Together Beyond Excellence.

DNeX

# A BETTER TOMORROW

ANNUAL REPORT 2017

# CORE VALUES

## LEAN

WE ARE A PERFORMANCE-DRIVEN CULTURE THAT STRIVES TO DO MORE WITH LESS - CREATING ENDURING VALUE FOR OUR MARKETS, PEOPLE AND SHAREHOLDERS.

## AGILE

WE ARE A MERIT-BASED ORGANISATION THAT STAYS AHEAD THROUGH LEARNING, INCLUSIVENESS, AND CHANGE.

## CLEAN

WE ARE COMMITTED TO THE HIGHEST STANDARDS OF BUSINESS ETHICS – INFUSING TRUST IN ALL BUSINESS RELATIONSHIPS AND DOING THE RIGHT THING, EVEN WHEN NO ONE IS LOOKING.

## ENTERPRISING

WE PUT OUR IMAGINATION TO TEST AND CONTINUOUSLY INVEST IN DISRUPTIVE INNOVATIVE SOLUTIONS THAT ACHIEVE EFFICIENCY FOR OUR CUSTOMERS, PEOPLE AND COMMUNITIES.

# VISION

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

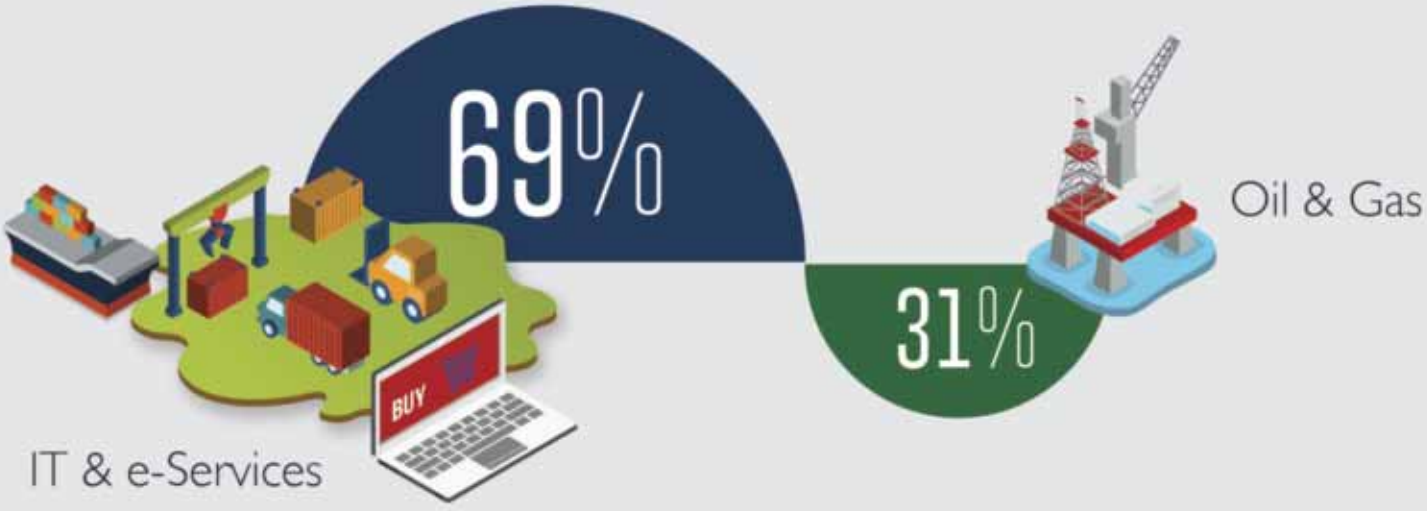
# MISSION

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

# 2017 AT A GLANCE

**WE HAVE COME A LONG WAY. SINCE INCEPTION IN 1970, DNeX GREW FROM A MODEST TRADING FIRM INTO A CONGLOMERATE REPUTED FOR ITS INGENUITY IN CREATING VALUES FOR TOMORROW.**

## REVENUE BREAKDOWN




## FINANCIAL STATEMENTS

| REVENUE (RM million) | PROFIT BEFORE TAXATION (RM million) | EARNINGS PER SHARE (Sen) | NET ASSETS PER SHARE (RM) |
|---|---|---|---|
| 203.9 | 66.6 | 3.24 | 0.24 |

## MARKET CAPITAL

# RM851.4M*

1,755.4m shares

*as of 31 December 2017

## NO. OF SHAREHOLDERS

# 27,601*

*as of 30 March 2018

## GEOGRAPHICAL PRESENCE

## NUMBERS OF EMPLOYEES

# FORTY EIGHTH ANNUAL GENERAL MEETING

Wednesday, 6 June 2018 at 10.00 a.m.
Ballroom 2, Level 1
Sime Darby Convention Centre
1A Jalan Bukit Kiara 1
60000 Kuala Lumpur

**COVER RATIONALE**

**A BETTER TOMORROW**

Dagang NeXchange Berhad is surging ahead towards a better tomorrow and this is highlighted by the cover design that features a distinctive white arrow. The successful completion of the Company's strategic transformation into a two core business – Energy, and IT & e-Services, has created a multitude of opportunities, and they are represented by the smaller arrows that form the background of the design.

On the whole, the cover design captures the Company's dynamism as it progresses confidently into the future.

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# OUR STORY

## OVER 45 YEARS OF HUMAN INNOVATION & COLLABORATION

DNeX HAS ALWAYS BELIEVED THAT THE DYNAMIC POWER OF KNOWLEDGE COMES FROM COLLABORATION AND SHARED EXPERTISE, GIVING US A UNIQUE AND PROGRESSIVE EDGE WE CAN CALL OUR OWN - TOGETHER BEYOND EXCELLENCE.

Since its inception, each 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 belief in a culture that rewards inclusiveness and human innovation.

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

### 1970

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

### 1972-75

**Electric power component manufacturing**
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**
Pioneered solutions for the design and construction of Malaysia's first major toll roads.

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

### 1994

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

### 1995

**SMK-Dagang Net**
Designed and developed the first direct interface for Sistem Maklumat Kastam through pioneering efforts to enhance the use of e-govt 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 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, at the time the largest power supplier in the state's electricity board contributing an average of 45 per cent of 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.

## 2003

**PPSMI**
Appointed by the Government of Malaysia to advise and supply hardware and teaching equipment for the nationwide implementation of Teaching and Learning of Mathematics and Science in English initiative (PPSMI), 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**
Exclusively appointed to design, develop, operate and maintain Malaysia's National Single Window.

## 2013

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

## 2014

**myTRADE2CASH.com®**
Launched Malaysia's first online trade financing service providing on-time, on-demand electronic trade finance services for exports, particularly those in the SME category.

**Halal e-Marketplace**
Launched a global eMarketplace for Halal products and services.

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

## 2015

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

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

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

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

## 2016

**Ping Petroleum Acquisition**
Marking its entry into the upstream oil & gas segment with its acquisition of 30 per cent interest in Ping Petroleum for the producing Anasuria Cluster in the North Sea.

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

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

## 2017

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

**eWork Permit System**
Appointed by Bukti Megah Sdn Bhd to provide consultancy, advice and services for the rehiring programme of illegal foreign workers without permits from 15 countries, under the purview of the Malaysian Government.

**Portable Container Systems**
Appointed to design, engineer, procure, construct, install, commission and maintain 100 PCS units at various fish landing jetties in Malaysia.

# AWARDS AND RECOGNITIONS

## DAGANG NET WINS SIN CHEW BUSINESS EXCELLENCE AWARD 2017 IN THE DIGITAL AND TECHNOLOGY CATEGORY

Dagang Net was awarded Sin Chew Business Excellence Award 2017 in the Digital and Technology category. Known as one of the most trusted and prestigious business award in the country, key winning criteria includes evaluation on the Company's strategic management approach, track record and financial performance, thus it is hoped that the winners' success stories and revenue models will inspire small medium enterprises and be the benchmark in their pursuit of further excellence.

# DAGANG NET RECEIVES SIRIM'S CUSTOMER SERVICE MANAGEMENT BEST PRACTICES RECOGNITION SCHEME

Dagang Net was presented the Customer Service Management Best Practices Recognition Scheme by SIRIM. Renewable annually, this certification covers customer service and operations of Dagang Net, which is focused on the provision of e-Services for Trade Facilitation namely in Business-to-Government ("B2G") and Business-to-Business ("B2B") segments of the sector.

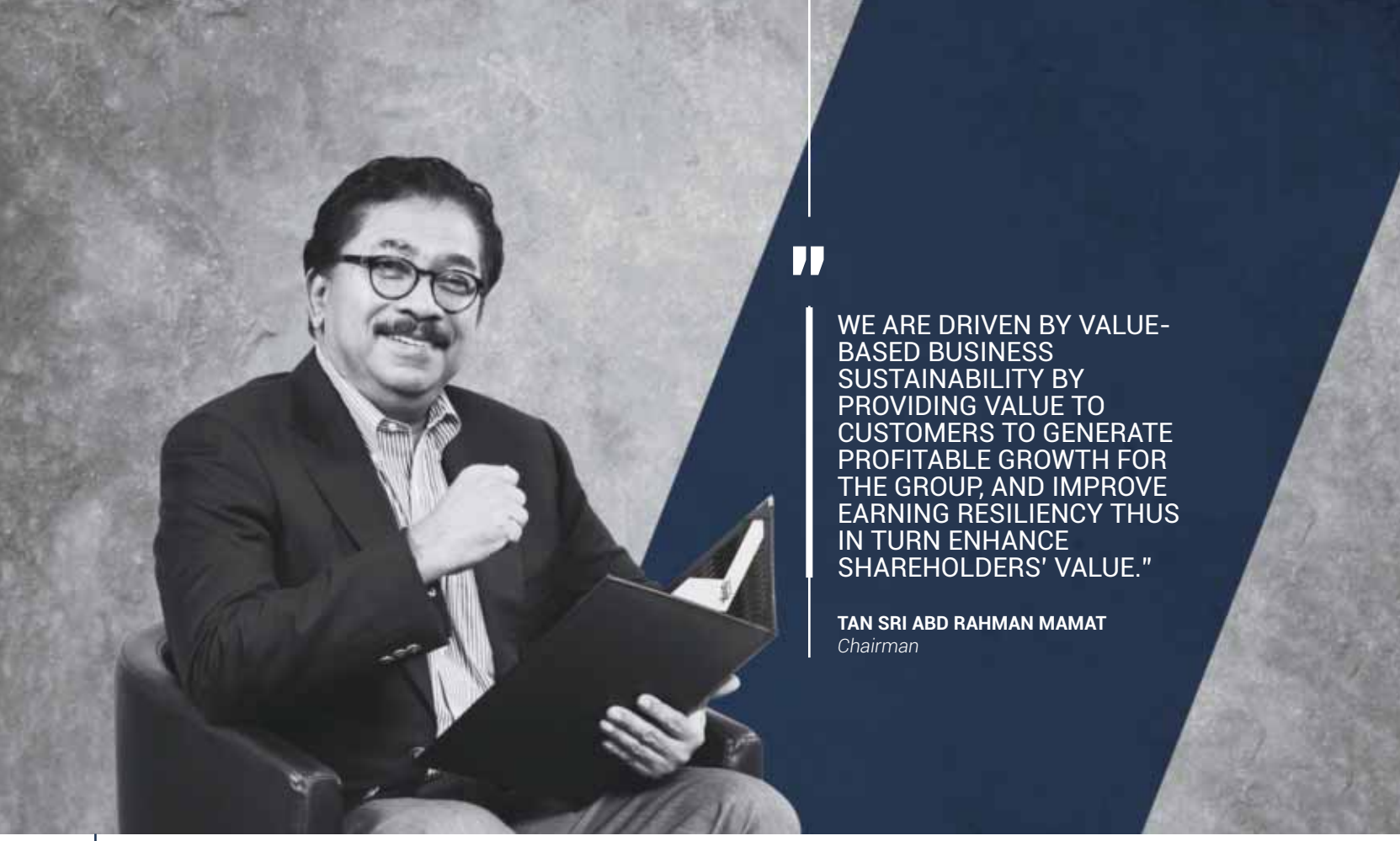
This certification is a testimony of the Company's excellent customer service management and is part of Dagang Net's customer service management initiative with the aim to consistently inspire brand loyalty amongst customers.

