnings/(Accumulated losses)		**37,044**	(53,995)	**(83,628)**	(70,721)
Total equity attributable to owners of the Company		**403,539**	101,000	**271,056**	84,328
Non-controlling interests	14	**(1,884)**	(747)	-	-
Total equity		**401,655**	100,253	**271,056**	84,328
Liabilities					
Deferred tax liabilities	15	**12,056**	658	**-**	-
Borrowing	16	**-**	1,541	**-**	-
Total non-current liabilities		**12,056**	2,199	**-**	-
Trade and other payables	17	**42,059**	50,733	**11,336**	3,452
Borrowing	16	**-**	18,495	**-**	-
Amount due to subsidiaries	11	**-**	-	**11,631**	15,348
Tax payable		**1,698**	1,609	**-**	-
Total current liabilities		**43,757**	70,837	**22,967**	18,800
Total liabilities		**55,813**	73,036	**22,967**	18,800
Total equity and liabilities		**457,468**	173,289	**294,023**	103,128

The notes on pages 94 to 148 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Revenue	18	**178,455**	95,550	**44,823**	1,200
Cost of sales		**(96,345)**	(22,191)	**-**	-
Gross profit		**82,110**	73,359	**44,823**	1,200
Sales and marketing expenses		**(2,975)**	(2,203)	**-**	-
Administrative expenses		**(7,919)**	(5,673)	**(1,111)**	(724)
Other operating expenses		**(55,112)**	(45,117)	**(28,407)**	(11,910)
Other operating income	19	**3,071**	2,866	**13,604**	12,083
Results from operating activities		**19,175**	23,232	**28,909**	649
Finance costs	20	**(890)**	(1,449)	**(770)**	(264)
Finance income	20	**233**	1,644	**1,659**	215
Share of results in associates, net of tax		**123,535**	-	**-**	-
Profit before tax	21	**142,053**	23,427	**29,798**	600
Zakat		**(450)**	(359)	**-**	-
Tax expense	22	**(9,377)**	(7,243)	**(1)**	-
Profit for the year		**132,226**	15,825	**29,797**	600
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		**345**	(54)	**-**	-
Share of other comprehensive income of associates		**11,520**	-	**-**	-
Other comprehensive income for the year, net of tax		**11,865**	(54)	**-**	-
Total comprehensive income for the year		**144,091**	15,771	**29,797**	600
Profit attributable to:					
Owners of the Company		**133,743**	11,226	**29,797**	600
Non-controlling interests		**(1,517)**	4,599	**-**	-
Profit for the year		**132,226**	15,825	**29,797**	600
Total comprehensive income attributable to:					
Owners of the Company		**145,608**	11,188	**29,797**	600
Non-controlling interests		**(1,517)**	4,583	**-**	-
Total comprehensive income for the year		**144,091**	15,771	**29,797**	600
Earnings per ordinary share (sen)	23				
- Basic		**11.49**	1.45		
- Diluted		**11.49**	1.45		

The notes on pages 94 to 148 are an integral part of these financial statements.

Statements of Changes in Equity

for the year ended 31 December 2016

	← Attributable to the owners of the Company →								
	← Non-distributable →					Distributable			
Group	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Share option reserve RM'000	Translation reserve RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2015	155,049	-	-	-	-	(68,859)	86,190	21,996	108,186
Profit for the year	-	-	-	-	-	11,226	11,226	4,599	15,825
Foreign currency translation differences for foreign operations	-	-	-	-	(54)	-	(54)	-	(54)
Total comprehensive income for the year	-	-	-	-	(54)	11,226	11,172	4,599	15,771
Contributions by and distribution to owners of the Company									
- Dividend paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	(300)	(300)
- Effect of acquisition of subsidiaries	-	-	-	-	-	-	-	(117)	(117)
- Selective capital reduction and repayment	-	-	-	-	-	-	-	(23,287)	(23,287)
	-	-	-	-	-	-	-	(23,704)	(23,704)
Changes in a subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	-	3,638	3,638	(3,638)	-
Total transactions with owners of the Company	-	-	-	-	-	3,638	3,638	(27,342)	(23,704)
At 31 December 2015/ 1 January 2016	**155,049**	**-**	**-**	**-**	**(54)**	**(53,995)**	**101,000**	**(747)**	**100,253**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**133,743**	**133,743**	**(1,517)**	**132,226**
Foreign currency translation differences for foreign operations	**-**	**-**	**-**	**-**	**345**	**-**	**345**	**-**	**345**
Share of other comprehensive income of associates	**-**	**-**	**-**	**-**	**11,520**	**-**	**11,520**	**-**	**11,520**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**11,865**	**133,743**	**145,608**	**(1,517)**	**144,091**
Contributions by and distribution to owners of the Company									
- Issuance of shares									
- Effect of issuance of Rights Issue	**93,029**	**930**	**3,721**	**-**	**-**	**-**	**97,680**	**-**	**97,680**
- Effect of issuance of Special Issue	**26,000**	**2,080**	**520**	**-**	**-**	**-**	**28,600**	**-**	**28,600**
- Effect of acquisition of subsidiaries	**72,500**	**-**	**1,450**	**-**	**-**	**(26,277)**	**47,673**	**-**	**47,673**
- Share issue expenses	**-**	**(3,010)**	**-**	**-**	**-**	**-**	**(3,010)**	**-**	**(3,010)**
- Issue of share of a subsidiary to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**380**	**380**
- Share options expenses	**-**	**-**	**-**	**2,415**	**-**	**-**	**2,415**	**-**	**2,415**
- Dividends to owners of the Company	**-**	**-**	**-**	**-**	**-**	**(16,427)**	**(16,427)**	**-**	**(16,427)**
Total transactions with owners of the Company	**191,529**	**-**	**5,691**	**2,415**	**-**	**(42,704)**	**156,931**	**380**	**157,311**
At 31 December 2016	**346,578**	**-**	**5,691**	**2,415**	**11,811**	**37,044**	**403,539**	**(1,884)**	**401,655**
	Note 13		Note 13	Note 13	Note 13			Note 14	

Company	Note	Attributable to the owners of the Company					
		Non-distributable					
		Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Share option reserve RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 January 2015		155,049	-	-	-	(71,321)	83,728
Profit for the year		-	-	-	-	600	600
Total comprehensive income for the year		-	-	-	-	600	600
At 31 December 2015/ 1 January 2016		**155,049**	**-**	**-**	**-**	**(70,721)**	**84,328**
Profit for the year		**-**	**-**	**-**	**-**	**29,797**	**29,797**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**29,797**	**29,797**
Contributions by and distribution to owners of the Company							
- Issuance of shares							
- Effect of issuance of Rights Issue		**93,029**	**930**	**3,721**	**-**	**-**	**97,680**
- Effect of issuance of Special Issue		**26,000**	**2,080**	**520**	**-**	**-**	**28,600**
- Effect of acquisition of subsidiaries		**72,500**	**-**	**1,450**	**-**	**(26,277)**	**47,673**
- Share issue expenses		**-**	**(3,010)**	**-**	**-**	**-**	**(3,010)**
- Share options expenses		**-**	**-**	**-**	**2,415**	**-**	**2,415**
- Dividends to owners of the Company	24	**-**	**-**	**-**	**-**	**(16,427)**	**(16,427)**
Total transactions with owners of the Company		**191,529**	**-**	**5,691**	**2,415**	**(42,704)**	**156,931**
At 31 December 2016		**346,578**	**-**	**5,691**	**2,415**	**(83,628)**	**271,056**
		Note 13		Note 13	Note 13		

The notes on pages 94 to 148 are an integral part of these financial statements.

Statements of Cash Flows
for the year ended 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from operating activities					
Dividends received from investees		**-**	-	**46,023**	-
Management fee received from subsidiaries		**-**	-	**9,147**	11,088
Cash receipts from customers		**195,399**	112,977	**-**	-
Cash payments to suppliers		**(76,176)**	(25,800)	**-**	(175)
Cash payments to employees and for expenses		**(51,750)**	(56,637)	**(13,203)**	(13,229)
Cash flows generated from/(used in) operating activities		**67,473**	30,540	**41,967**	(2,316)
Net taxation		**(12,638)**	(9,204)	**726**	-
Interest and other income received		**-**	-	**11**	215
Zakat paid		**(432)**	(359)	**-**	-
Net cash generated from/(used in) operating activities		**54,403**	20,977	**42,704**	(2,101)
Cash flows from investing activities					
Advances to subsidiaries		**-**	-	**(119,378)**	(17,191)
Interest received		**233**	1,644	**1,648**	-
Proceeds from disposal of property, plant and equipment		**7**	6	**-**	3
Purchase of property, plant and equipment, and intangible assets		**(5,927)**	(18,385)	**(315)**	-
Acquisition of subsidiaries		**(57,411)**	(1,377)	**(79,520)**	(1,477)
Acquisition of investment		**(37,965)**	-	**-**	-
Deposit for acquisition of investments		**(1,246)**	(7,621)	**-**	-
Capital repayment by a subsidiary to non-controlling interests		**(23,287)**	-	**-**	-
Net cash used in investing activities		**(125,596)**	**(25,733)**	**(197,565)**	**(18,665)**
Cash flows from financing activities					
Drawdown of bank borrowings		**26,330**	-	**-**	-
Proceeds from issuance of ordinary shares		**126,281**	-	**126,281**	-
Dividend paid to owner of the Company		**(7,753)**	-	**(7,753)**	-
Dividend paid by a subsidiary to non-controlling interests		**(300)**	-	**-**	-
Interest paid		**(835)**	(1,458)	**(770)**	(264)
Decrease/(Increase) in pledged deposits and restricted cash		**3,565**	(2,001)	**-**	-
Payment from subsidiary companies		**-**	-	**46,054**	21,528
Repayment of borrowing		**(46,367)**	(18,494)	**-**	-
Net cash generated from/(used in) financing activities		**100,921**	(21,953)	**163,812**	21,264
Net change in cash and cash equivalents		**29,728**	(26,709)	**8,951**	498
Cash and cash equivalents at 1 January		**36,901**	63,610	**2,290**	1,792
Cash and cash equivalents at 31 December	(i)	**66,629**	36,901	**11,241**	2,290

NOTES TO THE STATEMENTS OF CASH FLOWS

i) Cash and cash equivalents

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

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Current				
Restricted and pledged				
- Cash and bank balances	**-**	8,169	**-**	-
- Deposits with licensed banks	**5,654**	1,050	**-**	-
	5,654	9,219	**-**	-
Unrestricted				
- Cash and bank balances	**28,637**	10,755	**2,563**	2,290
- Deposits with licensed banks	**37,992**	15,180	**8,678**	-
- Short-term investments	**-**	10,966	**-**	-
	66,629	36,901	**11,241**	2,290
	72,283	46,120	**11,241**	2,290
Less: Cash and cash equivalents pledged as security	**(5,654)**	(9,219)	**-**	-
	66,629	36,901	**11,241**	2,290

The notes on pages 94 to 148 are an integral part of these financial statements.

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

Registered office and principal place of business
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 20 February 2017.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 14 Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101: Disclosure Initiative
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants
Amendments to MFRS 127: Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012 – 2014 Cycle

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

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018*
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
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments) (continued)	Effective Date
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

* *Entities that meet the specific criteria in MFRS 4.20B may choose to defer the application of MFRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

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

(i) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is in the process of making an assessment of the financial impact arising from the adoption of MFRS 9 and the extent of the impact has not been determined.

(ii) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purpose of this accounting standard. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

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

(i) Revenue

The Group's contract for the implementation of National Single Window ("NSW") will be ending in September 2018. Thus, there can be no assurance that the Group will be able to continue to enjoy similar level of revenue when the NSW contract expires.

(ii) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Business combinations

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

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

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

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

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

(v) Associates

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vi) Non-controlling interests

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

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

(vii) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

Foreign currency differences arising from retranslation are recognised in profit or loss, except for differences arising from the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

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

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

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

(c) Financial instruments

(i) Initial recognition and measurement

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

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

Financial assets (continued)

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(i)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as 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) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or 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 and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leased assets

Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

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

(f) Intangible assets

(i) Goodwill

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

(ii) Research and development

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

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

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets, comprises licences and customer bases, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (continued)

(v) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives of capitalised development costs, software and licence and software are 3 - 6 years respectively.

(g) Inventories

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

The cost of raw materials and trading merchandise comprise the original purchase price plus cost of bringing them to their present location and condition. The cost of work-in-progress and finished goods, comprise the cost of raw materials, direct labour and a proportion of the production overheads.

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

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits and restricted cash.

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investments in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised.Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment (continued)

(i) Financial assets (continued)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(k) Warrants

Amount allocated in relation to the issuance of warrants are credited to the warrant reserve which is non-distributable. The warrant reserve is transferred to the share premium account upon the exercise of the warrants and the warrant reserve in relation to the unexercised warrants at the expiry of the warrant period will be transferred to the retained earnings.