# DAGANG NET WINS MALAYSIA INTERNATIONAL BUSINESS AWARDS 2017 FOR EXCELLENCE IN E-SERVICES & TRADE FACILITATION

Dagang Net was a winner for Excellence in e-Services & Trade Facilitation at the Malaysia International Business Awards 2017.

This prestigious business award recognises leading Malaysian business visionaries and organisations across various industries whom have contributed significantly to the country's economy, especially to the State of Selangor. Key winning criteria includes evaluation on the Company's strategic management approach, track record and financial performance. It is also envisaged that the award will hone the winners' determination to remain competitive and challenge globally, as well as to inspire new business leaders and entrepreneurs to further drive the Malaysian economy to become a developed country by year 2020.

EXPANDING OUR
CAPABILITIES



"WE ARE DRIVEN BY VALUE-BASED BUSINESS SUSTAINABILITY BY PROVIDING VALUE TO CUSTOMERS TO GENERATE PROFITABLE GROWTH FOR THE GROUP, AND IMPROVE EARNING RESILIENCY THUS IN TURN ENHANCE SHAREHOLDERS' VALUE."

**TAN SRI ABD RAHMAN MAMAT**
*Chairman*

# CHAIRMAN'S STATEMENT

Dear Shareholders,

Thank you for your continued support that has served as a fundamental catalyst for Dagang NeXchange Berhad ("DNeX") in the pursuit of its goals.

In the year under review, DNeX continued to build on its business sustainability having successfully completed its strategic transformation into a two core business namely IT and e-Services, and Energy.

The Group has managed to strengthen its position in the IT & e-Services segment namely in the provision of e-Services for Trade Facilitation.

Its wholly-owned subsidiary Dagang Net Technologies Sdn Bhd received the award of contract extension from the Government of Malaysia for the National Single Window ("NSW") for Trade Facilitation.

The existing contract, which is from 25 September 2016 to 24 September 2018, is extended until 31 August 2019. The contract extension is indeed a testimony of the Government's continued confidence in us.

Moreover, we have also thrived in new business opportunities where we successfully leveraged on our traditional core competencies. DNeX is currently operating and managing the Vehicle Entry Permit and Road Charges ("VEP & RC") System Project based on Radio Frequency Identification ("RFID") technology that involves foreign-registered vehicles entering Malaysia via Johor namely Kompleks Sultan Abu Bakar in Tanjung Kupang and Bangunan Sultan Iskandar in Johor Bahru.

Our experience in e-Services for Trade Facilitation have also been extended to serve specific requirements of customers including the development and operations of the eWork Permit System for the rehiring programme of illegal foreign workers involving workers without permits from 15 countries.

Under the Energy division, DNeX's investment in OGPC Group and Ping Petroleum Limited ("Ping") also continued to contribute positively to the Group's financial results.

MOVING FORWARD, OUR MAIN FOCUS IS ON EXECUTING PLANNED INITIATIVES, AND EXPLORING OPPORTUNITIES THAT LEVERAGE ON ITS EXISTING BUSINESS BUILDING BLOCKS.

In addition to existing business operations, the Group has also managed to further strengthen the Energy business segment. OGPC was awarded a contract to supply Portable Container Systems ("PCS") for petroleum products. The contract involves designing, engineering, procurement, construction, installation and commissioning of up to 100 units of PCS for two years. In addition, the contract also covers maintenance and supply of parts for 10 years.

This is in line with our plan to pursue new opportunities in contracting work in downstream sector leveraging on our expertise in delivering innovative engineered systems in short-cycle projects.

Moving forward, our main focus is on executing planned initiatives, and exploring opportunities that leverage on its existing business building blocks.

We are driven by value-based business sustainability by providing value to customers to generate profitable growth for the Group, and improve earning resiliency thus in turn enhance shareholders' value.

And we aim to achieve the continuous growth based on our own core values - Lean, Agile, Clean and Enterprising – which are embedded as part of our business culture.

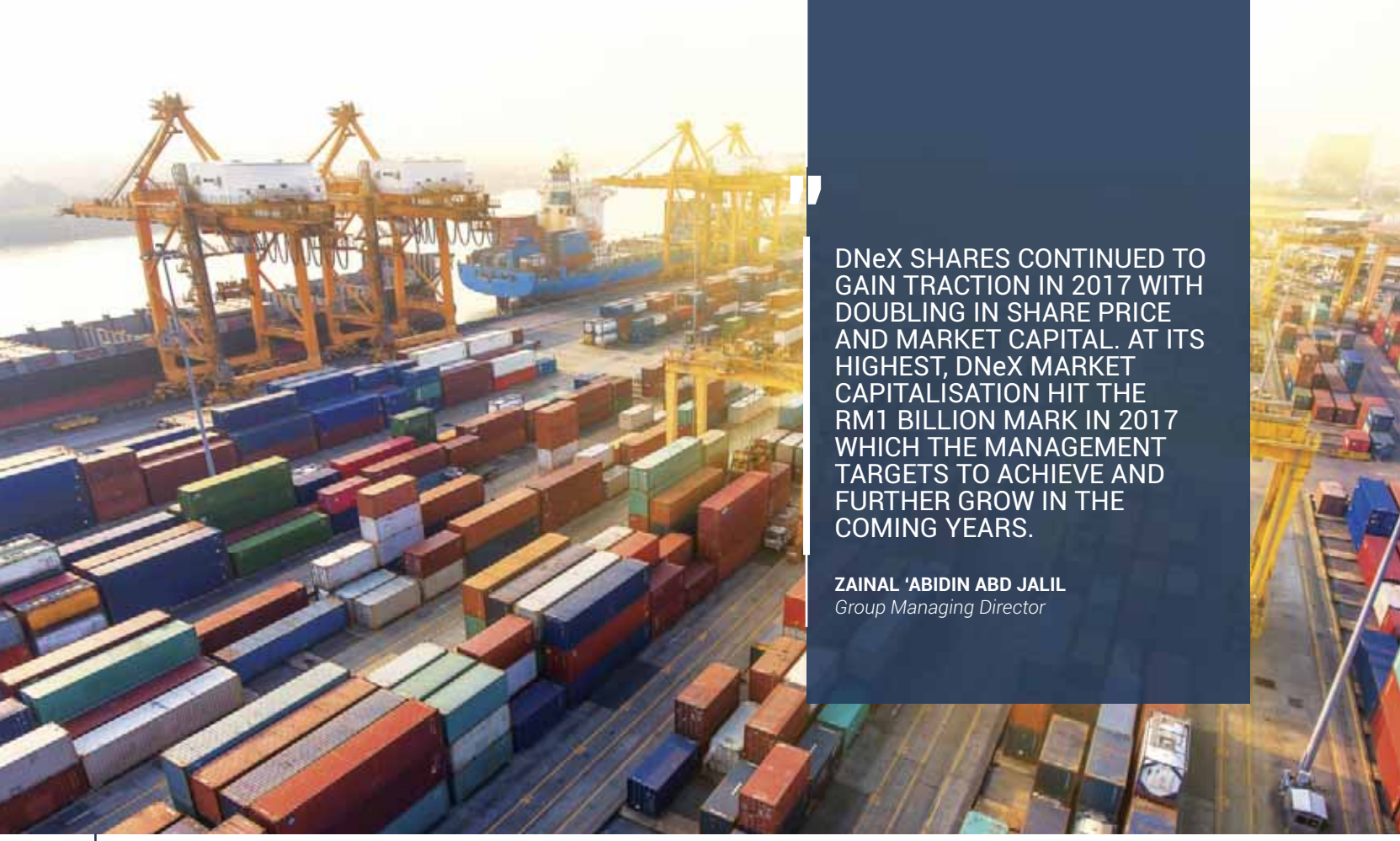
As a reward for your support, the Group paid out dividends amounting to 0.5 sen per share for the full financial year of 2017. This brings the total payout to RM8.8 million.

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

My appreciation also goes to my fellow members of the Board for their contribution and progressive counsel in pursuing our goals, and the Management team and employees for their firm commitment and hard work to ensure continued success of the Group.

Thank you.

**TAN SRI ABD RAHMAN MAMAT**
Chairman
27 February 2018



DNeX SHARES CONTINUED TO GAIN TRACTION IN 2017 WITH DOUBLING IN SHARE PRICE AND MARKET CAPITAL. AT ITS HIGHEST, DNeX MARKET CAPITALISATION HIT THE RM1 BILLION MARK IN 2017 WHICH THE MANAGEMENT TARGETS TO ACHIEVE AND FURTHER GROW IN THE COMING YEARS.

**ZAINAL 'ABIDIN ABD JALIL**
*Group Managing Director*

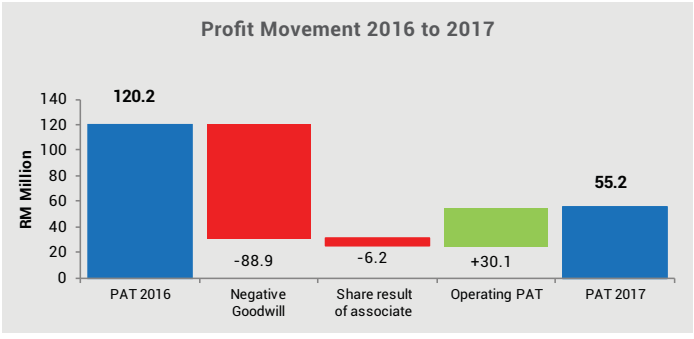
The Management Discussion and Analysis ("MD&A") provides an overview of the DNeX Group's performance in 2017, encompassing both operational and financial activities. The aim of the MD&A is to provide shareholders with a better understanding of the business, operations and financial position of the Group.

# MANAGEMENT DISCUSSION & ANALYSIS

## OVERVIEW 2017

DNeX continued to grow with good earning momentum with revenue increased by 14 per cent in 2017 with substantial growth in core profits. Today, DNeX has completed its strategic transformation into a sustainable business model with multiple revenue streams.

The drop in Profit After Tax ("PAT") is primarily from one-off negative goodwill and reduced results from investment in Ping Petroleum Limited ("Ping") totalling RM88.9 million in 2016. Excluding Ping, **operating results of all operating units sees growth by RM30.1 million** notwithstanding increasing competition and challenging conditions. The chart below summarises the profit movement from 2016 to 2017. The decline in the share result of associate in Ping of RM6.2 million was due to the 31-day planned maintenance shut-down in September 2017.



## VALUE CREATION

DNeX shares continued to gain traction in 2017 with doubling in share price and market capital. At its highest, DNeX market capitalisation hit the RM1 billion mark in 2017 which the Management targets to achieve and further grow in the coming years.