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to the statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Share-based payment transactions

The fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the fair value of the share-based payment at grant date is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share option is measured using a binomial option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends and risk-free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Employee benefits (continued)

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(n) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(vi) Deferred income

Revenue invoiced in advance is deferred and recognised as revenue upon provision of the service.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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

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

(p) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply 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 amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. 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 assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

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

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise warrants and share options granted to employees.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Deputy Chairman of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(s) Contingent liabilities

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

(t) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However this does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Office renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
At 1 January 2015	-	-	3,879	12,580	-	2,037	43,458	953	62,907
Acquisitions through business combinations	-	-	2	-	-	11	2	-	15
Additions	-	-	17	15,453	-	10	532	174	16,186
Disposals	-	-	-	-	-	-	(108)	-	(108)
Written off	-	-	(15)	-	-	(78)	(3,101)	-	(3,194)
Reclassifications	-	-	194	-	-	-	-	(194)	-
At 31 December 2015/1 January 2016	**-**	**-**	**4,077**	**28,033**	**-**	**1,980**	**40,783**	**933**	**75,806**
Acquisitions through business combinations (Note 25)	**7,669**	**2,539**	**1,636**	**-**	**1,763**	**1,737**	**369**	**-**	**15,713**
Additions	**-**	**-**	**440**	**134**	**411**	**182**	**1,097**	**2,670**	**4,934**
Disposals	**-**	**-**	**-**	**-**	**-**	**(10)**	**(27)**	**-**	**(37)**
Written off	**-**	**-**	**-**	**-**	**-**	**-**	**(935)**	**-**	**(935)**
Reclassifications	**-**	**-**	**47**	**(20)**	**-**	**20**	**744**	**(791)**	**-**
Adjustment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4)**	**(4)**
At 31 December 2016	**7,669**	**2,539**	**6,200**	**28,147**	**2,174**	**3,909**	**42,031**	**(2,808)**	**95,477**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)	Freehold land RM'000	Buildings RM'000	Office renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment loss									
At 1 January 2015									
Accumulated depreciation	-	-	3,537	5,545	-	1,385	33,487	-	43,954
Accumulated impairment loss	-	-	-	4,810	-	-	-	-	4,810
	-	-	3,537	10,355	-	1,385	33,487	-	48,764
Depreciation charge	-	-	164	1,449	-	151	7,306	-	9,070
Disposals	-	-	-	-	-	-	(100)	-	(100)
Written off	-	-	(13)	-	-	(67)	(3,098)	-	(3,178)
At 31 December 2015/ 1 January 2016									
Accumulated depreciation	**-**	**-**	**3,688**	**6,994**	**-**	**1,469**	**37,595**	**-**	**49,746**
Accumulated impairment loss	**-**	**-**	**-**	**4,810**	**-**	**-**	**-**	**-**	**4,810**
	-	**-**	**3,688**	**11,804**	**-**	**1,469**	**37,595**	**-**	**54,556**
Acquisitions through business combinations (Note 25)	**-**	**808**	**393**	**-**	**1,763**	**501**	**123**	**-**	**3,588**
Depreciation charge	**-**	**108**	**267**	**1,937**	**84**	**220**	**3,423**	**-**	**6,039**
Disposals	**-**	**-**	**-**	**-**	**-**	**(2)**	**(24)**	**-**	**(26)**
Written off	**-**	**-**	**-**	**-**	**-**	**-**	**(935)**	**-**	**(935)**
At 31 December 2016									
Accumulated depreciation	**-**	**916**	**4,348**	**8,931**	**1,847**	**2,188**	**40,182**	**-**	**58,412**
Accumulated impairment loss	**-**	**-**	**-**	**4,810**	**-**	**-**	**-**	**-**	**4,810**
	-	**916**	**4,348**	**13,741**	**1,847**	**2,188**	**40,182**	**-**	**63,222**
Carrying amounts									
At 1 January 2015	-	-	342	2,225	-	652	9,971	953	14,143
At 31 December 2015/ 1 January 2016	-	-	389	16,229	-	511	3,188	933	21,250
At 31 December 2016	**7,669**	**1,623**	**1,852**	**14,406**	**327**	**1,721**	**1,849**	**2,808**	**32,255**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Office renovations RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Total RM'000
Cost					
At 1 January 2015	13	-	116	381	510
Disposal	-	-	-	(5)	(5)
Written off	(13)	-	(41)	(294)	(348)
At 31 December 2015/1 January 2016	**-**	**-**	**75**	**82**	**157**
Additions	**-**	**308**	**-**	**7**	**315**
At 31 December 2016	**-**	**308**	**75**	**89**	**472**
Accumulated depreciation					
At 1 January 2015	13	-	109	328	450
Depreciation charge	-	-	3	26	29
Disposal	-	-	-	(2)	(2)
Written off	(13)	-	(41)	(294)	(348)
At 31 December 2015/1 January 2016	**-**	**-**	**71**	**58**	**129**
Depreciation charge	**-**	**77**	**2**	**27**	**106**
At 31 December 2016	**-**	**77**	**73**	**85**	**235**
Carrying amounts					
At 1 January 2015	-	-	7	53	60
At 31 December 2015/1 January 2016	-	-	4	24	28
At 31 December 2016	**-**	**231**	**2**	**4**	**237**

4. GOODWILL

	Group	
	2016 RM'000	**2015 RM'000**
Cost		
1 January	**1,636**	-
Acquisitions through business combinations (Note 25)	**48,104**	1,636
31 December	**49,740**	1,636

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:

	Group	
	2016 RM'000	**2015 RM'000**
OGPC Sdn.Bhd. and OGPC O & G Sdn.Bhd. ("OGPC Group")	**48,104**	-
Other cash-generating units	**1,636**	1,636
	49,740	1,636

(b) The Group has assessed the recoverable amounts of goodwill allocated and determined the no impairment is required. The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:

	Average Budgeted Gross Margin 2017 - 2021	**Average Growth Rate 2017 - 2021**	**Discount Rate 2017 - 2021**	**Terminal Growth Rate 2017 - Infinity**
OGPC Group	29.00%	5.68%	12.50%	0%

The key assumptions represent management's assessment based on past operating results and management's expectations of market conditions and assessment of future trends derived from both external and internal sources.

Management has determined the average budgeted gross profit margin and weighted average growth rate based on past performance and its expectation of market development. The discount rate used are computed based on the weighted average cost of capital of the industry that the Group operates in.

(c) Sensitivity to changes in assumptions

The management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the goodwill to be materially higher than its recoverable amount.

5. INTANGIBLE ASSETS

Group	Software in progress RM'000	Software RM'000	Development expenditure RM'000	License and others RM'000	Total RM'000
Cost					
At 1 January 2015	1,716	22,561	315	-	24,592
Additions	1,314	70	-	-	1,384
Written off	-	(8,298)	-	-	(8,298)
Adjustment	(9)	-	-	-	(9)
At 31 December 2015/1 January 2016	**3,021**	**14,333**	**315**	**-**	**17,669**
Acquisitions through business combinations (Note 25)	**-**	**-**	**-**	**48,106**	**48,106**
Additions	**828**	**259**	**-**	**-**	**1,087**
Written off	**-**	**(153)**	**-**	**-**	**(153)**
Reclassification	**(636)**	**636**	**-**	**-**	**-**
At 31 December 2016	**3,213**	**15,075**	**315**	**48,106**	**66,709**
Accumulated amortisation and impairment loss					
At 1 January 2015					
Accumulated amortisation	-	21,137	315	-	21,452
Accumulated impairment loss	-	192	-	-	192
	-	21,329	315	-	21,644
Amortisation for the year	-	770	-	-	770
Written off	-	(8,298)	-	-	(8,298)
At 31 December 2015/1 January 2016					
Accumulated amortisation	**-**	**13,609**	**315**	**-**	**13,924**
Accumulated impairment loss	**-**	**192**	**-**	**-**	**192**
	-	**13,801**	**315**	**-**	**14,116**
Amortisation for the year	**-**	**934**	**-**	**2,781**	**3,715**
Written off	**-**	**(153)**	**-**	**-**	**(153)**
At 31 December 2016					
Accumulated amortisation	**-**	**14,390**	**315**	**2,781**	**17,486**
Accumulated impairment loss	**-**	**192**	**-**	**-**	**192**
At 31 December 2016	**-**	**14,582**	**315**	**2,781**	**17,678**
Carrying amounts					
At 1 January 2015	1,716	1,232	-	-	2,948
At 31 December 2015/1 January 2016	3,021	532	-	-	3,553
At 31 December 2016	**3,213**	**493**	**-**	**45,325**	**49,031**

5. INTANGIBLE ASSETS (CONTINUED)

Company	Software RM'000
Cost	
At 1 January 2015	448
Written off	(439)
At 31 December 2015/1 January 2016/31 December 2016	9
Accumulated amortisation	
At 1 January 2015	448
Written off	(439)
At 31 December 2015/1 January 2016/31 December 2016	9
Carrying amounts	
At 1 January 2015	-
At 31 December 2015/1 January 2016/31 December 2016	-

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM'000	**2015 RM'000**
At cost		
Unquoted shares	**249,668**	112,475
Less: Impairment loss	**(45,395)**	(42,500)
	204,273	69,975

The movements in the allowance for impairment losses of investments in subsidiaries during the financial year were:

	Company	
	2016 RM'000	**2015 RM'000**
At 1 January	**42,500**	42,500
Impairment loss recognised	**2,895**	-
At 31 December	**45,395**	42,500

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal of business/ country of incorporation	Principal activities	Effective Ownership Interest 2016 %	Effective Ownership Interest 2015 %
Information Technology				
Dagang Net Technologies Sdn. Bhd.	Malaysia	Development, management and provision of business to government (B2G) e-commerce and computerised transaction facilitation services.	**100**	100
DNeX RFID Sdn. Bhd. *	Malaysia	Research and development, design, manufacturing and trading of radio-frequency technology.	**51**	51
Global eCommerce Limited *(formerly known as Global Energy Corp Limited)*	Federal Territory of Labuan, Malaysia	Yet to commence business.	**100**	30
DNeX Solutions Sdn. Bhd.	Malaysia	Providing expertise in IT project management and consultancy, supply of (ICT) hardware equipment, maintenance and asset management.	**100**	100
DNeX Technology Sdn. Bhd.	Malaysia	Providing IT solutions, cyber security, managed services and supply of computer hardware, software and peripherals.	**100**	100
DNeXPORT Sdn. Bhd.	Malaysia	Providing technical consultancy, implementation, training, maintenance and technical support services related to eBusiness and the operation of business to business (B2B) eCommerce portal.	**80**	80
DNeX GIS Sdn. Bhd.**	Malaysia	Yet to commence business.	**41**	-

* *The subsidiaries interest are held under Dagang Net Technologies Sdn. Bhd.*
** *The subsidiary's interest is held under DNeXPORT Sdn. Bhd.*

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal place of business/ country of incorporation	Principal activities	Effective Ownership Interest 2016 %	Effective Ownership Interest 2015 %
Energy				
DNeX Petroleum Sdn. Bhd.	Malaysia	Providing upstream oil and gas exploration and production.	**100**	100
DNeX Oilfield Services Sdn. Bhd.	Malaysia	Involved in oil and gas oilfield services including supplies of products and equipment.	**80**	80
Forward Energy Sdn. Bhd.	Malaysia	Involved in power plant, engineering and energy related business specifically in the area of Independent Power Producer (IPP).	**51**	51
Solution Power Matrix Sdn. Bhd. ^#	Malaysia	Design, develop, construct, operation and maintenance of power plant in Malaysia.	**31**	31
Forward Energy Ltd. ^	Federal Territory of Labuan, Malaysia	Holding of off-shore investments involved in power plant.	**51**	51
Forward Energy Generation Ltd. ^	Federal Territory of Labuan, Malaysia	Design, develop, construct, operation and maintenance of power plant.	**51**	51
OGPC Sdn. Bhd.	Malaysia	Sale of oil and gas related equipment, provision of engineering and technical support services for the oil and gas industry.	**100**	-
OGPC O & G Sdn. Bhd.	Malaysia	Sale of oil and gas related equipment, provision of engineering and technical support services for the oil and gas industry.	**100**	-

^ *The subsidiaries interest are held under Forward Energy Sdn. Bhd.*
\# *This subsidiary was audited by other firm of chartered accountants.*

The Company assessed the recoverable amount of the investments in the subsidiaries and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying amount. The recoverable amount of the cash-generating unit is determined using the fair value less costs to sell approach, and this is derived from the net assets position of the respective subsidiaries as at end of the reporting period.

During the financial year, the Company has carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. A total impairment loss of RM2,895,000 (2015:RMNil) representing the write-down of the investments to their recoverable amount was recognised in "other operating expenses" line item of the statements of profit or loss and other comprehensive income.

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	2016 RM'000	2015 RM'000
NCI percentage of ownership interest and voting interest		
- DNeX RFID Sdn. Bhd.	**49.00%**	49.00%
- DNeXPORT Sdn. Bhd.	**20.00%**	20.00%
- DNeX Oilfield Services Sdn. Bhd.	**20.00%**	20.00%
- Forward Energy Sdn. Bhd. and its subsidiaries	**49.00%**	49.00%
Carrying amount of NCI	**(1,884)**	(747)
(Loss)/Profit allocated to NCI	**(1,517)**	4,599

Summarised financial information before intra-group elimination

	DNeX RFID Sdn. Bhd.		DNeXPORT Sdn. Bhd.		DNeX Oilfield Services Sdn. Bhd.		Forward Energy Sdn. Bhd. and its subsidiaries	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
As at 31 December								
Non-current assets	**232**	-	**610**	706	**12,697**	14,037	**4,676**	4,175
Current assets	**23,896**	7,092	**3,592**	5,028	**4,876**	1,378	**1,180**	321
Non-current liabilities	**-**	-	**-**	-	**-**	-	**-**	(158)
Current liabilities	**(24,187)**	(8,550)	**(1,538)**	(3,259)	**(22,192)**	(14,762)	**(8,498)**	(5,350)
Net assets	**(59)**	(1,458)	**2,664**	2,475	**(4,619)**	653	**(2,642)**	(1,012)
Year ended 31 December								
Revenue	**34,079**	-	**2,019**	2,917	**2,190**	3,229	**-**	-
Profit/(Loss) for the year	**1,398**	(1,458)	**189**	1,001	**(7,172)**	553	**(2,038)**	(734)
Total comprehensive income/(loss)	**1,398**	(1,458)	**189**	1,001	**(7,172)**	553	**(2,622)**	(788)
Net cash flows (used in)/generated from operating activities	**(10,781)**	(8,566)	**(409)**	2,982	**(2,601)**	1,420	**(1,852)**	(856)
Net cash flows used in investing activities	**(260)**	-	**(92)**	(288)	**(670)**	(15,486)	**(1,246)**	(3,898)
Net cash flows generated from/ (used in) financing activities	**11,072**	8,601	**(1,215)**	(1,087)	**3,309**	14,154	**2,818**	5,035
Dividends paid to NCI	**-**	-	**-**	300	**-**	-	**-**	-

7. INVESTMENTS IN ASSOCIATES

	Group	
	2016 RM'000	2015 RM'000
At carrying amount		
Unquoted shares		
- outside Malaysia	**-**	-
- at cost	**41,955**	-
- share of pre-acquisition gain of excess fair value	**89,669**	-
Share of post-acquisition profits	**33,866**	-
Share of post-acquisition other comprehensive income	**11,520**	-
	177,010	-

Details of the associates are as follows:

Name of associate	Principal place of business/ country of incorporation	Principal activities	Effective Ownership Interest 2016 %	2015 %
Ping Petroleum Limited	Bermuda	Exploration, development and production of crude oil and natural gas.	**30**	-
Global eCommerce Limited *(formerly known as Global Energy Corp. Limited)*	Federal Territory of Labuan, Malaysia	Yet to commence business.	**-**	30

The Group had not recognised losses relating to Global eCommerce Limited (formerly known as Global Energy Corp. Limited) as at the end of the previous reporting period, where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the previous reporting period was RM293,679 of which RM36 was the share of the previous financial year's losses. The Group had no obligation in respect of these losses.

7. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	Ping Petroleum Limited 2016 RM'000
Group	
Summarised financial information	
As at 31 December	
Non-current assets	**1,007,129**
Current assets	**200,806**
Non-current liabilities	**(511,239)**
Current liabilities	**(106,487)**
Net assets	**590,209**
Year ended 31 December	
Revenue	**114,169**
Profit for the year	**112,887**
Other comprehensive income	**-**
Total comprehensive income	**112,887**
Reconciliation of net assets to carrying amount as at 31 December	
Group's share of net assets/carrying amount in the statement of financial position	**177,010**
Group's share of results for the year ended 31 December	
Group's share of profit for the year	**33,866**
Group's share of excess of entity's share of net fair value of the identifiable assets and liabilities over its cost of investment through business combinations	**89,669**
Group's share of other comprehensive income	**11,520**
Group's share of total comprehensive income	**135,055**

8. OTHER INVESTMENTS

	Group	
	2016 RM'000	2015 RM'000
Unquoted shares outside Malaysia, at cost	**4,674**	4,172

Investment in unquoted shares of the Group are designated as available-for-sale financial assets but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

9. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
At cost		
Trading merchandise in transit	**649**	-
Recognised in profit or loss:		
Inventories recognised as cost of sales	**16,855**	-

10. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current					
Trade					
Trade receivables	10.1	**-**	1,025	**-**	-
Less: Fair value adjustment		**-**	(40)	**-**	-
		-	985	**-**	-
Current					
Trade					
Trade receivables	10.1	**53,493**	43,717	**-**	-
Less: Impairment loss		**(5,130)**	(1,149)	**-**	-
		48,363	42,568	**-**	-
Prepayments	10.2	**5,256**	3,743	**-**	-
		53,619	46,311	**-**	-
Non-trade					
Other receivables	10.3	**10,959**	40,294	**1,258**	12,720
Amount due from associates	10.4	**-**	1,066	**-**	1,066
Less: Impairment loss		**(520)**	(304)	**(406)**	(140)
		10,439	41,056	**852**	13,646
Prepayments		**4,552**	6,290	**47**	8
		14,991	47,346	**899**	13,654
		68,610	93,657	**899**	13,654
		68,610	94,642	**899**	13,654

10.1 Included in trade receivables of the Group in the previous financial year was an amount of RM23,993,806 owing by a receivable that was collected over 13 months.

10.2 Included in prepayments is an amount of RM5,256,000 (2015: RM3,742,990) for future services paid in advance to a supplier.

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

10.3 Included in other receivables of the Group in the previous financial year was an amount of RM17,894,000 for system integration projects which was pending users' testing and fulfilment to recover the services from customers.

Included in other receivables of the Group is a cash collateral of RM2,257,713 (2015: RM2,257,713) paid for the Vehicle Entry Permit (VEP) contract.

Included in other receivables of the Group and of the Company are amounts of RM956,000 (2015: RM13,728,000) and RMNil (2015: RM10,000,000) respectively for initial deposits paid for the acquisitions of investments.

During the year, the Group and the Company have written off receivables of RM102,978 (2015: RM33,700) and RM102,978 (2015: RM33,700) respectively against impairment loss.

10.4 Amount due from associates in the previous financial year was unsecured, interest charged at 4% per annum and was settled in cash.

11. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries consist of the following:

	Company	
	2016 RM'000	**2015 RM'000**
Amount due from subsidiaries		
- Non-trade	**87,249**	15,454
Less : Impairment loss	**(10,876)**	-
	76,373	15,454
Amount due to subsidiaries		
- Trade	**(13)**	(302)
- Non-trade	**(11,618)**	(15,046)
	(11,631)	(15,348)

The trade amount due to subsidiaries is subject to the normal trade terms.

Certain inter-company advances bear interest at 4% (2015 – 4%) per annum with no fixed repayment terms.

Amount due from subsidiaries that are individually determined to be impaired relate to subsidiaries that have been suffering continuous financial losses.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Current				
Deposits with licensed banks	**43,646**	16,230	**8,678**	-
Short-term investments	**-**	10,966	**-**	-
Cash and bank balances	**28,637**	18,924	**2,563**	2,290
	72,283	46,120	**11,241**	2,290

12. CASH AND CASH EQUIVALENTS (CONTINUED)

Included in cash and cash equivalents of the Group are:

i) Bank balance in the previous financial year of RM8,169,376 which was restricted and held in an Escrow Account whereby part of the proceeds from a receivable was used to repay to lenders that have granted credit facilities to a subsidiary.

ii) Included in deposits with licensed banks of the Group is an amount of RM5,654,000 (2015: RM1,050,000) which was pledged to banks for credit facilities.

iii)

	Group	
	2016 RM'000	**2015 RM'000**
Fixed income trust fund, at fair value	**-**	10,966
At market value	**-**	10,966

The short-term investments in fixed income trust fund in the previous financial year represented investments in highly liquid money market, which was readily convertible to a known amount of cash and had insignificant risk of changes in value. The fixed income trust fund bore effective interest rates ranging from 3.44% to 4.18% per annum. This investment was designated as fair value through profit or loss and was measured at fair value.

13. CAPITAL AND RESERVES

Share capital

	Group and Company			
	Amount 2016 RM'000	**Number of shares 2016 '000**	**Amount 2015 RM'000**	**Number of shares 2015 '000**
Authorised:				
Ordinary shares of RM0.20 each	**2,000,000**	**10,000,000**	2,000,000	10,000,000
Issued and fully paid:				
Ordinary shares of RM0.20 each				
At 1 January	**155,049**	**775,245**	155,049	775,245
Issuance of new shares pursuant to:				
- Rights Issue	**93,029**	**465,146**	-	-
- Special Issue	**26,000**	**130,000**	-	-
- Acquisition of subsidiaries	**72,500**	**362,500**	-	-
At 31 December	**346,578**	**1,732,891**	155,049	775,245

Ordinary shares

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.

13. CAPITAL AND RESERVES (CONTINUED)

Warrant reserve

The warrant reserve arose from the following during the financial year:

i) a renounceable rights issue of 465,146,809 new ordinary shares of RM0.20 each together with 465,146,809 free new detachable warrants;

ii) a special issue of 130,00,000 new ordinary shares of RM0.20 each together with 65,000,000 free new detachable warrants; and

iii) acquisition of certain subsidiaries through issuance of 362,500,000 new ordinary shares of RM0.20 each together with 181,250,000 free new detachable warrants.

The fair value of RM0.008 per Warrant is determined using the Binomial Option pricing model based on the following key assumptions:

Interest rate	3.19%
Expected volatility of the Company's share price	39.85%

Share option reserve

The share option reserve comprises the cumulative value of employee services for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share option expire, the amount from the share option reserve is transferred to retained earnings.

On 14 September 2016, the Group granted share options to qualified employees and Executive Directors to purchase shares in the Company under the Employees Share Option Scheme ("ESOS") approved by the shareholders of the Company on 27 January 2016. The ESOS shall be in force for a period of 5 years expiring on 24 August 2021.

The options offered to take up unissued ordinary shares of RM0.20 each and the exercise prices are as follows:

		Number of options over ordinary shares of RM0.20 each				
Date of offer	**Exercise Price**	**At 1.1.2016**	**Granted**	**Exercised**	**Forfeited**	**At 31.12.2016**
14 September 2016	**RM0.245**	**-**	**38,329,400**	**-**	**(20,900)**	**38,308,500**

During the financial year, no share options were exercised.

The fair values of the share options granted were estimated using the Binomial Option pricing model, taking into account the terms and conditions upon which the options were granted. The fair values of the share options measured at grant date and the assumptions used are as follows:

	Group/Company	
	2016	**2015**
Fair value of share options at the grant date (RM)	**RM0.063**	-
Weighted average ordinary share price (RM)	**RM0.275**	-
Exercise price of share option (RM)	**RM0.245**	-
Expected volatility (%)	**39.85%**	-
Expected life (years)	**5 years**	-
Risk free rate (%)	**3.25%**	-
Expected dividend yield (%)	**11.13%**	-

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations and is not distributable by way of dividends.

14. NON-CONTROLLING SHAREHOLDERS' INTERESTS

This consists of the non-controlling shareholders' proportion of share capital and reserves in subsidiaries.

15. DEFERRED TAX LIABILITIES

Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) of the Group are attributable to the following:

	Assets		Liabilities		Net	
Group	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property, plant and equipment, intangible assets	**-**	-	**(12,056)**	(681)	**(12,056)**	(681)
Provisions	**-**	181	**-**	-	**-**	181
Other items	**-**	-	**-**	(158)	**-**	(158)
Net deferred tax assets/(liabilities)	**-**	181	**(12,056)**	(839)	**(12,056)**	(658)

Movement in temporary differences during the year

Group	At 1.1.2015 RM'000	Recognised in profit or loss (Note 22) RM'000	At 31.12.2015 RM'000	Recognised in profit or loss (Note 22) RM'000	Arising from business combinations (Note 25) RM'000	At 31.12.2016 RM'000
Property, plant and equipment, intangible assets	(2,889)	2,208	(681)	681	(12,056)	**(12,056)**
Provisions	93	88	181	(181)	-	**-**
Other items	-	(158)	(158)	158	-	**-**
	(2,796)	2,138	(658)	658	(12,056)	**(12,056)**

Deferred tax assets/(liabilities) have not been recognised in respect of the following items:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unutilised tax losses	**36,631**	31,888	**21,585**	23,641
Unabsorbed capital allowances	**10,057**	6,714	**-**	-
Property, plant and equipment, intangible assets	**(7,058)**	(4,822)	**4**	31
Provisions	**7,787**	619	**406**	140
	47,417	34,399	**21,995**	23,812
Unrecognised deferred tax assets	**11,380**	8,255	**5,279**	5,715

The unabsorbed capital allowances and unutilised tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be allowable against which the Group and the Company can utilise the benefits. The unabsorbed capital allowances and unutilised tax losses are subject to the agreement of the tax authorities.

16. BORROWING

	Group	
	2016 RM'000	**2015 RM'000**
Non-current		
Term loan	**-**	1,541
Current		
Term loan	**-**	18,495
	-	20,036

The term loan in the previous financial year was secured, repayable in equal installment over an outstanding period of 13 months and subjected to interest rate of 1% per annum above cost of fund.

17. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Trade					
Trade payables		**9,380**	658	**-**	-
Non-trade					
Other payables and accrued expenses	17.1	**24,005**	49,985	**2,662**	3,452
Dividend payable		**8,674**	-	**8,674**	-
Interest payable					
- Borrowing		**-**	90	**-**	-
		32,679	50,075	**11,336**	3,452
		42,059	50,733	**11,336**	3,452

17.1 Included in other payables in the previous financial year were:-

(i) An accrued amount of RM23,287,520 for a subsidiary's selective capital repayment to non-controlling shareholders' interests.

(ii) A contract pursuant to the supply, delivery, installation, testing, commissioning, maintenance and support of ICT equipment to the local polytechnics and community colleges undertaken by the Group in 2012 included the maintenance of equipment for a period of four years from the date of commissioning. A certain portion of the contract value in relation to the maintenance service was recognised as deferred income and amortised over the contractual period of 48 months which ended during the financial year.

18. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sale of customised equipment	**70,336**	4,110	**-**	-
Rendering of services	**108,119**	91,440	**-**	-
Gross dividend income from:				
- subsidiary company	**-**	-	**44,823**	1,200
	178,455	95,550	**44,823**	1,200

19. OTHER OPERATING INCOME

Included in other operating income are the following:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Bad debts recovered	**52**	27	**-**	-
Gain on foreign exchange:				
- realised	**198**	190	**4**	-
- unrealised	**511**	670	**-**	23
Management fee	**-**	-	**11,129**	11,909
Rental income	**286**	720	**15**	-
Reversal of impairment loss:				
- trade receivables	**621**	33	**-**	-
- other receivables	**50**	32	**-**	-

20. FINANCE COSTS/(INCOME)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Finance charges/interest expense on:				
Interest on borrowing	**743**	1,384	**-**	-
Interest on advances from subsidiaries	**-**	-	**770**	264
Others	**147**	65	**-**	-
	890	1,449	**770**	264
Finance income:				
Interest from investment in deposits placed with licensed bank and short-term investments	**(233)**	(1,644)	**(11)**	(25)
Interest on advances to subsidiaries	**-**	-	**(1,648)**	(190)
	(233)	(1,644)	**(1,659)**	(215)

21. PROFIT BEFORE TAX

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax is arrived at after charging:				
Amortisation of intangible assets	**3,715**	770	**-**	-
Auditors' remuneration:-				
- audit fees	**311**	181	**108**	73
- non-audit fees	**215**	54	**190**	54
Bad debts written off	**87**	-	**87**	-
Depreciation of property, plant and equipment	**6,039**	9,070	**106**	29
Directors' remuneration	**4,283**	4,627	**4,221**	4,513
Impairment loss of:-				
- investments in subsidiaries	**-**	-	**2,895**	-
- trade receivables	**3,250**	503	**-**	-
- other receivables	**369**	75	**369**	-
- amount due from subsidiaries	**-**	-	**10,876**	-
Loss on disposal of property, plant and equipment	**4**	2	**-**	-
Personnel expenses:-				
- contributions to Employees Provident Fund	**3,631**	2,673	**488**	486
- wages, salaries and others	**33,284**	25,496	**4,010**	4,751
- termination benefits	**220**	5,696	**-**	127
- share options expenses	**2,415**	-	**723**	-
Property, plant and equipment written off	**-**	16	**-**	-
Realised loss on foreign exchange	**102**	30	**-**	-
Unrealised loss on foreign exchange	**247**	-	**217**	-
Rental of premises	**3,492**	2,793	**-**	-
Rental of site and equipment	**201**	174	**26**	34
Rental of storage and others	**103**	101	**42**	42

22. TAX EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Recognised in profit or loss				
Current tax expense				
- Current year	**9,744**	8,253	**-**	-
- Under provision in prior year	**291**	1,128	**1**	-
Total current tax expense	**10,035**	9,381	**1**	-
Deferred tax expense (Note 15)				
- Current year	**-**	(1,407)	**-**	-
- Over provision in prior year	**(658)**	(731)	**-**	-
Total deferred tax expense	**(658)**	(2,138)	**-**	-
Total tax expense	**9,377**	7,243	**1**	-

22. TAX EXPENSE (CONTINUED)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Reconciliation of tax expense				
Net profit after tax	**132,226**	15,825	**29,797**	600
Total tax expense	**9,377**	7,243	**1**	-
Zakat payment	**450**	359	**-**	-
Net profit excluding tax and Zakat	**142,053**	23,427	**29,798**	600
Income tax using Malaysian tax rate of 24% (2015: 25%)	**34,093**	5,857	**7,151**	150
Income not subject to tax	**(1,286)**	(364)	**(11,347)**	(28)
Expenses not deductible for tax purposes	**3,415**	1,408	**4,632**	484
Share of results in associates	**(29,648)**	-	-	-
Tax exempt income due to pioneer status	**(53)**	(257)	**-**	-
Effect of unrecognised deferred tax assets	**3,901**	755	**-**	-
Recognition of previously unrecognised deferred tax assets	**(776)**	(606)	**(436)**	(606)
Effects of differential in tax rate of subsidiary	**98**	53	**-**	-
	9,744	6,846	**-**	-
Under provision of tax expense in prior year	**291**	1,128	**1**	-
Over provision of deferred tax expense in prior year	**(658)**	(731)	**-**	-
Total tax expense	**9,377**	7,243	**1**	-

A subsidiary of the Group has been granted the MSC Malaysia status. This qualifies the subsidiary for the Pioneer Status incentive under the Promotion of Investments Act 1986. The subsidiary will enjoy full exemption from income tax on its statutory income from pioneer activities from 16 July 2014 to 15 July 2019.

23. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2016 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2016	2015
Profit for the year attributable to owners of the Company (RM'000)	**133,743**	11,226

23. BASIC EARNINGS PER ORDINARY SHARE (CONTINUED)

The calculation of basic earnings per ordinary share at 31 December 2016 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows: (continued)

	Group	
	2016	**2015**
Weighted average number of ordinary shares (in'000):		
Ordinary shares at 1 January	**775,245**	775,245
Effect of shares issued under Rights Issue	**189,882**	-
Effect of shares issued under Special Issue	**51,140**	-
Effect of shares issued through business combinations	**147,979**	-
	1,164,246	775,245
Basic earnings per ordinary share (sen)	**11.49**	1.45

Diluted earnings per ordinary share

	Group	
	2016	**2015**
Profit for the year attributable to owners of the Company for diluted earnings per ordinary share computation (RM'000)	**133,743**	11,226
Weighted average number of ordinary shares for basic earnings per ordinary share (in'000)	**1,164,246**	775,245
Shares deemed to be issued for no consideration:		
- exercise of Warrants*	**-**	-
- exercise of share options*	**-**	-
Weighted average number of ordinary shares for diluted earnings per ordinary share computation	**1,164,246**	775,245
Diluted earnings per ordinary share (sen)	**11.49**	1.45

* The potential conversion of Warrants and share options are anti-dilutive as their exercise prices are higher than the average market price of the Company's ordinary shares during the current financial year. Accordingly, the exercise of Warrants and share options have been ignored in the calculation of dilutive earnings per ordinary share.

24. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
First interim 2016 ordinary	1.0	7,753	15 June 2016
Second interim 2016 ordinary	0.5	8,674	28 February 2017
		16,427	

25. ACQUISITION OF SUBSIDIARIES

(a) During the financial year, the Group acquired a 100% equity interest in OGPC Sdn. Bhd. ("OGPC") comprising 500,000 ordinary shares of RM1.00 each to be satisfied by partial cash consideration of RM80,381,448 and the remaining via issuance of 351,063,550 new ordinary shares with 175,531,775 Warrants and a 52% equity interest in OGPC O & G Sdn. Bhd. ("OGPCOG"), a 48% owned subsidiary company of OGPC comprising 1,000,000 ordinary shares of RM1.00 each to be satisfied by partial cash consideration of RM2,618,552 and the remaining via issuance of 11,436,450 new ordinary shares with 5,718,225 Warrants.

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

(a) Fair value of consideration transferred

	Group 2016 RM'000
Cash and cash equivalents	**83,000**
Equity instruments issued (362,500,000 ordinary shares)	**46,222**
Warrants	**1,450**
Total purchase consideration	**130,672**

There were no contingent consideration and no replacement share-based awards for the acquisition of OGPC and OGPCOG respectively.

(b) Identified assets acquired and liabilities assumed

	Note	Group 2016 RM'000
Property, plant and equipment	3	**12,125**
Intangible assets	5	**48,106**
Inventories		**583**
Trade and other receivables		**30,242**
Cash and cash equivalents		**15,589**
Trade and other payables		**(12,021)**
Deffered tax liabilities	15	**(12,056)**
		82,568

(c) Net cash outflow arising from the acquisition of OGPC & OGPCOG

	Group 2016 RM'000
Purchase consideration settled in cash and cash equivalents	**(83,000)**
Cash and cash equivalents acquired	**15,589**
	(67,411)

25. ACQUISITION OF SUBSIDIARIES (CONTINUED)

(a) (continued)

(d) Goodwill arising from acquisition of OGPC & OGPCOG

	Note	Group 2016 RM'000
Fair value of consideration transferred		**130,672**
Less: Fair value of identifiable net assets		**(82,568)**
Goodwill	4	**48,104**

The goodwill is attributable to workforce and the high profitability of the acquired business as well as the synergies expected to be achieved from integrating the subsidiaries into the Group's existing Energy segment. The goodwill is not deductible for tax purposes.

(e) Impact of Acquisition on the Group's results

The acquired subsidiaries have contributed the following results to the Group:

	2016 RM'000
Revenue	**26,717**
Profit after taxation	**4,639**

If the acquisition had taken place at the beginning of the current financial year, the Group's revenue and profit after taxation would have been approximately RM81,997,000 and RM11,533,000 respectively.

(b) In addition, the Group increased its equity interest in Global eCommerce Limited (formerly known as Global Energy Corp Limited) ("GECL") from 30% to 100% by completing the transfer of the remaining 7 ordinary shares of United States Dollar ("USD") 1 each for a total cash consideration of USD7 (equivalent to RM25). Consequently, GECL became a wholly-owned subsidiary of the Group. The effects on remeasurement of previously held equity interests were immaterial to the Group.

26. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which represent the Group's strategic business units. The strategic business units offer different services and are managed separately because they require different technical expertise and marketing strategies. For each of the strategic business unit, the Executive Deputy Chairman of the Group reviews internal management report on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

(a) Corporate

The Company is an investment holding company. The segment is in provision of corporate services to the entities within the Group.

(b) Information technology

Supply, delivery, installation, testing, commissioning and maintenance of IT hardware, development, management and provision of business to government (B2G) e-commerce and computerised transaction facilitation services, providing of cyber security solutions, managed services, project fulfilment, assets maintenance and contact centres.

(c) Energy

Providing upstream oil and gas exploration, production sale of oil and gas related equipment and services, provision of engineering, technical support and involvement in power plant and energy related business.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Executive Deputy Chairman of the Group. Segment total assets is used to measure the return of assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Executive Deputy Chairman of the Group.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and intangible assets other than goodwill.

26. OPERATING SEGMENTS (CONTINUED)

Business segment 2016	Information Technology RM'000	Energy RM'000	Corporate RM'000	Eliminations RM'000	Consolidated RM'000
Business segments					
Revenue from external customers	**149,548**	**28,907**	**-**	**-**	**178,455**
Inter-segment revenue	**1,800**	**-**	**44,823**	**(46,623)**	**-**
Total revenue	**151,348**	**28,907**	**44,823**	**(46,623)**	**178,455**
Segment result					
Profit/(Loss) from operations	**31,762**	**(12,258)**	**34,513**	**(34,842)**	**19,175**
Finance costs	**(517)**	**(373)**	**(770)**	**770**	**(890)**
Finance income	**178**	**44**	**1,659**	**(1,648)**	**233**
Share of results in associates, net of tax	**-**	**123,535**	**-**	**-**	**123,535**
Profit before tax	**31,423**	**110,948**	**35,402**	**(35,720)**	**142,053**
Zakat					**(450)**
Tax expense					**(9,377)**
Net profit after tax					**132,226**
Attributable to:					
Owners of the Company					**133,743**
Non-controlling interests					**(1,517)**
Profit for the year					**132,226**
Segment assets	**119,023**	**360,094**	**294,023**	**(315,672)**	**457,468**
Segment liabilities	**58,024**	**96,616**	**22,968**	**(121,795)**	**55,813**
Capital expenditure	**4,933**	**773**	**315**	**-**	**6,021**
Depreciation and amortisation	**4,602**	**5,046**	**106**	**-**	**9,754**
Impairment loss:					
- investment in subsidiaries	**-**	**-**	**2,895**	**(2,895)**	**-**
- trade receivables	**3,144**	**106**	**-**	**-**	**3,250**
- other receivables	**-**	**-**	**369**	**-**	**369**
- amount due from subsidiaries	**-**	**-**	**10,876**	**(10,876)**	**-**
Reversal of impairment loss:					
- trade receivables	**(539)**	**(82)**	**-**	**-**	**(621)**
- other receivables	**(50)**	**-**	**-**	**-**	**(50)**

26. OPERATING SEGMENTS (CONTINUED)

Business segment 2015	Information Technology RM'000	Energy RM'000	Corporate RM'000	Eliminations RM'000	Consolidated RM'000
Business segments					
Revenue from external customers	92,321	3,229	-	-	95,550
Inter-segment revenue	841	-	1,200	(2,041)	-
Total revenue	93,162	3,229	1,200	(2,041)	95,550
Segment result					
Profit/(Loss) from operations	24,201	(4,028)	4,259	(1,200)	23,232
Finance costs	(1,449)	-	(264)	264	(1,449)
Finance income	1,619	-	215	(190)	1,644
Share of results in associates, net of tax *	-	-	-	-	-
Profit/(loss) before tax	24,371	(4,028)	4,210	(1,126)	23,427
Zakat					(359)
Tax expense					(7,243)
Net profit after tax					15,825
Attributable to:					
Owners of the Company					11,226
Non-controlling interests					4,599
Profit for the year					15,825
Segment assets	179,975	23,670	103,128	(133,484)	173,289
Segment liabilities	94,167	25,214	18,800	(65,145)	73,036
Capital expenditure	2,079	15,491	-	-	17,570
Depreciation and amortisation	8,359	1,452	29	-	9,840
Impairment loss:					
- trade receivables	503	-	-	-	503
- other receivables	75	-	-	-	75
Reversal of impairment loss:					
- trade receivables	(33)	-	-	-	(33)
- other receivables	(32)	-	-	-	(32)

* Share of results in associates, net of tax represents RM36 only.

Geographical segment

No geographical segment information has been prepared as all the business operations of the Group are located in Malaysia.

26. OPERATING SEGMENTS (CONTINUED)

Major customers

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

	Revenue		Segment
	2016 RM'000	**2015 RM'000**	
Customer A	**33,910**	31,409	Information Technology
Customer B	**34,079**	-	Information Technology

27. FINANCIAL INSTRUMENTS

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL");
(c) Available-for-sale financial assets ("AFS"); and
(d) Other liabilities ("OL").