**MARKET CAPITAL GREW** 2X **FROM 2016**

**31 DEC 2017**
RM851.4m
1,755.4m shares
48.5sen

**31 DEC 2016**
RM441.9m
1,732.9m shares
25.5sen

## OVERVIEW OF GROUP'S BUSINESS, OPERATIONS AND STRATEGIES

The Group is involved in the business of services largely in the Information Technology sector and in recent years the Energy sector. The Group's head office operates from the Klang Valley, which is home to most of its businesses. For facilitating services within the nation largely the National Single Window ("NSW") for Trade Facilitation, DNeX's branches are situated in locations close to Malaysian entry and exit points namely Penang, Johor, Kuantan, Labuan, Sabah and Sarawak. The Group has global presence in the United Kingdom through its investments in 30 per cent associate company Ping that co-operates Anasuria oilfield cluster in the North Sea; and Bangladesh with a minor stake in a power plant which has reached its commercial operation.

The Group is continuously strategising itself as a catalyst for digital transformation in Government services and the Energy sector. We aim to expand our client reach to new markets both in the local and global front.

We continually pursue efforts to expand opportunities regionally and internationally, and improve long-term sustainable earnings through talent development, market expansion and strategic partnership.

**IT and e-Services**

The IT and e-Services arm of the Group contributed 69 per cent of the Group's results and more specifically the NSW for Trade Facilitation contract represents 46 per cent of Group revenue. DNeX's wholly-owned subsidiary Dagang Net Technologies Sdn Bhd ("Dagang Net") now exclusively operates the NSW for Trade Facilitation System for the Royal Malaysian Customs Department ("RMCD") until 25 September 2018. This contract has been further extended until 31 August 2019. Dagang Net is also one of the two appointed service providers of uCustoms when the NSW is replaced. The NSW for Trade Facilitation contract has been a major revenue contributor to DNeX for the past 10 years and we take pride in continually improving our reach to our stakeholders and representing Malaysia for Trade Facilitation globally.

In 2017, we served over 35,000 users in the Trade Facilitation and logistics fraternity, offering them connectivity to 167 points of entry and exit and more than 30 permit issuing agencies in Malaysia as well as a link to more than 10 banks. Our secured and robust infrastructure processes about 100 million transactions a year.

In the year under review, Dagang Net was conferred the Business Excellence Award in the Digital & Technology category at the prestigious Sin Chew Business Excellence Awards, the Excellence in e-Services & Trade Facilitation Award at the Malaysia International Business Awards, and the Customer Service Management Best Practices Recognition Scheme by SIRIM.

Leveraging on the Group's wealth of knowledge, expertise and operational know-how in the provisioning of e-Services for Trade Facilitation, DNeX is currently trying to provide one-stop solutions for businesses and small medium enterprises as well via 1Trade™ and GoHalal. DNeX launched its latest offering 1Trade™, a web-based one-stop portal for total cargo and trade management services. Targeted at businesses in the Trade Facilitation and Logistics sector, primarily exporters and importers and logistics service providers, 1Trade™ by DNeX converges supply chain and cross border logistics processes to simplify cargo and trade management processes.

The Group also signed a memorandum of understanding ("MoU") with e-Commerce service providers from six countries in the region to work together towards more efficient cross border trade among these countries. Under the MoU, the parties will strengthen cooperation and partnership in the field of Trade Facilitation among the countries they are operating in. They will also engage in discussions and exchange of trade information as well as develop plans, business case, and ideas for cross border services for the transport and logistics community in the region.

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 including Bank Negara Malaysia effective mid 2016. In early 2018, DNeX signed an exclusive brand license agreement with EC-Council International Ltd to offer cyber security services in Malaysia. With this licensing deal, DNeX will offer the holistic approach to cyber security of EC-Council Global Services and develop a cyber security framework that helps in identification, protection, detection, response, and recovery to cyber threats to clients in Malaysia.

Subsequent to completion of the Vehicle Entry Permit ("VEP") and Road Charges ("RC") system development and integration to border crossing between Malaysia and Singapore, DNeX RFID Sdn Bhd ("DNeX RFID") now maintains the said system until 2021. DNeX RFID was awarded a sub-contract work to undertake the encryption of DNeX RFID VEP Tag on foreign vehicles. DNeX RFID is a 51 per cent owned subsidiary of DNeX with the remaining 49 per cent held by TCSens Sdn Bhd, a company involved in the development and integration of RFID technology. DNeX is targeting to replicate the available system integration expertise and business model to other Government and semi-Government agencies within Malaysia and ASEAN countries. The Group remains optimistic about securing contracts for Thailand's borders. The system integration business together with Cyber Security contributes approximately 5 per cent of Group results.

| **VEP & RC Singapore border crossing contract** | **Term** | **Contract Value (RM)** |
|---|---|---|
| CAPEX | 1 November 2015 - 14 September 2017 | 42.6m |
| OPEX | 1 August 2016 - 31 July 2021 | 98.4m |
| **Note: Value excluding GST** | | **141.0m** |

**Energy**

The Group ventured into a long-term strategic plan to diversify into the Energy sector and grow its technology business in 2014. Since the launch of this initiative, the Group has been kept busy in sourcing for investment that provides the highest returns kept within the available resources and risk appetite.

Following suit, DNeX made its biggest investment with the acquisition of OGPC Group ("OGPC"). Subsequent to the completion of this investment in 2016, the oil and gas industry was faced with challenging conditions with fewer local green field projects within Malaysia, changing the product demands in the market. These had impacted OGPC with slowing demand for equipment and maintenance services offered by OGPC.

> DNeX OILFIELD SERVICES BEING THE ONLY MALAYSIAN DIRECTIONAL DRILLING COMPANY SUCCESSFULLY COMPLETED THE CONTRACT CONSISTING 4 WELLS IN TUKAU TIMUR AND F12 MARKING A NEW MILESTONE FOR DNeX.

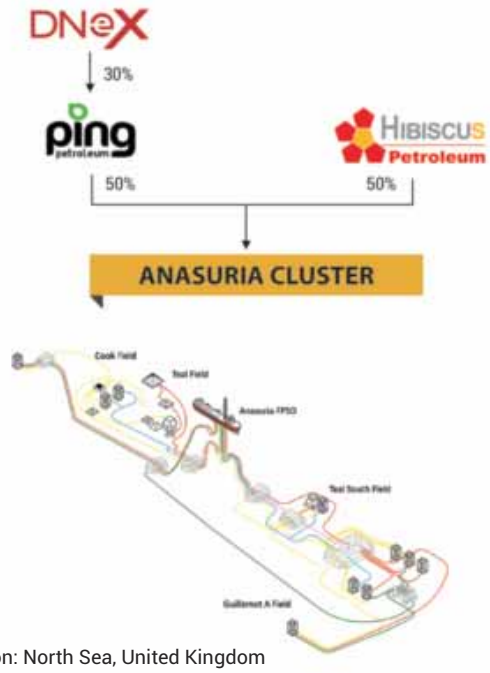
Despite the odds, OGPC secured a contract for supply of Portable Container Systems ("PCS") for petroleum products. The contract involves designing, engineering, procurement, construction, installation, commissioning and maintenance of up to 100 units amounting to order book of RM50 million for two years.

In the third quarter of 2017, two of the three founding members of OGPC made a planned departure. In the first quarter of 2018, OGPC's third founding member and Group Managing Director Azman Karim resigned and the leadership of OGPC is now helmed by Faiz Mohamed Kunju who brings with him more than 30 years of experience in the industry. Despite declining results, OGPC comes in as the second largest contributor after the NSW business with 29 per cent and 19 per cent to Group revenue and profits respectively and maintains a strong cash flow.

DNeX Oilfield Services Sdn Bhd ("DNeX Oilfield Services") was awarded 2 mini bids under the Umbrella Contract for the Provision of Directional Drilling/Measurement While Drilling/Logging While Drilling ("DD/MWD/LWD") Equipment and Services for Petronas Carigali Sdn Bhd ("PCSB"). DNeX Oilfield Services being the only Malaysian directional drilling company successfully completed the contract consisting 4 wells in Tukau Timur and F12 marking a new milestone for DNeX. However, DNeX Oilfield Services continue to face strong competition in terms of cost and experience as a newcomer in the drilling sector.

DNeX's 30 per cent associate company Ping signed a farm-out Agreement with Summit for 50 per cent working interest in Avalon (development asset) and 20 per cent on Ranger (exploration asset) in April 2017. This further intensifies the growth potential of this investment coupled with 15 per cent effective equity interest in producing Anasuria cluster, a fully operating oilfield in North Sea, United Kingdom. This investment continues to appealingly contribute to DNeX results at RM22.2 million in 2017 in comparison to previous year results of RM28.4 million and RM88.9 million in one-off negative goodwill on investment. The reduced operational result is due to a 31-day planned maintenance shutdown in September 2017.

DNeX's flexible and fast paced business culture allows it to quickly adapt and adopt new investments. Therefore, it will continue to grow by way of acquisitions and investment for its quick access to resources and speed to market as compared to generic growth strategy.




Location: North Sea, United Kingdom

## BUSINESS RISKS

DNeX key contract(s) is with the Government of Malaysia. The Group is therefore exposed to risks relating to change in government policies. We take this very seriously and therefore are always sensitive to requests by the relevant government agencies with reference to our services. The same level of effort is directed towards agencies and communities that are linked to our systems. The Group continually invests in improving internal resources, customer services, system reliability, technological advancements and stakeholder management activities in view of retaining customer satisfaction and loyalty.

The Management monitors the progress of the Group's investments specifically new ones at least on a monthly basis. This is done actively to ensure any risks arising are quickly mitigated with fast decision making. Where required, the Management directly participates in key activities to protect the investment interest and mitigate financial exposure.

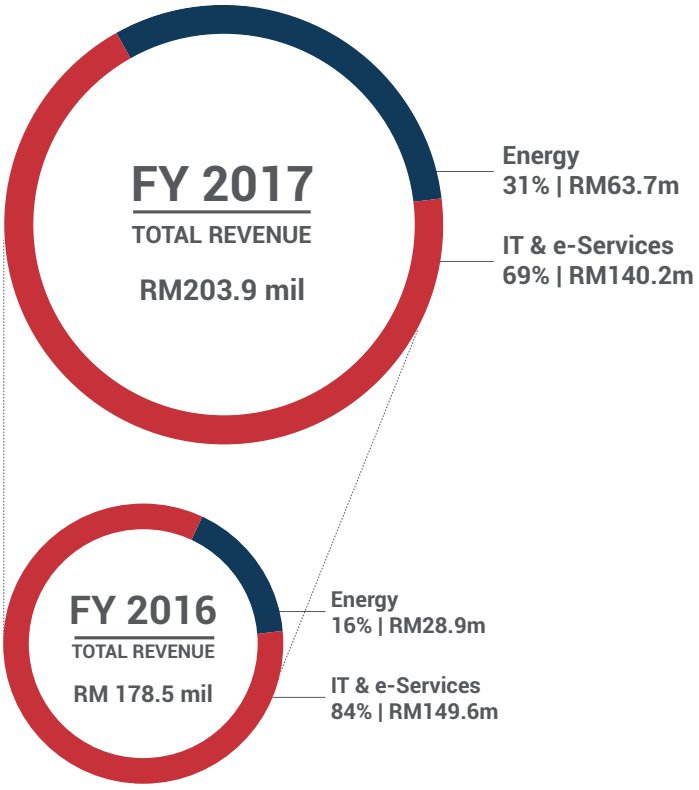
As technology is the key enabler of our services, the Group is exposed to technology risks relating to technological security, development, integration and infrastructure. Our technological assets are strictly maintained with continued updates and assessments to meet the required service level agreements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

## FINANCIAL PERFORMANCE

DNeX is proud to present the financial performance of the Group for the year ended 31 December 2017. The Group's financial performance for the year ended 31 December 2017 performed in line with our expectations. The financial movements during the year was mainly affected by new investments which took place in 2016 namely OGPC and share result of associate from 30 per cent in Ping. The Group continues to maintain a strong financial position with healthy gearing levels and sufficient cash in hand.

**Income Statement**

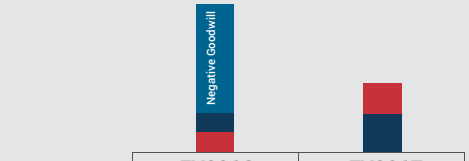
The Group recorded revenue of RM203.9 million in 2017 at 14 per cent growth compared to previous year revenue of RM178.5 million. The IT and e-Services division revenue remains stable and sees growth whilst the Energy division revenue doubled from the full year recognition of OGPC Sdn Bhd which was acquired in the second half of 2016.




The revenue from the NSW contract remained the main contributor to the Group revenue with 4 per cent year-on-year growth. This was followed by OGPC and the VEP & RC contracts contributed to the Group in terms of revenue ranking.

> FROM THE OPERATIONAL PERSPECTIVE, THE GROUP'S EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION ("EBITDA") AND SHARE OF ASSOCIATE RESULTS MORE THAN DOUBLED AT RM58.3 MILLION COMPARED TO RM28.0 MILLION PRIMARILY FROM FULL YEAR CONSOLIDATION OF OGPC SDN BHD.

**Profit After Tax (million)**




| | FY2016 | FY2017 |
|---|---|---|
| Energy | 104.1 | 20.4 |
| Technology | 16.1 | 34.8 |

The Group recorded PAT of RM55.2 million in 2017. The PAT sees 54 per cent reduction from 2016 mainly from one-off negative goodwill from investment in Ping of RM88.9 million recognised in previous year which significantly added to the 2016 results. Excluding which, core PAT is higher by 77 per cent at RM55.2 million in 2017 against RM31.3 million in 2016.

From the operational perspective, the Group's earnings before interest, taxes, depreciation and amortisation ("EBITDA") and share of associate results more than doubled at RM58.3 million compared to RM28.0 million primarily from full year consolidation of OGPC Sdn Bhd.

Share of associate results of RM22.2 million is lower from the 28.4 million reported in 2016 excluding one-off negative goodwill from investment in Ping of RM88.9 million. In the month of September, the Anasuria operations went through a 31-day planned shutdown for the purpose of routine maintenance. This had affected the production and consequently its profits.

**Statement of Financial Position**

During the year, investments made towards property, plant and equipment were the movers to the statement of financial position. Amongst the substantial investments during the year was the acquisition of a new office tower in Cyberjaya costing RM22.5 million financed through a 10-year loan. This gave rise to increase in non-current assets and long-term borrowings.

Additionally, further investments were made towards acquiring additional tools for directional drilling unit amounting RM17.7 million. This is to cater for inter alia the Petronas Carigali contract which was awarded to DNeX Oilfiled Services in the first quarter of 2016.

Receivables, deposits and prepayments are 54 per cent higher at RM105.9 million. Approximately half of this amount is due from the Government of Malaysia and related agencies for projects namely VEP & RC CAPEX and maintenance services contract, NSW services, and IT services rendered to Majlis Agama Islam Selangor. Included in non-trade receivables of the Group is an amount of RM6.37 million grants from a Government Agency ("MIDA") on investments made in drilling equipment. All receivables, deposits and prepayments will be recoverable against fulfilment of contract terms.

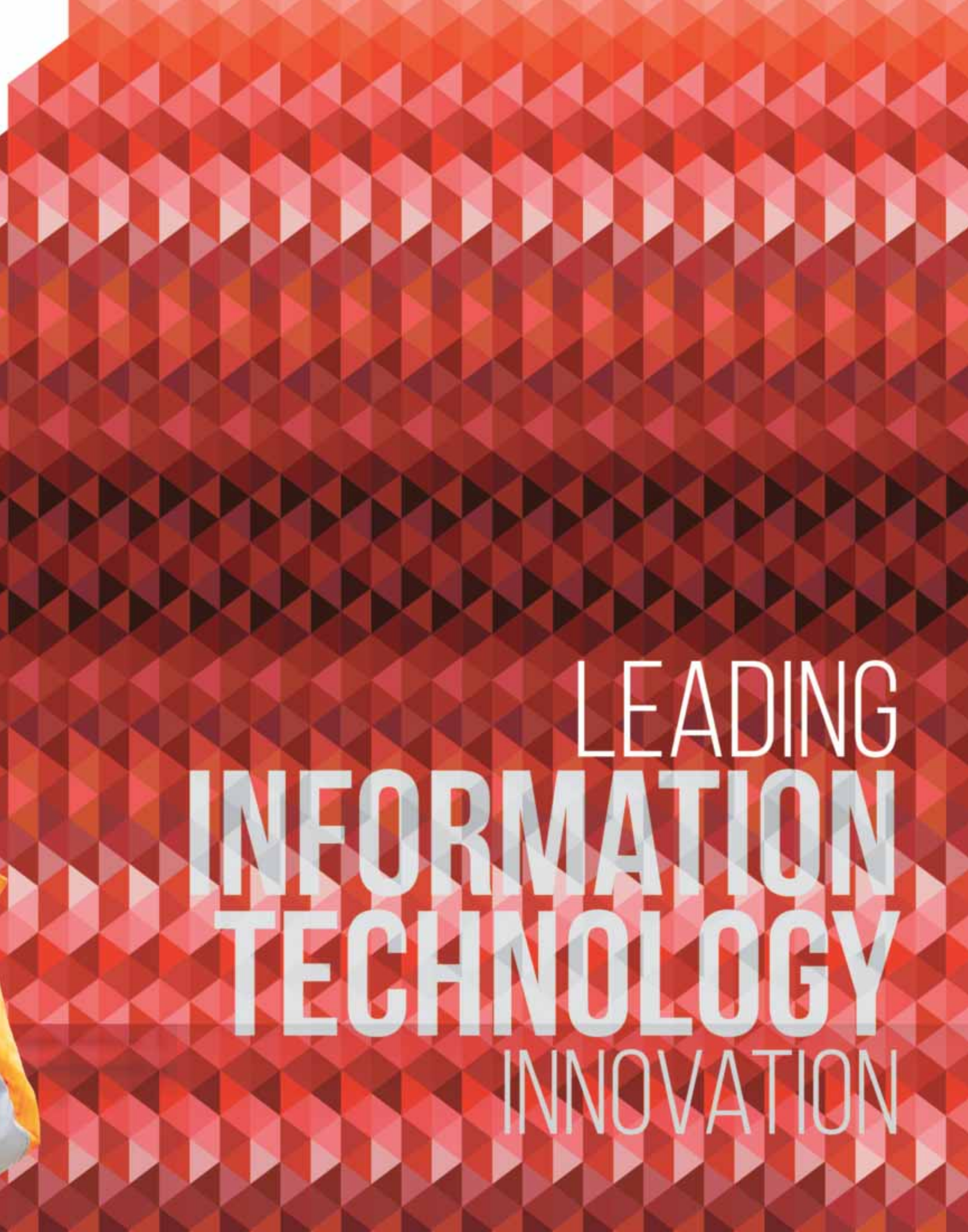
**Dividend Policy**

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

## 2018 OUTLOOK

Our performance in 2017 was motivated from our determination to continually create value for shareholders and progress the DNeX brand within Malaysia and globally. We foresee challenges ahead in 2018 with uncertainties in regulatory development and competition in both our core businesses that are not shielded from changes in global economic and technological condition.

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 in creating value for shareholders wealth and growing DNeX - the company and the brand – in Malaysia and globally as well.


LEADING
INFORMATION
TECHNOLOGY
INNOVATION

# 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

**Datuk Johar Che Mat**
Independent Non-Executive Director
*(Appointed on 28 February 2018)*

**Azman Karim**
Non-Independent Executive Director
*(Resigned on 28 February 2018)*

***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

T : (03) 2730 0300 / 2730 0433
F : (03) 2713 3131
E : ching.tyng.keh@dnex.com.my

# REGISTERED OFFICE & HEAD OFFICE

Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
T : (03) 2730 0300
F : (03) 2713 3131
E : info@dnex.com.my
W : www.dnex.com.my

# AUDITORS

**Messrs Crowe Horwath (AF1018)**
(Chartered Accountants)
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
T : (03) 2788 9999
F : (03) 2788 9998

# SHARE REGISTRAR

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

# STOCK EXCHANGE LISTING

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

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

# PRINCIPAL BANKERS

Bank Muamalat Malaysia Berhad
CIMB Bank Berhad
Malayan Banking Berhad

# GROUP CORPORATE STRUCTURE

| PUBLIC >20,000 SHAREHOLDERS | ARCADIA ACRES SDN BHD | CENSOF HOLDINGS BERHAD |
|---|---|---|
| 63.3% | 20.5% | 16.2% |

Together Beyond Excellence.

DNeX

## IT & e-SERVICES

- **80.0%** DNeXPORT SDN BHD
  - **51.0%** DNeX GIS SDN BHD
- **100.0%** DNeX TECHNOLOGY SDN BHD
- **100.0%** DNeX SOLUTIONS SDN BHD
- **100.0%** DAGANG NET TECHNOLOGIES SDN BHD
  - **51.0%** DNeX RFID SDN BHD
  - **99.0%** PT DAGANG NET INDONESIA
  - **51.0%** DNeX VMS SDN BHD
  - **100.0%** GLOBAL eCOMMERCE LIMITED
  - **100.0%** MYCALL GATEWAY SDN BHD
  - **51.0%** DNeX TELCO SERVICES SDN BHD
  - **100.0%** GLOBAL MARKET eCOMMERCE SDN BHD
    - **55.0%** DNeX IMIZU SDN BHD

## ENERGY

- **100.0%** OGPC SDN BHD
- **52.0%** OGPC O & G SDN BHD — 48.0%
- **80.0%** DNeX OILFIELD SERVICES SDN BHD
- **100.0%** DNeX PETROLEUM SDN BHD
  - **30.0%** PING PETROLEUM LIMITED
- **51.0%** FORWARD ENERGY SDN BHD
  - **100.0%** FORWARD ENERGY LTD
    - **100.0%** FORWARD ENERGY GENERATION LTD

# CORPORATE PROFILE

**Sector Revenue Attribute**

**Sector Revenue Attribute**

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

## DEPTH OF TECHNOLOGICAL KNOW-HOW, BREADTH OF TECHNICAL EXPERTISE

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

## DOMESTIC AND REGIONAL EXPERTISE

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

## HOLISTIC AND INTEGRATED APPROACH

We have extensive experience in engaging, consulting and advising sponsors, intermediaries and end-users across the spectrum of projects to devise workable and realistic solutions for our clients. For example, we house our 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 JOINT VENTURES. OUR EXTENSIVE KNOW-HOW, COUPLED WITH A LIGHT ASSET STRATEGY, HAS ALLOWED US TO INTEGRATE AND DEVELOP COMMERCIALLY SUSTAINABLE ENERGY BUSINESSES LEVERAGING ON STRATEGIC TECHNOLOGY PARTNERSHIPS AND ALLIANCES.

## OILFIELD SERVICES

We work to provide integrated solutions with value creation to our clients in the oilfield segment. We integrate fit-for-purpose solutions with specialised knowledge for our clients, specifically those seeking to maintain competitive edge in the energy sector's fast changing landscape.