Financial assets	**Carrying amount RM'000**	**L&R RM'000**	**FVTPL RM'000**	**AFS RM'000**
Group				
2016				
Other investments	**4,674**	**-**	**-**	**4,674**
Trade and other receivables (excluding prepayments)	**58,802**	**58,802**	**-**	**-**
Cash and cash equivalents	**72,283**	**72,283**	**-**	**-**
	135,759	**131,085**	**-**	**4,674**
2015				
Other investments	4,172	-	-	4,172
Trade and other receivables (excluding prepayments)	84,609	84,609	-	-
Cash and cash equivalents (excluding short-term investments)	35,154	35,154	-	-
Short-term investments	10,966	-	10,966	-
	134,901	119,763	10,966	4,172

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.1 Categories of financial instruments (continued)

Financial assets	Carrying amount RM'000	L&R RM'000	FVTPL RM'000	AFS RM'000
Company				
2016				
Trade and other receivables (excluding prepayments)	**852**	**852**	**-**	**-**
Amount due from subsidiaries	**76,373**	**76,373**	**-**	**-**
Cash and cash equivalents	**11,241**	**11,241**	**-**	**-**
	88,466	**88,466**	**-**	**-**
2015				
Trade and other receivables (excluding prepayments)	13,646	13,646	-	-
Amount due from subsidiaries	15,454	15,454	-	-
Cash and cash equivalents (excluding short-term investments)	2,290	2,290	-	-
	31,390	31,390	-	-

Financial liabilities	Carrying amount RM'000	OL RM'000
Group		
2016		
Trade and other payables (excluding deferred income)	**42,059**	**42,059**
2015		
Trade and other payables (excluding deferred income)	46,677	46,677
Borrowing	20,036	20,036
	66,713	66,713
Company		
2016		
Trade and other payables (excluding deferred income)	**11,336**	**11,336**
Amount due to subsidiaries	**11,631**	**11,631**
	22,967	**22,967**
2015		
Trade and other payables (excluding deferred income)	3,452	3,452
Amount due to subsidiaries	15,348	15,348
	18,800	18,800

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.2 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

27.3 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. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for receivables (excluding prepayments) as at the end of the reporting period by geographical region was:

	Group	
	2016 RM'000	**2015 RM'000**
Domestic	**58,343**	84,609
Republic of Korea	**301**	-
Singapore	**75**	-
Switzerland	**61**	-
United Arab Emirates	**22**	-
	58,802	84,609

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.3 Credit risk (continued)

Receivables (continued)

Impairment losses

The ageing of receivables (excluding prepayments) as at the end of the reporting period was:

	Net	
	2016 RM'000	**2015 RM'000**
Group		
Not past due	**48,400**	73,195
Past due 31 - 60 days	**5,729**	6,129
Past due 61 - 90 days	**1,405**	4,165
Past due more than 90 days	**3,268**	1,120
	58,802	84,609
Company		
Not past due	**852**	13,646

The movements in the allowance for impairment losses of receivables during the financial year were:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
At 1 January	**1,453**	973	**140**	173
Acquisition through business combinations	**1,352**	-	**-**	-
Impairment loss recognised	**3,619**	578	**369**	-
Impairment loss reversed	**(671)**	(65)	**-**	-
Impairment loss written off	**(103)**	(33)	**(103)**	(33)
At 31 December	**5,650**	1,453	**406**	140

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Loans and advances are only provided to subsidiaries.

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.3 Credit risk (continued)

Receivables (continued)

Impairment losses

As at the end of the reporting period, the Company provided an impairment loss of RM10,876,000 on a subsidiary that have been suffering continuous financial losses. There was no further indication that the loans and advances to other subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these remaining advances have been overdue for less than a year.

27.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	2 - 5 years RM'000
2016					
Non-derivative financial liabilities					
Trade and other payables	**42,059**	**-**	**42,059**	**42,059**	**-**
2015					
Non-derivative financial liabilities					
Trade and other payables	46,677	-	46,677	46,677	-
Borrowing	20,036	5.08	20,627	19,080	1,547
	66,713		67,304	65,757	1,547

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	2 - 5 years RM'000
Company					
2016					
Non-derivative financial liabilities					
Trade and other payables	**11,336**	**-**	**11,336**	**11,336**	**-**
Amount due to subsidiaries	**11,631**	**-**	**11,631**	**11,631**	**-**
	22,967		**22,967**	**22,967**	**-**
2015					
Non-derivative financial liabilities					
Trade and other payables	3,452	-	3,452	3,452	-
Amount due to subsidiaries	15,348	-	15,348	15,348	-
	18,800		18,800	18,800	-

27.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

27.5.1 Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in the currency other than the functional currency, Ringgit Malaysia (RM). The currencies giving rise to this risk are primarily United States Dollar (USD), Euro, British Pound Sterling (GBP) and Singapore Dollar (SGD).

Risk management objectives, policies and processes for managing the risk

The Group does not have a fixed policy to hedge its sales and purchases via forward contracts. However, the exposure to foreign currency risk is monitored from time to time by management.

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.5 Market risk (continued)

27.5.1 Foreign currency risk (continued)

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:

	2016 Denominated in					2015 Denominated in
Group	**USD RM'000**	**Euro RM'000**	**GBP RM'000**	**SGD RM'000**	**Total RM'000**	**USD RM'000**
Balances recognised in the statement of financial position						
Other investments	**4,674**	**-**	**-**	**-**	**4,674**	4,172
Trade and other receivables	**7,521**	**258**	**6,577**	**-**	**14,356**	2,248
Cash and cash equivalents	**2,051**	**1,680**	**3,757**	**-**	**7,488**	2,365
Trade and other payables	**(3,585)**	**(736)**	**(4,211)**	**(252)**	**(8,784)**	(23)
Net exposure	**10,661**	**1,202**	**6,123**	**(252)**	**17,734**	8,762

	Denominated in USD	
Company	**2016 RM'000**	**2015 RM'000**
Balances recognised in the statement of financial position		
Trade and other receivables	**-**	1,066
Amount due from subsidiaries	**-**	17
Cash and cash equivalents	**33**	1,961
Net exposure	**33**	3,044

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.5 Market risk (continued)

27.5.1 Foreign currency risk (continued)

Currency risk sensitivity analysis

A 10% (2015: 10%) strengthening of Ringgit Malaysia against the following currencies at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Group Profit or loss		Company Profit or loss	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
USD	**(810)**	(657)	**(3)**	(228)
Euro	**(91)**	-	**-**	-
GBP	**(465)**	-	**-**	-
SGD	**19**	-	**-**	-

A 10% (2015: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

27.5.2 Interest rate risk

The Group's and the Company's significant interest-bearing financial assets and financial liabilities are mainly its deposit placements, short-term investments and borrowing.

The deposit placements as of financial position date are short-term and therefore exposure to the effects of future changes in prevailing level of interest rates is limited.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates as at the end of the reporting period and the periods in which they reprice or mature, whichever is earlier.

Group	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	2 – 5 Years RM'000
2016				
Fixed rate instruments				
Deposits with licensed banks	**2.50 - 3.50**	**43,646**	**43,646**	**-**

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.5 Market risk (continued)

27.5.2 Interest rate risk (continued)

Effective interest rates and repricing analysis (continued)

Group	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	2 – 5 Years RM'000
2015				
Fixed rate instruments				
Deposits with licensed banks	2.50 - 3.50	16,230	16,230	-
Floating rate instruments				
Short-term investments	3.44 - 4.18	10,966	10,966	-
Borrowing	5.08	(20,036)	(18,495)	(1,541)
		(9,070)	(7,529)	(1,541)

27.5.3 Other price risk

Equity price risk arises from the Group's investments in quoted equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the quoted equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors.

Equity price risk sensitivity analysis

The Group does not have investments in quoted equity securities at the end of the reporting date.

27.6 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short-term receivables and payables approximate their fair values due to the relatively short term nature of these financial instruments.

The fair values of other non-current financial assets and borrowing, together with the carrying amounts shown in the statement of financial position, are as follows:

Group	Note	2016 Carrying amount RM'000	2016 Fair value RM'000	2015 Carrying amount RM'000	2015 Fair value RM'000
Other investments	8	**4,674**	**#**	4,172	#
Trade receivables	10	**-**	**-**	1,025	985
Short-term investments	12	**-**	**-**	10,966	10,966
Borrowing	16	**-**	**-**	(1,541)	(1,541)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.6 Fair value of financial instruments (continued)

(i) For non-current financial assets in the previous financial year RM1,025,134, due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs, the Directors estimated the market interest rate for a comparable instrument to be approximately 3% to 4% per annum to arrive at the fair value.

(ii) The fair value of the short-term investments in the previous financial year were measured at their market price.

27.7 Fair value information

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
2016	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**RM'000**	**RM'000**
Group										
Financial assets										
Other investments:										
- unquoted shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**#**	**4,674**
2015										
Financial assets										
Other investments:										
- unquoted shares	-	-	-	-	-	-	-	-	#	4,172
Short-term investments	-	10,966	-	10,966	-	-	-	-	10,966	10,966
Trade receivables	-	985	-	985	-	-	-	-	985	1,025
Financial liabilities										
Borrowing	-	(1,541)	-	(1,541)	-	-	-	-	(1,541)	(1,541)

 # The fair value cannot be reliably measured using valuation techniques due to the lack of marketability of the unquoted shares.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2015: no transfer in either directions)

28. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios are as follows:

	Group	
	2016 RM'000	**2015 RM'000**
Total borrowing	**-**	20,036
Less: Cash and cash equivalents (Page 92)	**(66,629)**	(36,901)
Net cash	**(66,629)**	(16,865)
Total equity	**401,655**	100,253
Debt-to-equity ratio	**Not applicable**	Not applicable

There were no changes in the Group's approach to capital management during the financial year.

The debt-to-equity ratio of the Group at the end of the reporting period is not presented as the cash and cash equivalents exceeded the total borrowing.

29. COMMITMENTS

	Group	
	2016 RM'000	**2015 RM'000**
Capital commitments:		
Property, plant and equipment		
Authorised and contracted for within one year	**20,048**	27

30. RELATED PARTIES

Identities of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Subsidiary companies				
Management fee income	**-**	-	**11,129**	11,909
Dividend income	**-**	-	**44,823**	1,200
Purchase of IT products and services	**-**	-	**(27)**	(120)
Other related parties*				
Purchase of IT products and services	**(200)**	(547)	**-**	(50)

* The related parties and the Group are subject to common significant influence.

The terms and conditions for the above transactions are based on negotiated basis. Significant related party balances of the Group and of the Company are disclosed in Note 11.

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

In addition to their salaries, the Group also voluntarily provided additional Employees Provident Fund (EPF) contributions over the statutory requirement for a significant number of employees.

30. RELATED PARTIES (CONTINUED)

Identities of related parties (continued)

There are no significant related party transactions of the Group and of the Company and its key management personnel of the Group and holding company, other than key management personnel compensation as disclosed below:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Key management personnel compensation				
Non-executive Directors				
- Fees	**381**	457	**321**	349
- Remuneration	**45**	90	**43**	84
Total short-term benefits	**426**	547	**364**	433
Executive Directors				
- Remuneration	**2,760**	2,760	**2,760**	2,760
- Short-term employee benefits				
- EPF	**446**	458	**446**	458
- Others	**651**	862	**651**	862
Total short-term employee benefits	**3,857**	4,080	**3,857**	4,080
Other key management personnel				
- Remuneration	**4,968**	3,549	**1,093**	1,020
- Short-term employee benefits				
- EPF	**768**	578	**204**	194
- Others	**941**	738	**348**	346
Total short-term employee benefits	**6,677**	4,865	**1,645**	1,560
	10,960	9,492	**5,866**	6,073

31. CONTINGENT LIABILITY

The Company provided a corporate guarantee to a bank in relation to a term loan obtained by a subsidiary company in the previous financial year (Note 16).

32. SIGNIFICANT EVENTS

Significant events during and subsequent to the financial year are as follows:-

(i) On 2 January 2016, a subsidiary of the Company acquired the remaining 70% equity interest in Global Energy Corp Limited, comprising 7 ordinary shares of USD1.00 each for a total cash consideration of USD7.00. Consequently, Global Energy Corp Limited became a wholly-owned subsidiary of the Group as disclosed in Note 25 to the financial statements.

(ii) On 25 April 2016, Global Energy Corp Limited changed its name to Global eCommerce Limited.

(iii) On 3 June 2016, the Company completed its acquisition of Ping Petroleum Limited ("Ping") by subscribing for new ordinary shares of USD0.001 each in Ping, representing 30% of the enlarged issued share capital of Ping, for a total consideration of USD10.0 million.

32. SIGNIFICANT EVENTS (CONTINUED)

Significant events during and subsequent to the financial year are as follows (continued):-

(iv) On 30 June 2016, a subsidiary of the Company entered a Sale & Purchase Agreement to acquire two units of annex semi-detached seven (7) storey office towers located at Cyberjaya for RM22,544,990. An initial depositof RM2,496,835 was paid to the Developer and the balance of the purchase price is to be funded by external borrowing as disclosed in Note 29 to the financial statements.

(v) On 3 August 2016, the 695,396,809 Warrants issued pursuant to the Rights Issue, Special Issue and Acquisitions; 465,146,809 Rights Shares; 98,000,000 Special Issue Shares; and 362,500,000 Consideration Shares were completed, listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

(vi) On 3 August 2016, the Company completed its acquisition of OGPC Sdn. Bhd. and its subsidiary as disclosed in Notes 6 and 25 to the financial statements.

(vii) On 24 August 2016, a subsidiary of the Company had incorporated a subsidiary known as DNeX GIS Sdn. Bhd, ("DNeX GIS"). The paid up share capital of DNeX GIS is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The subsidiary had subscribed for 51% issued and paid up share capital of DNeX GIS in cash and the remaining 49% by Sterling Marine Ventures Sdn. Bhd.

(viii) On 25 August 2016, additional 32,000,000 Special Issue Shares together with 16,000,000 Warrants have been listed and quoted on the Main Market of Bursa Securities.

(ix) On 14 September 2016, the Company granted 38,329,400 share options at an exercise price of RM0.245 per share under the Company's ESOS to Executive Directors and employees of the Company.

(x) On 20 September 2016, Dagang Net Technologies Sdn. Bhd. ("Dagang Net"), a wholly-owned subsidiary of the Company, accepted the award of contract extension by the Government of Malaysia for the NSW trade facilitation. The contract extension is for a period of two (2) years commencing from 25 September 2016 until 24 September 2018.

(xi) On 4 January 2017, a subsidiary of the Company acquired a 100% equity interest in Global Market eCommerce Sdn. Bhd. ("GMeC"). The authorised share capital of GMeC is RM400,000 comprising 400,000 ordinary shares of RM1.00 each and its paid-up share capital is RM2 comprising 2 ordinary shares of RM1.00 each. The subsidiary subscribed for the entire issued and paid-up share capital of GMeC in cash.

(xii) On 13 January 2017, a 51% owned subsidiary, DNeX RFID Sdn. Bhd. ("DNeX RFID") received a Letter of Award to undertake the maintenance and operation of the entire Road Charge & Vehicle Entry Permit ("RC VEP") project ("Subcontract Works") for a total contract sum of RM104,302,676. The Subcontract Works is for 5 years.

(xiii) On 13 February 2017,DNeX RFID accepted a Letter of Award from TIFFA EDI Services Co., Ltd ("TIFFA") for the appointment as the exclusive project consultant for the RC VEP project between the Thailand-Malaysia border and any other borders to Thailand.

(xiv) On 15 February 2017, Dagang Net acquired a 100% equity interest in MyCall Gateway Sdn. Bhd. ("MyCall"). The authorised share capital of MyCall is RM400,000 comprising 400,000 ordinary shares of RM1.00 each and its paid-up share capital is RM2 comprising 2 ordinary shares of RM1.00 each. Dagang Net subscribed for the entire issued and paid-up share capital of MyCall in cash.

(xv) The Companies Act, 2016 (New Act) was enacted to replace the Companies Act, 1965 and was passed by Parliament on 4 April 2016. The New Act was subsequently gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the effective date of the New Act, except for section 241 and Division 8 of Part III of the New Act, to be 31 January 2017. Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and of the Company would include the removal of the authorised share capital, replacement of no par value shares in place of par or nominal value shares, and the treatment of share premium and capital redemption reserves. The adoption of the New Act is not expected to have any financial impact on the Group and on the Company for the financial year ended 31 December 2016 as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on the disclosures to the annual report and financial statements of the Group and of the Company for the financial year ending 31 December 2017.

33. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings/(accumulated losses) of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements are as follows:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Total retained earnings /(accumulated losses) of the Company and its subsidiaries:				
- realised	**(60,478)**	(41,258)	**(83,411)**	(70,744)
- unrealised	**265**	36	**(217)**	23
	(60,213)	(41,222)	**(83,628)**	(70,721)
Total share of retained earnings of associates:				
- realised	**265,880**	-	**-**	-
- unrealised	**(142,345)**	-	**-**	-
	123,535	-	**-**	-
Less: Consolidation adjustments	**(26,278)**	(12,773)	**-**	-
Total retained earnings/(accumulated losses)	**37,044**	(53,995)	**(83,628)**	(70,721)

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 94 to 148 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 33 on page 149 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Datuk Samsul Husin

Rosli Abdullah

Kuala Lumpur,
20 February 2017

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, **Lim Kek Siang**, the Officer primarily responsible for the financial management of Dagang NeXchange Berhad, do solemnly and sincerely declare that the financial statements set out on pages 94 to 149 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 20 February 2017.

Lim Kek Siang

Before me:
Lai Din
License No.: W 668
Commissioner of Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

to the members of Dagang Nexchange Berhad
(Incorporated in Malaysia) Company No. 10039-P

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Dagang NeXchange Berhad, which comprise the statements of financial position as at 31 December 2016 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 94 to 148.

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 2016, 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 1965 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Acquisition accounting for OGPC Sdn. Bhd. and OGPC O & G Sdn. Bhd. ("OGPC Group") under MFRS 3 'Business Combinations'
Refer to Note 25 in the financial statements

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
OGPC Group was acquired on 3 August 2016 for RM130.67 million. We focused on this because the acquisition is material and requires the use of significant management judgement regarding the identification of intangible assets acquired and the valuation of the assets and liabilities acquired. The valuation of certain of the assets involved the use of estimates regarding future cash flows. A purchase price allocation exercise has been performed by management, assisted by an external expert. The primary element of the valuation exercise assessed the fair value of identifiable intangible assets in the form of licence and amongst others, customer contracts and non-competing agreements (RM48.11 million). The allocation also considered the fair values of property and equipment, current assets and current and non-current liabilities.	Our procedures included, amongst others:- • Evaluating the qualifications and competence of the external expert and reviewing the terms of engagement of the expert appointed by the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work; • Assessing the methodology adopted by management and its appointed expert for calculating the fair values, discount rates applicable to the transaction, key valuation assumptions; and validating the key observable inputs used in valuation models; and • Reviewing the adequacy of disclosure of acquisition in the financial statements.

Key Audit Matters (continued)

Goodwill impairment
Refer to Note 4 in the financial statements

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

The Group has goodwill of RM48.10 million relating to the acquisition of OGPC Group as defined above.
 	
This is an area of focus given the materiality of the Group's goodwill balances and the inherent subjectivity in impairment testing.
 	
The judgements in relation to goodwill impairment relate primarily to the assumptions underlying the calculation of the value in use of the business, being the achievability of the long-term business plans.
	Our procedures in relation to management's impairment test assessment included:-
	• Making enquiries of and challenging the management on the key assumptions made, including:
	  • the consistent application of management's methodology;
	  • the achievability of the business plans;
	  • assumptions in relation to terminal growth in the business at the end of the plan period; and
	  • revenue growth, operating margin and discount rates.
	• Evaluating the reasonableness of management's estimate of expected future cash flows by taking into consideration the past performances of OGPC Group;
	• Performing sensitivity analysis to assess the impact on the recoverable amount of the cash-generating units; and
	• Reviewing the adequacy of disclosure of goodwill in the financial statements.

Revenue recognition
Refer to Note 18 in the financial statements

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Revenue for the Group is mainly from its Information Technology ("IT") and Energy segments respectively.
 	
i. IT segment - accuracy of revenue recorded given the complexity of systems
 	
There is an inherent risk around the accuracy of revenue given the complexity of the Group's IT systems. The Group's financial accounting and reporting systems are heavily dependent on complex systems and there is a riskthat automated accounting procedures and related IT dependent manual controls are not designed and operating effectively.
 	
As our audit sought to place a high level of reliance on the Group's IT systems and key internal controls upon which the management rely, a high proportion of the overall audit effort will be in this area.
 	
ii. Energy segment - revenue recognition
 	
Revenue is recognised from risk and reward are properly completed and transferred to the buyer. Given the inherent nature of the business, significant judgement is required to determine the point of revenue recognition.
	Our procedures included, amongst others:-
	i. IT Segment
	• Testing the IT general controls ("ITGC") for control enhancements for the following areas:
	  • information systems security and access;
	  • computer operations; and
	  • third party services.
	• Furthermore, our audit approach includes testing of controls and substantive tests covering, in particular:
	  • testing the IT environment in which billings and other relevant support systems reside that billed material revenue streams;
	  • testing the end-to-end reconciliation from support systems to billing system to the general ledger. This testing includes performing tests on the accuracy of the transactions on a sample basis by matching the transaction message size against each system; and
	  • performing revenue cut-off for the months of December 2016 and January 2017 to ensure that the monthly transactions were properly recorded in the correct financial period.

Key Audit Matters (continued)

Revenue recognition (continued)
Refer to Note 18 in the financial statements

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
ii. Energy segment - revenue recognition Revenue is recognised from risk and reward are properly completed and transferred to the buyer. Given the inherent nature of the business, significant judgement is required to determine the point of revenue recognition.	ii. Energy Segment • Conducting and understanding the detailed end-to-end walkthrough tests from procurement to financial processes; • Performing test of controls over revenue ascertaining its key controls are effective; and • Performing transaction testing on sampling basis and revenue cut-off to support physical delivery of products in the financial period.

Recoverability of trade receivables
Refer to Note 10 in the financial statements

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Trade receivables are presented and disclosed as a major component of the financial position and the risk of customers' becoming insolvent could be high. Hence, significant judgement is applied in the Group's assessment of the recoverability of these trade receivables.	Our procedures included, amongst others:- • Testing the adequacy of the Group's allowance for impairment losses on trade receivables by assessing the Group's policy; • Testing the Group's recent invoices and collections during and after the financial year especially for major receivables and comparing against historical data from the Group's previous collection experience; and • Reviewing the adequacy of the Group's disclosure in this area.

Impairment of property, plant and equipment and intangible assets
Refer to Notes 3 and 5 in the financial statements

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
We focus on this area because the determination of whether property, plant and equipment and intangible assets are impaired involved subjective judgements by the Directors about the future results of the relevant parts of the business. At 31 December 2016, the Group had RM32.25 million of property, plant and equipment and RM49.03 million of intangible assets and these are further grouped into its cash generating units ("CGUs"). The Group is made up of a number of operating segments and individual CGUs, primarily the IT CGU (RM11.29 million) and Energy CGU (RM69.99 million). The IT CGU consist predominantly of its trade facilitation whilst the Energy CGU is from the acquisition of OGPC Group.	Our procedures in relation to the impairment indication test included, amongst others:- i. IT CGU • Assessing the Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") from its existing trade facilitation business and comparing against its net carrying amount. ii. Energy CGU • For licence, customer contracts and non-competing agreements, these intangible assets were separately identified through business combinations. We considered these intangible assets as a single CGU and therefore have included as productive assets in determining its value in use when performing our goodwill impairment testing as defined above.

Key Audit Matters (continued)

Investments in associates
Refer to Note 7 in the financial statements

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Key Audit Matters in relation to Ping Petroleum Limited ("Ping") The Group's 30% interest in Ping is accounted for under the equity method. The Group's share of the profit after taxation from Ping for the financial year ended 31 December 2016 was RM123.54 million and the Group's share of Ping net assets was RM177.01 million as at 31 December 2016. The amounts noted below are those in the Ping financial statements (i.e. on a 100% basis). In the context of our audit of the Group's financial statements, the key audit matters relating to the Group's share of the profits and net assets of Ping are summarised below:	Ping is a significant associate of the Group. We have met with Ping's management and have discussed with them and evaluated the impact on the Group financial statements of the key audit matters relating to Ping. Our procedures which covers performing an audit for the financial period from 1 July 2016 to 31 December 2016, identifying the audit risks and audit approach respectively included, amongst others:-
i. Acquisition accounting for Ping under MFRS 3 'Business Combinations' On 10 March 2016, Ping completed the acquisition of a 50% interest in the Anasuria Cluster for RM114.70 million. We focused on this because the acquisition is material and requires the use of significant management judgement regarding the identification of intangible assets acquired and the valuation of the assets and liabilities acquired. The valuation of certain of the assets involves the use of estimates regarding future cash flows. A purchase price allocation exercise has been performed by Ping's management, assisted by an external expert. The primary element of the valuation exercise assessed the fair value of identifiable intangible assets in the form of licence (RM795.91 million). The allocation also considered the fair values of oil and gas assets, current assets and current and non-current liabilities.	• Evaluating the qualifications and competence of the external expert and reviewing the terms of engagement of the expert appointed by Ping to determine whether there were any matters that might have affected their objectivity or limited the scope of their work; and • Assessing the methodology adopted by Ping's management and its appointed expert for calculating the fair values, discount rates applicable to the transaction, key valuation assumptions; and validating the key observable inputs used.
ii. Revenue recognition Ping's revenue amounted to RM114.17 million for the financial period from 1 July 2016 to 31 December 2016. Revenue is a presumed fraud risk area in the financial statements. Thus, the risk of material misstatement may be high and a good degree of professional scepticism is necessary.	• Conducting and understanding the detailed revenue walkthrough tests; and • Performing transaction testing on sampling basis and revenue cut-off to support physical delivery of crude oil and gas sales in the financial period.
iii. Impairment of oil and gas properties ("upstream assets") The carrying amount of oil and gas properties as at 31 December 2016 was RM1,007.13 million. The recoverability of the carrying amount of upstream assets is dependent upon the future cash flows of the business. Bearing in mind, the generally long-lived nature of Ping's assets, the most critical assumption is management's view on the long-term oil and gas price outlook, beyond the future years.	• Assessing the indications for impairment by evaluating the financial indicators of Ping such as gross profit, shareholders' equity, net current position and operating cash flows.

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 Directors' Report (but does not include the financial statements of the Group and of the Company and our auditor's report thereon), which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 33 on page 149 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Chan Kuan Chee
Approval No: 2271/10/17 (J)
Chartered Accountant

20 February 2017
Kuala Lumpur

LIST OF PROPERTIES
held by DNeX Group

Location	Description	Tenure	Area (sq. feet)	Existing Use	Approximate Age of Building	Fair Value as at 31 December 2016	Date of Valuation ("R")/Date of Acquisition ("A")
No 24, Jalan Astaka LU8/L Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor.	Shop lot	Freehold	5,184	Vacant	18 years	RM1,470,884	2016 (R)
No 1, Jalan Riyal U3/37, iParc3@Shah Alam, 40150 Shah Alam, Selangor.	Industry lot	Freehold	12,012	Occupied	4 years	RM4,255,772	2016 (R)
No 3, Jalan Riyal U3/37, iParc3@Shah Alam, 40150 Shah Alam, Selangor.	Industry lot	Freehold	7,920	Occupied	4 years	RM3,564,913	2016 (R)

Issued Share Capital

as at 28 February 2017

The total number of issued shares of the Company as at 28 February 2017 stood at 1,734,891,492 ordinary shares.