DNeX's very own niche technology and solutions generate new possibilities in oilfield services. We have invested heavily to equip ourselves with assets - tools, equipment and facilities, so as to offer comparative oilfield solutions as that of other international service providers. For the provision of drilling services, the maintenance of tools and Quality Assurance and Quality Control processes are crucial. We are equipped with our own facility in Kemaman Supply Base and Asian Supply Base in Labuan, both of which functions as operational support facilities in East and West Malaysia respectively.

We place emphasis on local competencies and cost efficiencies to enhance operational effectiveness. Our key technical and operational personnel are all highly specialised in their areas with cumulative oilfield industry experience spanning more than 270 years.

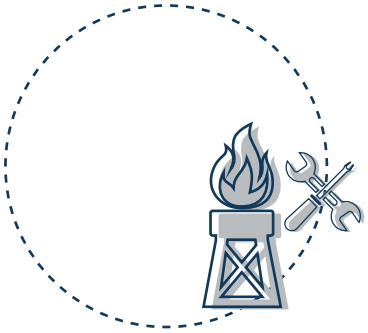
The Malaysian Book of Records has also certified DNeX Oilfield Services Sdn Bhd as a national record holder for being the **First Self-Operated Malaysian Directional Drilling /Measurement While Drilling / Logging While Drilling Company** to have successfully drilled wells.

# EQUIPMENT SUPPLY & MAINTENANCE

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

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

Through OGPC Group, DNeX has now expanded to supply Portable Container Systems ("PCS"), a self-contained modular fuel storage and dispensing unit, ideal for distribution and consumption of petroleum products for captive markets within remote locations. We recently secured a contract to install up to 100 units of PCS which are to be used for the supply of petrol at various fish landing jetties in Peninsular Malaysia. The contract involves designing, engineering, procurement, construction, installation, commissioning and maintenance of the same units for two years, and maintenance and supply of parts for 10 years.



# UPSTREAM OIL & GAS

We combine demonstrated commercial expertise and effective partnerships, and a fundamental commitment to maximising shareholder value, to seek out assets with proven reserves in stable fiscal regimes.

Since 2016, DNeX has 30 per cent effective equity interest in Ping Petroleum Limited ("Ping"), which co-owns the producing Anasuria cluster, a fully operating oilfield in North Sea, United Kingdom. Through Ping, DNeX also has interests in Avalon and Ranger oilfield prospects.

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

# POWER

Alongside designing, building and operating captive market power plants in a safe and reliable manner, DNeX also strives to build and manage renewable power plants and key infrastructure for energy supply in an environmentally friendly way.

Our experience in power plant development and operations spans close to 20 years. Today, we work on IPP opportunities to build and manage reliable power plants and key infrastructure for the energy sector.

In expanding our capabilities within the power generation sector, DNeX has been actively working on ventures in renewable energy to promote sustainable and efficient energy to cater to the future consumption by industrial sectors. Under this initiative, we aim to possess a strong Renewable Energy portfolio of 200MW production that is scalable, sustainable and most importantly, economically viable; both locally and globally by 2020. Several projects and investment such as Solar, Wind, Waste to Energy, Hydro, Waste Heat Recovery and Co-Generation are being developed towards achieving this goal.

# 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 SIMPLIFIES TRADE PROCESSES. WE RECENTLY ENHANCED OUR BUSINESS-TO-BUSINESS ("B2B") OFFERINGS TO OFFER MALAYSIA'S MOST COMPREHENSIVE CARGO AND TRADE MANAGEMENT SOFTWARE – MAKING DIGITAL LOGISTICS EASY.

## NATIONAL SINGLE WINDOW

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

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

Today, close to 100 million electronic transactions and approximately RM8 billion worth of Customs duty payment are transacted annually through our proven infrastructure system. From logistics to manufacturing, retail to government, we serve a diverse range of customers, gaining valuable expertise to fully capitalise on e-Commerce, helping customers run their business faster and more accurately.

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

**You Trade. We Facilitate.**

e Permit  e PCO®  e Payment

e Manifest  e PermitSTA®  e Declare

# 1TRADE™

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

1Trade™ digitises the information flow across all parties involved in the trade facilitation value chain. It brings together all trade related data and documents within the cargo management journey - along the Business-to-Government processes, as well as pre and post declaration requirements such as cargo/marine insurance and trade financing - onto one platform.

As a platform that collects data and documents currently recorded and collected separately by respective parties primarilly importers, exporters, forwarders, shipping lines, hauliers, warehouses and ports, 1Trade™ enables real-time tracking and traceability on goods and document statuses.

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

# GOHALAL

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

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

# myPAYMENT

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

myPayment was developed in-house to facilitate online payments for Customs duties, Importation GST, and permit fees. This modular-based application is also available for various bill settlements including transaction fees, prepaid top-up, premiums for marine cargo insurance, and any other general payments in favour of any registered billers. myPayment provides users real-time tracking on payments, and ensures the money reaches its destination safely and securely.

# TECHNOLOGY, HUMANISED.

TECHNOLOGY IS ONLY AS GOOD AS ITS PURPOSE. DNeX CONSTANTLY EMBRACES, CHALLENGES AND IMPROVES UPON TODAY'S TECHNOLOGICAL ADVANCEMENTS TO PROVIDE COMMUNITIES WITH AN EDGE THAT IMPACTS LIFE FOR THE BETTER.

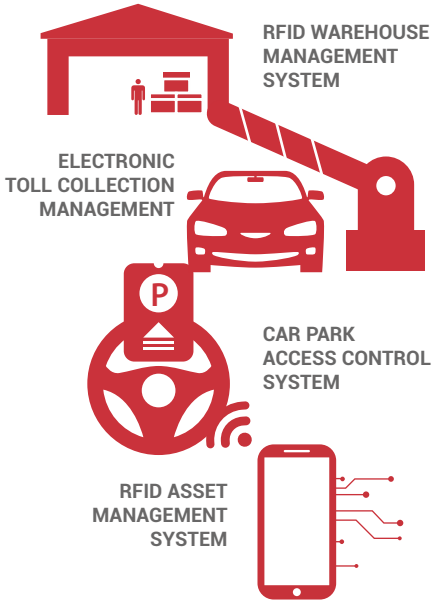
DNeX RFID

## RADIO FREQUENCY IDENTIFICATION SOLUTIONS

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

We provide our clients with complete RFID solutions; from planning, project management, and software, to hardware, installation and integration. Our resilient and reliable technology provides the highest quality service maintenance to improve and protect customer's business operations.

When we pioneered the design and development of the Vehicle Entry Project ("VEP") and Road Charge ("RC") System, we combined sound technological knowledge with reliable technology.




## TELCO SUBSEA SERVICES

DNeX connects people, businesses and ideas through its Subsea and Marine Engineering Services, particularly in the telecommunications industry.

Equipped with advanced technology and expertise coupled with its integrated support services for the offshore segment, we offer turnkey solutions for the design, engineering, supply, installation and repair maintenance of subsea fibre optic and power cables.

# CYBER SECURITY SERVICES

DNeX's FORTRESS® helps businesses build strong, dependable security defences, reduce costs and enable operational efficiencies. We achieve this by offering our very own end-to-end Cyber Security services to help local and international organisations develop strategies to address the ever-changing IT security threat landscape.

FORTRESS® Managed Services provide 360° Security Operations Centre (SOC) services including Monitoring, Network Security Management and Identity & Access Management. FORTRESS® automates security processes and integrates managed security services with a depth and breadth of coverage unmatched in the industry.

At the other end of the spectrum are our Advisory Services, encapsulating Security Posture Assessment, Governance & Compliance, Security Management, Resiliency Management, Training, Incident Response & Cyber Forensics.

# SYSTEMS INTEGRATION

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

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

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

# BOARD OF **DIRECTORS**

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

**SATRIA AHMAD**
Independent
Non-Executive Director

**ROSLI ABDULLAH**
Senior Independent
Non-Executive Director

**DATUK SAMSUL HUSIN**
Executive Deputy
Chairman

**DATUK JOHAR CHE MAT**
Independent
Non-Executive Director

**NORLILA HASSAN**
Independent
Non-Executive Director

**DATO' WONG KAM YIN**
Executive Director

**ZAINAL 'ABIDIN ABD JALIL**
Group Managing Director

**ANG HSIN HSIEN**
Non-Independent
Non-Executive Director

# PROFILE OF **DIRECTORS**

## TAN SRI ABD RAHMAN MAMAT

*Chairman / Independent Non-Executive Director*

***Gender / Age / Nationality***
*Male / 65 / Malaysian*

***Date of Appointment as Director***
*12 December 2013*

***Date of Appointment as Chairman***
*16 December 2013*

***Length of Service***
*4 years 4 months (As at 12 April 2018)*

***Date of Last Re-election***
*9 June 2016*

***Membership of Board Committees***
*None*

**Academic/Professional Qualification(s):**

1. Bachelor's Honours Degree in Economics, Universiti Malaya, Malaysia
2. Advanced Management Programme, Harvard Business School, Boston, USA

**Working Experience:**

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

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

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

**Present Directorship(s) In Other Listed Entity:**

1. HiapTeck Venture Berhad (Chairman)
2. BioAlpha Holdings Bhd (Chairman)
3. Lotte Chemical Titan Holding Berhad (Chairman)
4. Parkson Holdings Berhad (Director)

**Present Directorship in Other Public Company:**

Malaysian Industrial Development Finance Berhad (Chairman)

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

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2017.

Tan Sri Abd Rahman attended all the five (5) Board Meetings held during the financial year ended 31 December 2017.

# DATUK SAMSUL HUSIN

*Executive Deputy Chairman*

***Gender / Age / Nationality***
*Male / 55 / Malaysian*

***Date of Appointment as Director***
*12 November 2013*

***Date of Appointment as Executive Deputy Chairman***
*16 December 2013*

***Length of Service***
*4 years 5 months (As at 12 April 2018)*

***Date of Last Re-election***
*24 June 2015*

***Membership of Board Committees***
*1. Board Procurement and Tender Committee (Member)*
*2. Employee Share Option Scheme Committee (Member)*

**Academic/Professional Qualification(s):**
1. Bachelor's Degree in Accounting, Universiti Kebangsaan Malaysia, Malaysia
2. Chartered Accountant
3. Certified Financial Planner

**Working Experience:**
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, which is involved in the design, development, implementation and marketing of financial management solutions. He led the development and transformation of Censof Holdings Berhad into a public-listed company in 2011. In 2013, he led Censof Holdings Berhad in acquiring a 45.03 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.

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

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

**Present Directorship(s) In Other Listed Entity:**
Censof Holdings Berhad

**Present Directorship in Other Public Company:**
Ping Petroleum Limited

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2017.

Datuk Samsul attended all the five (5) Board Meetings held during the financial year ended 31 December 2017.

# ZAINAL 'ABIDIN ABD JALIL

*Group Managing Director*

***Gender / Age / Nationality***
*Male / 59 / Malaysian*

***Date of Appointment***
*19 June 2014*

***Length of Service***
*3 years 10 months (As at 12 April 2018)*

***Date of Last Re-election***
*2 May 2017*

***Membership of Board Committees***
*Employee Share Option Scheme Committee*

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

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

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

**Present Directorship(s) In Other Listed Entity:**
None

**Present Directorship in Other Public Company:**
Ping Petroleum Limited

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2017.

Zainal attended all the five (5) Board Meetings held during the financial year ended 31 December 2017.

# DATO' WONG KAM YIN

*Executive Director*

***Gender / Age / Nationality***
*Male / 49 / Malaysian*

***Date of Appointment***
*12 December 2013*

***Length of Service***
*4 years 4 months (As at 12 April 2018)*

***Date of Last Re-election***
*2 May 2017*

***Membership of Board Committees***
*Employee Share Option Scheme Committee (Member)*

**Academic/Professional Qualification(s):**
Bachelor's Degree in Economics (Accounting and Computer Science), Monash University, Melbourne, Australia

**Working Experience:**
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.

**Present Directorship(s) In Other Listed Entity:**
None

**Present Directorship in Other Public Company:**
None

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2017.