The changes in the number of issued shares from 775,244,683 ordinary shares since 8 October 2009 to 1,734,891,492 ordinary shares as at 28 February 2017 are as set out in the table below:-

Date of Allotment	Number of Shares Allotted	Consideration	Total Number of Issued Shares
Up to 08.10.2009			775,244,683
01.08.2016	465,146,809	Rights Issue 3 : 5 at an issue price of RM0.21 per share (a)	1,240,391,492
01.08.2016	98,000,000	Special Issue Shares at an issue price of RM0.22 per share (b)	1,338,391,492
01.08.2016	362,500,000	Consideration Shares at an issue price of RM0.24 per share (c)	1,700,891,492
19.08.2016	32,000,000	Special Issue Shares at an issue price of RM0.22 per share (d)	1,732,891,492
03.01.2017	1,500,000	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,734,391,492
13.01.2017	500,000	Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share	1,734,891,492

Notes:-

(a) Issued pursuant to the renounceable rights issue of 465,146,809 new ordinary shares of RM0.20 each in DNeX ("Share(s)" or "DNeX Share(s)") ("Rights Share(s)") together with 465,146,809 new free detachable warrants ("Warrant(s)") at an issue price of RM0.21 per Rights Share on the basis of three (3) Rights Shares together with three (3) Warrants for every five (5) existing DNeX Shares.

(b) 1st tranche special issue shares issued pursuant to the special issue of 130,000,000 Shares ("Special Issue Share(s)") together with 65,000,000 Warrants on the basis of one (1) Warrant for every two (2) Special Issue Shares at an issue price of RM0.22 per Special Issue Share ("Special Issue").

(c) Issued pursuant to the acquisitions of OGPC Sdn Bhd and OGPC O & G Sdn Bhd satisfied via partial cash consideration of RM83 million and the remaining via issuance of 362,500,000 new DNeX Shares ("Consideration Share(s)") with 181,250,000 Warrants on the basis of one (1) Warrant for every two (2) Consideration Shares issued.

(d) 2nd tranche Special Issue Shares issued pursuant to the Special Issue.

Analysis of Shareholdings

as at 28 February 2017

Total Number of Issued Shares : 1,734,891,492
Issued Share Capital : RM346,978,298.40
Class of Shares : Ordinary Shares
Number of Shareholders : 22,472
Voting Right : 1 vote per Ordinary Share

ANALYSIS BY SIZES

Category	No. of Shareholders		No. of Shares		Percentage (%)	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100 shares	549	6	8,384	172	0.00	0.00
100 to 1,000 shares	4,176	61	3,793,354	52,770	0.22	0.00
1,001 to 10,000 shares	10,111	154	51,792,033	760,033	2.99	0.04
10,001 to 100,000 shares	6,186	113	220,302,879	4,304,400	12.70	0.25
100,001 to less than 5% of issued shares	1,067	45	551,604,098	70,015,320	31.79	4.04
5% and above of issued shares	4	0	832,258,049	0	47.97	0.00
TOTAL	**22,093**	**379**	**1,659,758,797**	**75,132,695**	**95.67**	**4.33**

CLASSIFICATION OF SHAREHOLDERS

Category	No. of Shares	Percentage (%)	No. of Shareholders	Percentage (%)
Individuals	834,284,707	48.09	19,072	84.87
Nominee Companies	861,858,911	49.68	3,226	14.36
Industrial & Commercial Companies	19,180,774	1.10	128	0.57
Government Agencies	114,000	0.01	3	0.01
Banks/ Finance Companies	19,388,100	1.12	36	0.16
Foundation/ Investment Trusts/ Charities	65,000	0.00	7	0.03
TOTAL	**1,734,891,492**	**100.00**	**22,472**	**100.00**

DIRECTORS' INTERESTS IN SHARES IN THE COMPANY

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Tan Sri Abd Rahman Mamat	0	0.00	0	0.00
Datuk Samsul Husin	0	0.00	310,800,369*	17.92
Dato' Wong Kam Yin	0	0.00	0	0.00
Rosli Abdullah	0	0.00	0	0.00
Norlila Hassan	0	0.00	0	0.00
Satria Ahmad	0	0.00	0	0.00
Zainal 'Abidin Abd Jalil	0	0.00	233,676,000**	13.47
Ang Hsin Hsien	0	0.00	0	0.00
Azman Karim	192,406,315	11.09	0	0.00

Notes:-

* *Deemed interest through Censof Holdings Berhad pursuant to Section 8(4)(c) of the Companies Act 2016.*

** *Indirect/deemed Interest through his spouse, Puan Rusmin binti Jaafar (3,676,000 shares) and by virtue of his 78% shareholdings in Arcadia Acres Sdn Bhd (230,000,000 shares).*

30 LARGEST SHAREHOLDERS AS AT 28 FEBRUARY 2017

No.	Name of Shareholders	No. of Shares	Percentage (%)
1.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Censof Holdings Berhad	304,112,731	17.53
2.	BI Nominees (Tempatan) Sdn Bhd - Arcadia Acres Sdn Bhd	230,000,000	13.26
3.	Azman Karim	192,406,315	11.09
4.	Khoo Kok Seng	105,739,003	6.10
5.	Abdul Manaf Shariff	66,054,682	3.81
6.	Citigroup Nominees (Asing) Sdn Bhd - Exempt An For Citibank New York (Norges Bank 14)	30,855,300	1.78
7.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (PHEIM)	20,700,000	1.19
8.	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (LBF)	12,876,600	0.74
9.	Quek See Kui	8,300,000	0.48
10.	HSBC Nominees (Asing) Sdn Bhd - HSBC-FS I For JPMorgan Malaysia Fund	7,804,800	0.45
11.	Citigroup Nominees (Asing) Sdn Bhd - CEP For PHEIM SICAV-SIF	7,600,000	0.44
12.	RHB Nominees (Tempatan) Sdn Bhd - OSK Capital Sdn Bhd For Censof Holdings Berhad	6,687,638	0.39
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Ong Saut Mee (6000010)	5,600,000	0.32
14.	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank For Kwee Sow Fun (MY2268)	5,500,000	0.32
15.	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank For Wong Choon Fui (MY2299)	5,500,000	0.32
16.	Eashwary A/P Mageswaren	5,065,440	0.29
17.	Law King Yong	5,000,000	0.29
18.	Affin Hwang Investment Bank Berhad - IVT (CSC)	5,000,000	0.29
19.	Cartaban Nominees (Tempatan) Sdn Bhd - RHB Trustees Berhad For KAF Vision Fund	5,000,000	0.29
20.	HSBC Nominees (Asing) Sdn Bhd - Exempt An For Skandinaviska Enskilda Banken AB (UCITS V Swedish)	4,480,000	0.26
21.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Mohd Shafie Abdullah	4,300,000	0.25
22.	Lim Kooi Fui	4,213,280	0.24
23.	Lim Chee Kon	4,200,000	0.24
24.	UOBM Nominees (Tempatan) Sdn Bhd - UOB Asset Management (Malaysia) Berhad For Gibraltar BSN Aggressive Fund	3,755,000	0.21
25.	Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Nik Hamdan Daud (Margin)	3,500,000	0.20
26.	Lim Chaur Kuan	3,060,000	0.18
27.	Maizatul Aznin Mohamed	3,016,000	0.17
28.	SJ Sec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Seo Cheng Gaok (SMT)	3,000,000	0.17
29.	Hui Weng Yan	3,000,000	0.17
30.	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank For Erwin Selvarajah A/L Peter Selvarajah (M53001)	3,000,000	0.17
	TOTAL	**1,069,326,789**	**61.64**

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 28 FEBRUARY 2017

No.	Name of Shareholders	No. of Shares	Percentage (%)
1.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Censof Holdings Berhad	304,112,731	17.53
2.	BI Nominees (Tempatan) Sdn Bhd - Arcadia Acres Sdn Bhd	230,000,000	13.26
3.	Azman Karim	192,406,315	11.0
4.	Khoo Kok Seng	105,739,003	6.10

ANALYSIS OF WARRANT HOLDINGS

as at 28 February 2017

Number of Issued Warrants : 711,396,809
Number of Warrants Exercised : 0
Exercise Period : 1 August 2016 to 30 July 2021
Exercise Price : RM0.50 each
Number of Warrant Holders : 4,322
Rights of Warrant Holder: : The Warrants do not entitle the registered holders thereof to any voting rights in any general meeting of the Company until and unless such holders of the Warrants exercise their Warrants for new DNeX Shares.

ANALYSIS BY SIZES

Category	No. of Warrant holders		No. of Warrants		Percentage (%)	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100	23	0	1,285	0	0.00	0.00
100 to 1,000	262	6	174,252	2,700	0.02	0.00
1,001 to 10,000	1,474	24	6,626,053	136,400	0.93	0.02
10,001 to 100,000	1,752	18	76,169,739	833,700	10.71	0.12
100,001 to less than 5% of issued Warrants	745	16	470,259,301	8,870,720	66.10	1.25
5% and above of issued Warrants	2	0	148,322,659	0	20.85	0.00
TOTAL	**4,258**	**64**	**701,553,289**	**9,843,520**	**98.61**	**1.39**

CLASSIFICATION OF WARRANT HOLDERS

Category	No. of Warrants	Percentage (%)	No. of Warrant holders	Percentage (%)
Individuals	521,181,794	73.26	3,175	73.46
Nominee Companies	150,596,015	21.17	1,084	25.08
Industrial & Commercial Companies	5,862,700	0.83	33	0.77
Government Agencies	0	0.00	0	0.00
Banks/ Finance Companies	33,750,300	4.74	29	0.67
Foundation/ Investment Trusts/ Charities	6,000	0.00	1	0.02
TOTAL	**711,396,809**	**100.00**	**4,322**	**100.00**

DIRECTORS' INTERESTS IN WARRANTS IN THE COMPANY

Name of Directors	Direct Interest		Indirect Interest	
	No. of Warrants	Percentage (%)	No. of Warrants	Percentage (%)
Tan Sri Abd Rahman Mamat	0	0.00	0	0.00
Datuk Samsul Husin	0	0.00	0	0.00
Dato' Wong Kam Yin	0	0.00	0	0.00
Rosli Abdullah	0	0.00	0	0.00
Norlila Hassan	0	0.00	0	0.00
Satria Ahmad	0	0.00	0	0.00
Zainal 'Abidin Abd Jalil	0	0.00	0	0.00
Ang Hsin Hsien	0	0.00	0	0.00
Azman Karim	95,453,158	13.42	0	0.00

Analysis of Warrant Holdings
as at 28 February 2017 (continued)

30 LARGEST WARRANT HOLDERS AS AT 28 FEBRUARY 2017

No.	Name of Shareholders	No. of Warrants	Percentage (%)
1.	Azman Karim	95,453,158	13.42
2.	Khoo Kok Seng	52,869,501	7.43
3.	Abdul Manaf Shariff	33,027,341	4.64
4.	Jeganathan A/L K Murugasu	10,039,000	1.41
5.	Kenanga Investment Bank Berhad - IVT (EDSP-OKB)	9,000,200	1.27
6.	RHB Capital Nominees (Tempatan) Sdn Bhd - Chung Tat Wing (T-471429)	7,500,000	1.05
7.	Ng Thong Yang	7,000,000	0.98
8.	Anucia A/P Muthucumaru	5,410,000	0.76
9.	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank For Erwin Selvarajah A/L Peter Selvarajah (M53001)	5,000,000	0.70
10.	Kam Qze Ming	4,471,000	0.63
11.	Soh Eng Inn	4,420,000	0.62
12.	Loo Soon Keat	4,000,000	0.56
13.	Loh Siew Yeok	4,000,000	0.56
14.	Yen Tien Fook	4,000,000	0.56
15.	Yudishtra A/L M Jeganathan	3,890,000	0.55
16.	Mohd Shahid Yahaya	3,885,000	0.55
17.	Kam Wei Kheng	3,744,000	0.53
18.	Lau Kim Wah	3,582,000	0.50
19.	HLIB Nominees (Tempatan) Sdn Bhd - Hong Leong Bank Bhd For Tee Gim Yaw	3,540,000	0.50
20.	Affin Hwang Investment Bank Berhad - IVT (LJL)	3,500,000	0.49
21.	Tan Kai Kiat	3,300,000	0.46
22.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Low Bee Kiew (CEB)	3,232,300	0.45
23.	Fang Choon Ying	3,130,360	0.44
24.	Kenanga Nominees (Tempatan) Sdn Bhd - For Chew Ah Beng (EM1-CF)	3,130,000	0.44
25.	Lim Hoong Tee	3,000,000	0.42
26.	Hui Weng Yan	3,000,000	0.42
27.	Tam May Chow	3,000,000	0.42
28.	Tan Kok Keat	2,720,000	0.38
29.	Eashwary A/P Mageswaren	2,672,040	0.38
30.	Abd Hazis Omar	2,500,000	0.35
	TOTAL	**298,015,900**	**41.89**

SUBSTANTIAL WARRANT HOLDERS AS PER THE REGISTER OF SUBSTANTIAL WARRANT HOLDERS AS AT 28 FEBRUARY 2017

No.	Name of Warrant holders	No. of Warrants	Percentage (%)
1.	Azman Karim	95,453,158	13.42
2.	Khoo Kok Seng	52,869,501	7.43

NOTICE OF FORTY SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty Seventh Annual General Meeting ("47th AGM") of Dagang NeXchange Berhad ("DNeX" or the "Company") will be held at the Nexus 2 & 3, Connexion Conference & Event Centre (CCEC), Nexus, Level 3A, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur on Tuesday, 2 May 2017 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the reports of the Directors and Auditors thereon.