Dato' Wong attended all the five (5) Board Meetings held during the financial year ended 31 December 2017.

# ROSLI ABDULLAH

*Senior Independent Non-Executive Director*

***Gender / Age / Nationality***
*Male / 64 / Malaysian*

***Date of Appointment***
*12 December 2013*

***Length of Service***
*4 years 4 months (As at12 April 2018)*

***Date of Last Re-election***
*9 June 2016*

***Membership of Board Committees***
*1. Audit Committee (Chairman)*
*2. Nomination and Remuneration Committee (Member)*

**Academic/Professional Qualification(s):**

1. Master's Degree in Business Administration, Universiti Kebangsaan Malaysia, Malaysia
2. Bachelor's Honours Degree in Economics, Universiti Malaya, Malaysia
3. Post-Graduate Diploma in Accounting, Universiti Malaya, Malaysia
4. Chartered Accountant
5. Member of Malaysian Institute of Accountants (MIA)

**Working Experience:**

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

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

**Present Directorship(s) In Other Listed Entity:**

1. Malaysia Airports Holdings Berhad
2. CapitaMalls Malaysia REIT Management Sdn Bhd (the Manager of CapitaMalls Malaysia Trust which is listed on Main Market of Bursa Malaysia Securities Berhad)
3. i-VCAP Management Sdn Bhd (management company for MyETF Dow Jones Islamic Market Malaysia Titans 25 and MyETF MSCI Malaysia Islamic Dividend which are listed on the Main Market of Bursa Malaysia Securities Berhad)

**Present Directorship in Other Public Company:**

None

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2017.

Rosli attended all the five (5) Board Meetings held during the financial year ended 31 December 2017.

# NORLILA HASSAN

*Independent Non-Executive Director*

***Gender / Age / Nationality***
*Female / 55 / Malaysian*

***Date of Appointment***
*12 December 2013*

***Length of Service***
*4 years 4 months (As at 12 April 2018)*

***Date of Last Re-election***
*2 May 2017*

***Membership of Board Committees***
*1. Nomination and Remuneration Committee (Chairperson)*
*2. Employee Share Option Scheme Committee (Chairperson)*
*3. Audit Committee (Member)*

**Academic/Professional Qualification(s):**
1. Master's Degree in Accounting, St. Louis University, Missouri, USA
2. Bachelor's Science Degree in Accounting, Indiana State University, Indiana, USA

**Working Experience:**
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.

**Present Directorship(s) In Other Listed Entity:**
None

**Present Directorship in Other Public Company:**
None

She has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. She has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2017.

Norlila attended all the five (5) Board Meetings held during the financial year ended 31 December 2017.

# ANG HSIN HSIEN

*Non-Independent*
*Non-Executive Director*

***Gender / Age / Nationality***
*Female / 50 / Malaysian*

***Date of Appointment***
*12 December 2013*

***Length of Service***
*4 years 4 months (As at 12 April 2018)*

***Date of Last Re-election***
*9 June 2016*

***Membership of Board Committees***
*1. Audit Committee (Member)*
*2. Board Procurement and Tender Committee (Member)*

**Academic/Professional Qualification(s):**
Bachelor's Degree in Business (Finance & Marketing), Curtin University of Technology, Western Australia

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

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

Currently, she heads the Group Business Development of Censof Holdings Berhad where she serves as the Executive Director with focus on customer support and developing new market opportunities for Censof Group, including overseeing the operations of Knowledgecom Corporation Sdn Bhd, in expanding its specialised professional up-skilling services. She is also a technology evangelist and works with partners to get the most out of new technology such as cloud, big data analytics the Internet of Things (IoT) and sees that digitalisation Industry 4.0 as the way forward for the country.

**Present Directorship(s) In Other Listed Entity:**
Censof Holdings Berhad

**Present Directorship in Other Public Company:**
None

She has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. She has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2017.

Ang attended all the five (5) Board Meetings held during the financial year ended 31 December 2017.

# SATRIA AHMAD

*Independent Non-Executive Director*

***Gender / Age / Nationality***
*Male / 61 / Malaysian*

***Date of Appointment***
*5 June 2014*

***Length of Service***
*3 years 10 months (As at 12 April 2018)*

***Date of Last Re-election***
*24 June 2015*

***Membership of Board Committees***
*1. Nomination and Remuneration Committee (Member)*
*2. Board Procurement and Tender Committee (Member)*

**Academic/Professional Qualification(s):**
1. Bachelor's Degree in Marine Engineering, Akademi Ilmu Pelayaran Jakarta, Indonesia
2. Diploma in Electrical Engineering, Federal Institute of Technology Kuala Lumpur, Malaysia

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

He 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.

**Present Directorship(s) In Other Listed Entity:**
None

**Present Directorship in Other Public Company:**
None

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2017.

Satria attended all the five (5) Board Meetings held during the financial year ended 31 December 2017.

# DATUK JOHAR CHE MAT

*Independent Non-Executive Director*

***Gender / Age / Nationality***
*Male / 65 / Malaysian*

***Date of Appointment***
*28 February 2018*

***Length of Service***
*1.5 months (As at 12 April 2018)*

***Date of Last Re-election***
*-*

***Membership of Board Committees***
*None*

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

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

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

**Present Directorship(s) In Other Listed Entity:**
1. GETS Global Berhad (formerly known as KBES Berhad)
2. MNRB Holdings Berhad

**Present Directorship in Other Public Company:**
Asian Finance Bank Berhad

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2017.

# PROFILE OF SENIOR MANAGEMENT

## LIM KEK SIANG
**Group Chief Financial Officer**

**Gender / Nationality / Age / Date of Appointment**
Male / Malaysian / 52 / 1 February 2014

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

**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
**Group Chief People Officer**

**Gender / Nationality / Age / Date of Appointment**
Male / Malaysian / 49 / 2 January 2012

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

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

Zahid's 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, employees' career development, onboarding programmes, and performance management processes.

Zahid has been with DNeX since January 2012.

## JASBENDARJIT KAUR
**Group Chief Technology Officer**

**Gender / Nationality / Age / Date of Appointment**
Female / Malaysian / 46 / 1 April 2013

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

**Working experience :**
As Chief Technology Officer of DNeX and its Group of Companies, Jasbendarjit drives the Group's IT strategy, services and operations, and aggressively delivering transformational 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 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 June 2008.

## KEH CHING TYNG
**Company Secretary**

**Gender / Nationality / Age / Date of Appointment**
Female / Malaysian / 42 / 15 October 2012

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

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

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

Keh has been with DNeX since October 2012.

## MOHD HASERY ABU BAKAR
**Chief Executive Officer**
**DNeX Petroleum Sdn Bhd**

**Gender / Nationality / Age / Date of Appointment**
Male / Malaysian / 41 / 1 December 2015

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

**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 has 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 5-year plus 5-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 on 1 December 2015.

## WAN AZRYN WAN AB RASHID
**Chief Executive Officer**
**DNeX Oilfield Services Sdn Bhd**

**Gender / Nationality / Age / Date of Appointment**
Male / Malaysian / 34 / 1 November 2015

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

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

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

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

## FAIZ MOHAMED KUNJU

**Chief Executive Officer**
**OGPC Sdn Bhd**

**Gender / Nationality / Age / Date of Appointment**
Male / Malaysian / 57 / 22 January 2018

**Academic/Professional Qualification(s) :**
- Bachelor's Degree in Engineering (Mechanical), Princeton University, New Jersey, USA
- Member of the American Society of Mechanical Engineers
- Member of the Project Management Institute

**Working experience :**
Faiz is Chief Executive Officer of OGPC Sdn Bhd, in which role he is responsible for business expansion and operational enhancement following DNeX's acquisition of the OGPC Group in 2016.

His rich experience spans more than 30 years of international experience in the oil and gas industry with ExxonMobil, primarily in leadership positions in the area of project management and project development planning.

Faiz started his career with Exxon in the Offshore Division following which he was the first Malaysian to lead the Gas Development Unit where his team developed the facilities investment basis that underpinned the Gas Production & Sales Agreement with Petronas. Following Exxon's merger with Mobil, Faiz held a series of senior project management positions in Exxon Mobil globally, including project management and development planning for production assets in Alaska, Equatorial Guinea, Malaysia, Nigeria, Iraq and Russia. Faiz developed a deep appreciation for development of national content working in support of Petronas' strategic objectives in this area in Malaysia.

Faiz recently joined DNeX in January 2018 and development of young national talent remains a personal commitment of the highest priority.

## DATO' AZMI ABDULLAH

**Managing Director**
**Forward Energy Sdn Bhd**

**Gender / Nationality / Age / Date of Appointment**
Male / Malaysian / 57 / 9 March 2015

**Academic/Professional Qualification(s) :**
- Bachelor's Degree in Mechanical Engineering Technology, Point Park College, Pennsylvania, USA
- Master's Degree in Industrial and Labour Relations, Indiana University of Pennsylvania, USA

**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 Negri 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 development 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**

**Gender / Nationality / Age / Date of Appointment**
Male / Malaysian / 43 / 1 January 2016

**Academic/Professional Qualification(s) :**
- Bachelor's Degree in Computer Science, Coventry University, UK

**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 he joined Dagang Net as Systems Executive in Security & Quality Management.

# PROFILE OF SENIOR MANAGEMENT

## CHONG YOKE CHING
**Chief Executive Officer**
**DNeXPORT Sdn Bhd**

**Gender / Nationality / Age / Date of Appointment**
Female / Malaysian / 50 / 1 April 2015

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

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

Chong's depth of experience in trade facilitation spans more than 20 years. She is the subject matter expert in trade facilitation and was instrumental in the setup of Malaysia's National Trade Facilitation Resource Centre. Equally important, she successfully managed the implementation of 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.

## ZARIDAN RIDZUAN
**Chief Executive Officer**
**DNeX Solutions Sdn Bhd**

**Gender / Nationality / Age / Date of Appointment**
Male / Malaysian / 38 / 1 January 2015

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

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

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

Zaridan has been with DNeX since 2004.

## MOHD FAZLY ZAID
**Chief Executive Officer**
**DNeX RFID Sdn Bhd**

**Gender / Nationality / Age / Date of Appointment**
Male / Malaysian / 44 / 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 his vast knowledge and experience in management of RFID solutions, Fazly 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 with the Ministry of Transport, Malaysia whilst at the same time developing new ventures and opportunities in the pipeline.

Prior to this, Mohd 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 joined DNeX in 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**

**Gender / Nationality / Age / Date of Appointment**
Male / Malaysian / 51 / 1 June 2016

**Academic/Professional Qualification(s) :**
- ISO27001 Lead Auditor
- 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.

## MOHD ISMAIL KHAN WAZIR KHAN

**Chief Executive Officer**
**DNeX Telco Services Sdn Bhd**

**Gender / Nationality / Age / Date of Appointment**
Male / Malaysian / 33 / 15 May 2017

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

**Working experience :**
As CEO of DNeX Telco Services Sdn Bhd, Ismail oversees the development and effective implementation of overall business strategies within the company. He brings with him vast experience in securing contracts, building and maintaining rapport with clients and vendors, nurturing talents, as well as building high revenue for the company he serves.