2. To re-elect the following Directors who retire by rotation pursuant to Article 94 of the Company's Articles of Association and who being eligible offer themselves for re-election:

   (a) Zainal 'Abidin Abd Jalil — **Resolution 1**
   (b) Dato' Wong Kam Yin — **Resolution 2**
   (c) Norlila Hassan — **Resolution 3**

3. To re-elect Azman Karim who retires pursuant to Article 99 of the Company's Articles of Association and who being eligible offers himself for re-election. — **Resolution 4**

4. To approve the following Directors' fees and benefits payable in respect of the financial year ending 31 December 2017: — **Resolution 5**

   (a) increase in Directors' fees from RM7,500 per month to RM10,000 per month for the Non-Executive Chairman and from RM3,300 per month to RM5,000 per month for each of the Non-Executive Directors of which payments shall be made on a quarterly basis after the end of each quarter;

   (b) increase in Directors' fees from RM2,700 per month to RM4,000 per month for the Non-Executive Chairman of the Board Audit Committee and from RM1,200 per month to RM2,000 per month for each of the Non-Executive Directors who are members of the Board Audit Committee of which payments shall be made on a quarterly basis after the end of each quarter; and

   (c) the payment of Directors' remuneration to Non-Executive Directors which include meeting attendance allowance, medical and hospitalisation coverage, business travel and other claimable benefits as and when incurred.

5. To re-appoint Messrs. Crowe Horwath as auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration. — **Resolution 6**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution, with or without modifications:

6. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016** — **Resolution 7**

   "THAT subject always to the Companies Act 2016, the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and the approvals from the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 75 of the Companies Act 2016 to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten (10) per cent of the issued share capital of the Company at the time of submission AND THAT the Directors be and are also hereby empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Articles of Association.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 47th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 55(b) 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 April 2017. Only a depositor whose name appears on the Record of Depositors as at 25 April 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

BY ORDER OF THE BOARD
Keh Ching Tyng, MAICSA 7050134
Company Secretary

Kuala Lumpur
7 April 2017

NOTES:-

Proxy

1. A member entitled to attend and vote at the meeting is entitled to appoint proxy/proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.

2. In the case of corporate member, the instrument appointing a proxy ("Form of Proxy") shall be either (a) under its Common Seal or (b) under the hand of duly authorised officer or attorney and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.

3. A member of the Company holding 1,000 shares or less in the Company shall be entitled to appoint one (1) proxy to attend and vote at the same meeting. A member holding more than 1,000 shares in the Company shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting and such appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.

4. Where a member is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.

5. Where a member is an exempt authorised nominee (EAN) as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds. EAN is advised to list down the name of proxies and the particulars of their NRIC No. (both new and old) and attach it to the Form of Proxy.

6. Any alteration to the Form of Proxy must be initialised. The Form of Proxy duly completed must be deposited at the office of the Share Registrar, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than twenty four (24) hours before the time fixed for holding the meeting or any adjournment thereof.

Audited Financial Statements for the financial year ended 31 December 2016

7. The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

Re-election of Directors who retire in accordance with Article 94 and Article 99 of the Company's Articles of Association

8. Article 94 of the Company's Articles of Association provides that an election of Directors shall take place at an Annual General Meeting of the Company. All Directors shall retire from office once at least in every 3 years, but shall be eligible for re-election. With the current Board size, three (3) Directors are to retire in accordance with Article 94 of the Company's Articles of Association. The shareholders' approval is sought under Resolutions 1, 2 and 3.

9. Article 99 of the Company's Articles of Association provides that where a person has been appointed as Director either to fill a casual vacancy or as an additional Director, he shall hold office only until the next annual general meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

10. Zainal 'Abidin Abd Jalil, Dato' Wong Kam Yin, Norlila Hassan and Azman Karim are standing for re-election as Directors of the Company. The Nomination and Remuneration Committee ("NRC") and the Board of Directors (the "Board") have considered the assessment of the four (4) Directors and collectively agree that they meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors, as prescribed by Paragraph 2.20A of the MMLR. The profiles of these Directors are set out on pages 34, 35, 37 and 40 of the Company's Annual Report for the financial year ended 31 December 2016. The Board, through the NRC had carried out an assessment of the independence of Norlila Hassan pursuant to the criteria as prescribed by the MMLR and Malaysian Code on Corporate Governance 2012 and are satisfied that she meets the criteria for independence. Norlila Hassan was appointed as Director on 12 December 2013 and does not exceed the tenure of nine (9) years.

    The retiring Directors had abstained from deliberation and decision on their own eligibility to stand for re-election at the relevant NRC and Board meetings, where applicable.

Directors' fees and benefits payable to Non-Executive Directors

11. The proposed Resolution 5 is intended to seek mandate from the shareholders to allow the Company to increase Directors' fees and pay Directors' fees to the Non-Executive Directors on a quarterly basis after the end of each quarter. The total Directors' remuneration for the Non-Executive Directors for the financial year ended 31 December 2016 amounting to RM364,000 are based on the existing rates as approved by the shareholders during the 38th Annual General Meeting held on 18 June 2008.

12. The Directors' remuneration (excluding Directors' fees) comprises the allowances and other emoluments payable to Non-Executive Directors, details of which are as follows:-

    (a) Meeting attendance allowance (per meeting)
        - Chairman of the Board – RM1,500
        - Member of the Board – RM1,500
        - Chairman of Board Committees – RM1,000
        - Member of Board Committees – RM750

    (b) Other Benefits
        - Medical and hospitalisation coverage, business travel and other claimable benefits.

    Payment of the Directors' remuneration (excluding Directors' fees) to Non-Executive Directors will be made by the Company as and when incurred if the proposed Resolution 5 has been passed at the 47th AGM.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Authority to Issue Shares pursuant to Section 75 of the Companies Act, 2016

The Company has not issued any new shares under the general mandate for allotment and issuance of shares up to 10% of the issued share capital of the Company ("General Mandate"), which was approved at the 46th Annual General Meeting ("46th AGM") held on 9 June 2016 and which shall lapse at the conclusion of the 47th AGM.

The proposed Resolution 7 is a renewal of the General Mandate obtained from the shareholders of the Company at the 46th AGM.

This resolution, if approved, will give the Directors of the Company the mandate to issue and allot shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider will be in the best interest of the Company without convening a general meeting subsequent to the 47th AGM. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

The General Mandate for issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

ABSTENTION FROM VOTING

1. Any Director referred to in Resolutions 1, 2, 3 and 4, who is a shareholder of the Company will abstain from voting on the resolution in respect of his/her re-election at the 47th AGM.

2. All the Non-Executive Directors of the Company who are shareholders of the Company will abstain from voting on Resolution 5 concerning remuneration to the Non-Executive Directors at the 47th AGM.

ADMINISTRATIVE DETAILS

Date **02 May 2017**
Time **10.00 a.m.**
Venue **Nexus 2 & 3, Connexion Conference & Event Centre (CCEC)**
Nexus, Level 3A, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur

REGISTRATION

1. Registration starts from 8.30 a.m. to 10.00 a.m.

2. Please read the signage to ascertain where you should register yourself for the meeting and join the queue accordingly.

3. Please produce your original Identity Card (IC) to the registration staff for verification.

4. After the verification, you are required to write your name and sign on the Attendance List placed on the registration table.

5. You will also be given an identification wristband. No person will be allowed to enter the meeting room without the identification wristband. There will be no replacement in the event that you lose or misplace the identification wristband.

6. No person will be allowed to register on behalf of another person even with the original IC of that other person.

7. The registration counter will handle only verification of identity and registration. If you have any clarification or enquiry, please proceed to the Help Desk.

HELP DESK

1. Please proceed to Help Desk for any clarification or enquiry.

2. The Help Desk will also handle revocation of proxy's appointment.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend the 47th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 55(b) 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 April 2017. Only the depositor whose name appears in the Record of Depositors as at 25 April 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

PROXY

1. A member entitled to attend and vote is entitled to appoint proxy/proxies, to attend and vote instead of him. If you are unable to attend the meeting and wish to appoint a proxy to vote on your behalf, please submit your Form of Proxy in accordance with the notes and instructions printed therein.

2. If you have submitted your Form of Proxy prior to the meeting and subsequently decided to attend the meeting yourself, please proceed to the Help Desk to revoke the appointment of your proxy.

3. If you wish to submit your Form of Proxy by fax, please fax to the Company's Share Registrar's office, Mega Corporate Services Sdn Bhd at Fax No. 03-2732 5388/03-2732 5399. Please also ensure that the original Form of Proxy is deposited at the Company's Share Registrar's office not less than twenty four (24) hours before the time appointed for holding the meeting.

ANNUAL REPORT 2016

1. The Annual Report 2016 is available on the Company's website at *www.dnex.com.my* under Investor Relations and Bursa Malaysia's website at *www.bursamalaysia.com* under Company Announcements.

2. If you wish to request for printed copy of the Annual Report 2016, please forward your request by completing the Request Form provided by us. We will send to you by ordinary post within four (4) market days from the date of receipt of the Request Form.

ENQUIRY

If you have any enquiry prior to the meeting, please contact the following persons during office hours or e-mail us at secretarial@dnex.com.my:

1. **Dagang NeXchange Berhad**
   Tower 3, Avenue 5
   The Horizon, Bangsar South
   No. 8 Jalan Kerinchi
   59200 Kuala Lumpur
   T : 03-2730 0300
   F : 03-2713 3131

   (i) Noryusnaidah Yusof 03-2730 0432
   (ii) Noor Aini Ngateman 03-2730 0468

2. **Mega Corporate Services Sdn Bhd**
   Level 15-2, Bangunan Faber Imperial Court
   Jalan Sultan Ismail
   50250 Kuala Lumpur

   T : 03-2692 4271
   F : 03-2732 5388/ 03-2732 5399

   (i) Norhisham Abdul Hamid
   (ii) Alfred John

FORM OF PROXY

No. of shares held	
CDS Account No.	
Telephone No.	

DAGANG NeXCHANGE BERHAD
(Company No. 10039-P)
(Incorporated in Malaysia)

*I/We_____
(Full name as per NRIC/Certificate of Incorporation in CAPITAL letters)

Company No./NRIC No. (new) _____ (old) _____

of _____
(Full Address)

_____
(Full Address)

being a member of **DAGANG NeXCHANGE BERHAD** hereby appoint _____

_____ NRIC No. (new) _____
(Full name as per NRIC in CAPITAL letters)

(old) _____ or failing *him/her _____
(Full name as per NRIC in CAPITAL letters)

NRIC No. (new) _____ (old) _____

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Forty Seventh Annual General Meeting ("47th AGM") of the Company to be held at Nexus 2 & 3, Connexion Conference & Event Centre (CCEC), Nexus, Level 3A, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur on Tuesday, 2 May 2017 at 10.00 a.m. and at any adjournment thereof. *My/our proxy is to vote as indicated below:

(Please indicate with an "X" in the appropriate boxes how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.)

	AS ORDINARY BUSINESS		**FOR**	**AGAINST**
1.	To re-elect Zainal 'Abidin Abd Jalil who retires by rotation pursuant to Article 94 of the Company's Articles of Association and who being eligible offers himself for re-election.	**Resolution 1**		
2.	To re-elect Dato' Wong Kam Yin who retires by rotation pursuant to Article 94 of the Company's Articles of Association and who being eligible offers himself for re-election.	**Resolution 2**		
3.	To re-elect Norlila Hassan who retires by rotation pursuant to Article 94 of the Company's Articles of Association and who being eligible offers herself for re-election.	**Resolution 3**		
4.	To re-elect Azman Karim who retires pursuant to Article 99 of the Company's Articles of Association and who being eligible offers himself for re-election.	**Resolution 4**		
5.	To approve the Directors' fees and benefits payable in respect of the financial year ending 31 December 2017.	**Resolution 5**		
6.	To re-appoint Messrs. Crowe Horwath as auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.	**Resolution 6**		
	AS SPECIAL BUSINESS			
1.	Authority to Issue Shares pursuant to Section 75 of the Companies Act 2016.	**Resolution 7**		

Dated this ..... day of 2017

_____
Signature(s)/Common Seal of Member(s)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	**Percentage**
Proxy 1		
Proxy 2		
Total		**100 %**

Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint proxy/proxies to attend and vote in his/her stead.
2. A proxy may but need not be a member of the Company.
3. In the case of corporate member, the instrument appointing a proxy ("Form of Proxy") shall be either (a) under its Common Seal or (b) under the hand of duly authorised officer or attorney and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.
4. A member of the Company holding 1,000 shares or less in the Company shall be entitled to appoint one (1) proxy to attend and vote at the same meeting. A member holding more than 1,000 shares in the Company shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting and such appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.
5. Where a member is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
6. Where a member is an exempt authorised nominee (EAN) as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds. EAN is advised to list down the name of proxies and the particulars of their NRIC No. (both new and old) and attach it to this Form of Proxy.
7. Any alteration to this Form of Proxy must be initialised. The Form of Proxy duly completed must be deposited at the office of the Share Registrar, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than twenty four (24) hours before the time fixed for holding the meeting.
8. For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 55(b) 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 April 2017. Only a depositor whose name appears on the Record of Depositors as at 25 April 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

1st Fold here

Affix
Stamp

Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Then fold here

Fold this flap for sealing

www.**DNeX**.com.my

DAGANG NeXCHANGE BERHAD (10039-P)
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur

T : (03) 2730 0300
F : (03) 2713 3131