Ismail started his business ventures in 2008 with ZKZ Technologies Sdn Bhd, an Information Technology company specialising in network security, software development, and advanced SMART solutions, where he is the Executive Director until today. The company has won contracts in New Zealand and Singapore, prior to shifting its focus onto the local market. His success in the IT field led Ismail to venture into marine services industry in 2012, where he founded ZKZ Euphoria Sdn Bhd, a ship brokering and marine spread services company. He serves the company as its Managing Director and has since won contracts with PETRONAS, Exxon, Shell and Sapura Kencana, to name a few. In 2015, Ismail further diversified his portfolio by delving into the agriculture industry through ZKZ Agrotani Sdn Bhd, a company he founded that is focused on research and development of agricultural based products and businesses.

## DATO' MOHD NASARUDDIN AHMAD

**Executive Chairman**
**Global Market eCommerce Sdn Bhd**

**Gender / Nationality / Age / Date of Appointment**
Male / Malaysian / 49 / 1 February 2017

**Academic/Professional Qualification(s) :**
- Bachelor's Degree in Mass Communication (Advertising), MARA Institute of Technology, Malaysia

**Working experience :**
Dato' Mohd Nasaruddin Ahmad oversees Global Marketing eCommerce Sdn Bhd, a Dagang Net Technologies Sdn Bhd's wholly owned company that facilitates small medium enterprise businesses to leverage on e-Commerce as a strategic business tool.

He has over 20 years experience in marketing, advertising, brand development and brand management. In his current role, he has implemented several key initiatives to raise the profile of GoHalal.com, an electronic hub operated by the company which enables suppliers of Halal products and services to reach the global market easily. Dato' Nasaruddin is also skilled at assessing the latest market trends and customer needs to develop highly-effective and targeted marketing campaigns.

Prior to this, he was the founder of Nurbeautyline Holdings Sdn Bhd, a brand he launched in January 2007 that distributed a range of beauty and health products in Malaysia, Singapore and Brunei. He also previously managed his own advertising agency, Nur Creative Advertising Sdn Bhd, where he has successfully developed a strong relationship with key media owners in Malaysia such as Media Prima, New Straits Times, Utusan Malaysia, Radio & Televisyen Malaysia (RTM) and Big Tree.

**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
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Fax : (03) 2713 3131
Email : info@dnex.com.my
Website : www.dnex.com.my

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**DNeX Technology Sdn. Bhd.**
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**Global Market eCommerce Sdn. Bhd.**
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Website : www.dagangnet.com

## ENERGY

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**Ping Petroleum Limited**
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Hamilton HM 11
Bermuda
Email : info@dnex.com.my

# PERFORMANCE REVIEW

# FINANCIAL CALENDAR 2017

## FINANCIAL RESULTS

**20 February 2017**

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

**07 April 2017**

Announcement of the 2016 Annual Report.

**24 May 2017**

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2017.

**22 August 2017**

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2017.

**21 November 2017**

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2017.

# 2017 DECLARATION OF DIVIDEND PAYMENT

**22 August 2017**

Single-Tier Interim Dividend of 0.5 sen per ordinary share in respect of the financial year ending 31 December 2017, paid on 2 October 2017.

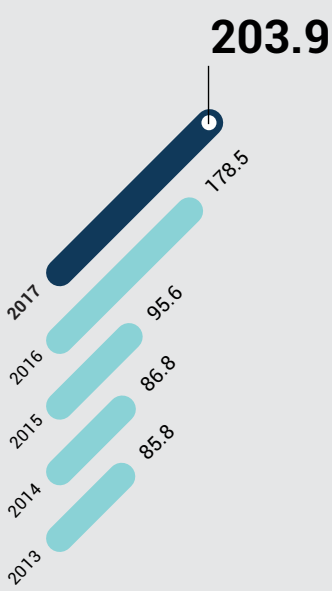
# FINANCIAL RESULTS

**27 February 2018**

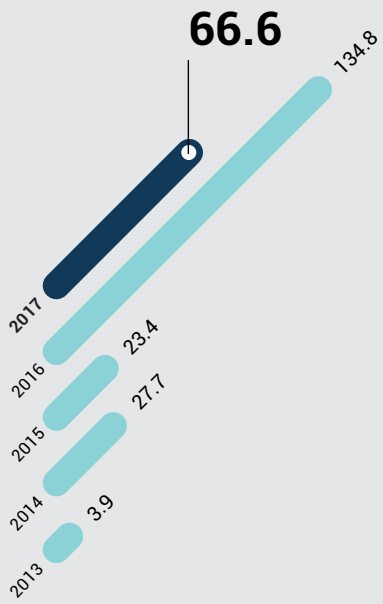
Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2017.

# 5-YEAR FINANCIAL **HIGHLIGHTS**

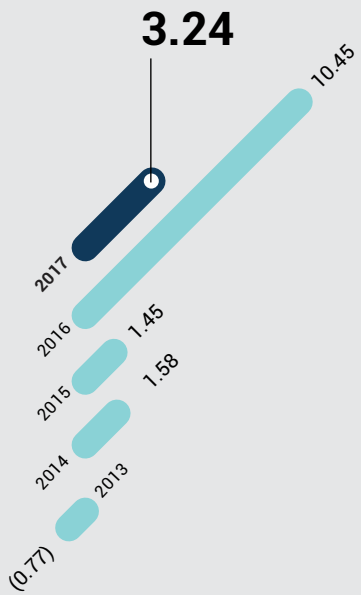
**REVENUE**
(RM million)



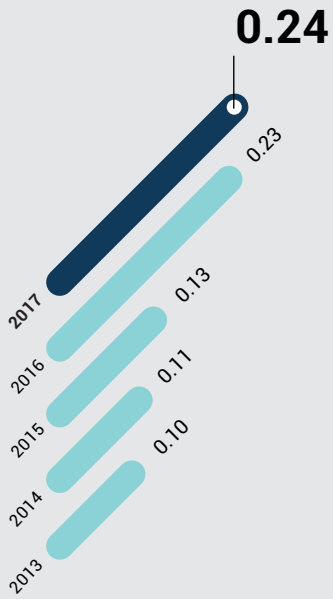

**PROFIT BEFORE TAXATION**
(RM million)




**NET EARNINGS/(LOSS) PER SHARE**
(SEN)

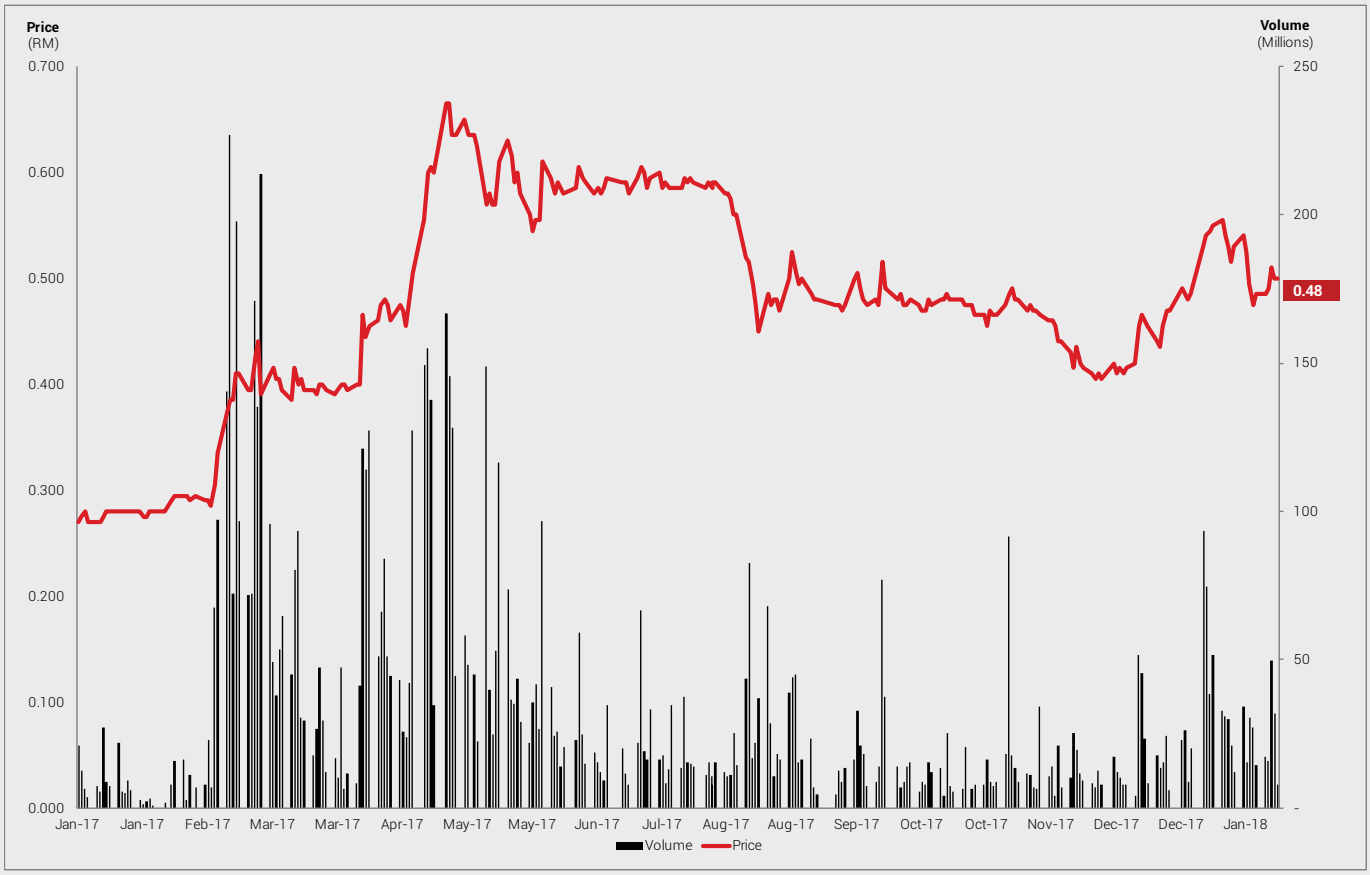



**NET ASSETS PER SHARE**
(RM)



| | | 2013 | 2014 | 2015 | 2016 | **2017** |
|---|---|---|---|---|---|---|
| **Consolidated Statements of Financial Position (RM'000)** | | | | | | |
| Investments | | - | - | 4,172 | 175,050 | **179,893** |
| Other assets | | 182,207 | 172,319 | 169,117 | 274,784 | **322,974** |
| Total assets | | 182,207 | 172,319 | 173,289 | 449,834 | **502,867** |
| Share capital | | 155,049 | 155,049 | 155,049 | 346,578 | **353,502** |
| Reserves | | (81,074) | (68,859) | (54,049) | 44,464 | **73,403** |
| Equity attributable to shareholders of the Company | | 73,975 | 86,190 | 101,000 | 391,042 | **426,905** |
| Non-controlling interests | | 17,795 | 21,996 | (747) | (1,884) | **(2,548)** |
| Borrowing | | 57,024 | 38,530 | 20,036 | - | **20,000** |
| Other liabilities | | 33,413 | 25,603 | 53,000 | 60,676 | **58,510** |
| Total equity and liabilities | | 182,207 | 172,319 | 173,289 | 449,834 | **502,867** |
| **Consolidated Statements of Profit or Loss and Other Comprehensive Income (RM'000)** | | | | | | |
| Revenue | | 85,800 | 86,802 | 95,550 | 178,455 | **203,938** |
| Results from operating activities | | 18,320 | 28,295 | 23,232 | 18,038 | **43,872** |
| Finance costs | | (3,442) | (2,390) | (1,449) | (890) | **(694)** |
| Impairment loss in plant and equipment | | (9,781) | - | - | - | **-** |
| Finance income | | 1,851 | 1,772 | 1,644 | 233 | **1,213** |
| Provision for legal claim | | (3,044) | - | - | - | **-** |
| Share of results of associates | | - | - | - | 117,385 | **22,200** |
| Profit before taxation | | 3,904 | 27,677 | 23,427 | 134,766 | **66,591** |
| Zakat | | (266) | (259) | (359) | (450) | **(500)** |
| Taxation | | (3,659) | (9,649) | (7,243) | (14,103) | **(10,900)** |
| Profit/(Loss) for the year | | (21) | 17,769 | 15,825 | 120,213 | **55,191** |
| Attributable to: | | | | | | |
| Owners of the Company | | (5,971) | 12,215 | 11,226 | 121,730 | **56,599** |
| Non-controlling interests | | 5,950 | 5,554 | 4,599 | (1,517) | **(1,408)** |
| Profit/(Loss) for the year | | (21) | 17,769 | 15,825 | 120,213 | **55,191** |
| **Financial Highlights (RM'000)** | | | | | | |
| Revenue | | 85,800 | 86,802 | 95,550 | 178,455 | **203,938** |
| Profit before taxation | | 3,904 | 27,677 | 23,427 | 134,766 | **66,591** |
| Profit/(Loss) for the year after taxation | | (21) | 17,769 | 15,825 | 120,213 | **55,191** |
| Profit/(Loss) attributable to owners of the Company | | (5,971) | 12,215 | 11,226 | 121,730 | **56,599** |
| Financial ratios | | | | | | |
| Revenue growth | % | (40.7) | 1.2 | 10.1 | 86.8 | **14.3** |
| Debt/Equity ratio | times | 0.6 | 0.4 | 0.2 | - | **0.1** |
| Net earnings/(loss) per share | sen | (0.77) | 1.58 | 1.45 | 10.45 | **3.24** |
| Gross dividend per share | sen | - | - | - | 1.50 | **0.50** |
| Net assets per share | RM | 0.10 | 0.11 | 0.13 | 0.23 | **0.24** |
| Closing price | sen | 25.5 | 25.5 | 25.0 | 25.5 | **48.5** |
| Price earnings ratio | times | NA | 16.1 | 17.2 | 2.4 | **15.0** |

# SHARE PERFORMANCE **CHART**



# CORPORATE GOVERNANCE OVERVIEW 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 overview which outlines how the Group has applied the principles and recommendations set out in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") issued by the Securities Commission Malaysia and provisions in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") during the financial year ended 31 December 2017.

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### 1.1 Composition and size of the Board

Throughout the financial year ended 31 December 2017, the Company has continued to comply with the MMLR of Bursa Securities whereby at least two (2) directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. With the appointment of Encik Azman Karim on 20 January 2017, the Board has nine (9) members comprising four (4) Independent Non-Executive Directors including the Chairman, one (1) Non-Independent Executive Director, one (1) Non-Independent Non-Executive Director, one (1) Executive Deputy Chairman, one (1) Group Managing Director and one (1) Executive Director.

In MCCG 2017, at least half of the board must comprise independent directors and, for large companies, there must be a majority of independent directors. The Company's 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 30 to 38 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 76 to 90 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 its 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 four times 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 Norlila Hassan as Director of the Company, Norlila Hassan who is the Chairperson of the NRC abstained from deliberation and decision on her 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 2017 pertaining to the establishment of boardroom gender diversity policy. For large companies, the board will need to comprise at least 30 per cent women directors and to include women participation not only at board level but also in senior management level. 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 22.2 per cent.

**Re-election of Directors**

The Company's Articles of Association (Constitution) 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 2017 assessment was carried out in February 2018 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 69 to 71 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. No meeting was held during the financial year. Approvals on matters requiring the sanction of the ESOS Committee are sought by way of circular resolutions.

## 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 RM1,500 for each Board meeting that they attend.

Based on the existing fees structure which was last revised in 2017 and approved by the shareholders at the 47th AGM for the financial year 2017, directors' fees are at RM10,000 per month for the Non-Executive Chairman and RM5,000 per month for each Non-Executive Director.

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

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

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

The details of remuneration for the Directors of DNeX (including their remuneration for services rendered on group basis) during the financial year ended 31 December 2017 are presented in the table below:-

(a) Details of the Directors' remuneration (including benefits-in-kind) for each Director during the financial year 2017 are as follows:

**Company**

| | RM'000 | | | | |
|---|---|---|---|---|---|
| | Salaries | Directors' fees | Allowance and other emoluments | EPF and benefits in kind | Total |
| **Executive Director** | | | | | |
| Dato' Wong Kam Yin | 600 | - | - | 302 | 902 |
| Datuk Samsul Husin | 1,027 | - | - | 557 | 1,584 |
| Zainal 'Abidin Abd Jalil | 1,284 | - | - | 765 | 2,049 |
| Azman Karim | 580 | - | - | 147 | 727 |
| **Non-Executive Directors** | | | | | |
| Tan Sri Abd Rahman Mamat | - | 120 | 7 | - | 127 |
| Rosli Abdullah | - | 108 | 14 | - | 122 |
| Norlila Hassan | - | 84 | 14 | - | 98 |
| Ang Hsin Hsien | - | 84 | 11 | - | 95 |
| Satria Ahmad | - | 60 | 11 | - | 71 |
| **Total** | **3,491** | **456** | **57** | **1,771** | **5,775** |

**Group**

| | RM'000 | | | | |
|---|---|---|---|---|---|
| | Salaries | Directors' fees | Allowance and other emoluments | EPF and benefits in kind | Total |
| **Executive Director** | | | | | |
| Dato' Wong Kam Yin | 600 | - | - | 302 | 902 |
| Datuk Samsul Husin | 1,027 | - | - | 557 | 1,584 |
| Zainal 'Abidin Abd Jalil | 1,284 | - | - | 765 | 2,049 |
| Azman Karim | 580 | - | - | 147 | 727 |
| **Non-Executive Directors** | | | | | |
| Tan Sri Abd Rahman Mamat | - | 120 | 7 | - | 127 |
| Rosli Abdullah | - | 108 | 14 | - | 122 |
| Norlila Hassan | - | 84 | 14 | - | 98 |
| Ang Hsin Hsien | - | 84 | 11 | - | 95 |
| Satria Ahmad | - | 60 | 11 | - | 71 |
| **Total** | **3,491** | **456** | **57** | **1,771** | **5,775** |

(b) Details of the remuneration of key senior management personnel within the Group (including salary, bonus, benefits in-kind and other emoluments) in each successive band of RM50,000 during the financial year 2017, are as follows:

| Range of Remuneration | Name of Key Senior Management | Designation |
|---|---|---|
| RM50,000 and below | - | - |
| RM300,001 to RM350,000 | Mohd Fazly Zaid<br>Mohd Ismail Khan Wazir Khan<br>Zaridan Ridzuan | Chief Executive Officer, DNeX RFID Sdn Bhd<br>Chief Executive Officer, DNeX Telco Services Sdn Bhd<br>Chief Executive Officer, DNeX Solutions Sdn Bhd |
| RM350,001 to RM400,000 | Dato' Mohd Nasaruddin Ahmad<br>Chong Yoke Ching<br>Rodney Lee Yat Nam | Executive Chairman, Global Market eCommerce Sdn Bhd<br>Chief Executive Officer, DNeXPORT Sdn Bhd<br>Chief Executive Officer, DNeX Technology Sdn Bhd |
| RM450,001 to RM500,000 | Wan Ahmad Syatibi Wan Abd Manan | Chief Executive Officer, Dagang Net Technologies Sdn Bhd |
| RM500,001 to RM550,000 | Lim Kek Siang<br>Jasbendarjit Kaur | Group Chief Financial Officer<br>Group Chief Technology Officer |
| RM600,001 to RM650,000 | Zahid Mohammad Sham | Group Chief People Officer |
| RM750,001 to RM800,000 | Wan Azryn Wan Ab Rashid | Chief Executive Officer, DNeX Oilfield Services Sdn Bhd |
| RM850,001 to RM900,000 | Dato' Azmi Abdullah<br>Mohd Hasery Abu Bakar | Managing Director, Forward Energy Sdn Bhd<br>Chief Executive Officer, DNeX Petroleum Sdn Bhd |

## 4. REINFORCE INDEPENDENCE

### 4.1 Annual Assessment of Independent Directors

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

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

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

### 4.2 Tenure of Independent Director

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

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

### 4.3 Chairman to be a Non-Executive Director

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

## 5. FOSTER COMMITMENT

### 5.1 Time commitment

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

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

During the financial year 2017, the Board met five (5) times (including one (1) special board meeting). The Board Committee 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 2017 are as follows:-

| Name of Director | Directorate | Attendance |
|---|---|---|
| Tan Sri Abd Rahman Mamat | Chairman/Independent Non-Executive Director | 5/5 |
| Datuk Samsul Husin | Executive Deputy Chairman | 5/5 |
| Dato' Wong Kam Yin | Executive Director | 5/5 |
| Rosli Abdullah | Senior Independent Non-Executive Director | 5/5 |
| Norlila Hassan | Independent Non-Executive Director | 5/5 |
| Ang Hsin Hsien | Non-Independent Non-Executive Director | 5/5 |
| Satria Ahmad | Independent Non-Executive Director | 5/5 |
| Azman Karim | Non-Independent Executive Director | 5/5 |
| Zainal 'Abidin Abd Jalil | Group Managing Director | 5/5 |

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 2017 are as follows:-

| Name of Director | Training/Seminar/Conference Attended | Date | Organiser/Co-ordinator |
|---|---|---|---|
| **Tan Sri Abd Rahman Mamat** | Islamic Finance and Public Private Partnership for Infrastructure Development | 8 May 2017 | Securities Commission Malaysia – World Bank |
| | One-Day Conference Governance Culture - What's Possible? | 24 July 2017 | Malaysian Institute of Corporate Governance |
| | Effective Internal Audit Function for Audit Committee Workshop | 20 October 2017 | Bursa Malaysia |
| | National Integrity Convention 2017 - Reinforcing Corporate Integrity: Top Down and All Around | 9 November 2017 | The Malaysian Institute of Integrity and Petronas |
| | 2nd Securities Commission-FIDE FORUM Dialogue: Leveraging Technology for Growth | 14 November 2017 | Bank Negara Malaysia |
| **Datuk Samsul Husin** | Trump, BREXIT and its impact towards Malaysia's Globalised Situation seminar | 8 April 2017 | Universiti Teknologi MARA |
| | SSM National Conference 2017 on Implementing the Companies Act 2016 | 22 and 23 August 2017 | Suruhanjaya Syarikat Malaysia |
| **Dato' Wong Kam Yin** | Setting the ESG Agenda for Sustainability Reporting | 31 October 2017 | Malaysian Investor Relations Association |
| **Rosli Abdullah** | MIA 50th Anniversary Commemorative Lecture – Integrity : The Game Changer | 10 April 2017 | Malaysian Institute of Accountants |
| | 2nd Annual Aerotropolis Asia | 26 and 27 April 2017 | Trueventus |
| | In-house training on "21st Century Corporate Governance" | 24 October 2017 | Malaysian Directors Academy |
| | MIA International Accountants Conference 2017 | 7 and 8 November 2017 | Malaysian Institute of Accountants |
| **Norlila Hassan** | Corporate Board Symposium 2017 : Enhancing Board Effectiveness and Driving Governance | 25 October 2017 | Malaysian Institute of Accountants |
| | Corporate Governance Breakfast Series Entitled: Integrating an Innovation Mindset with Effective Governance | 7 November 2017 | Bursa Malaysia with Co-Partner MINDA |

| Name of Director | Training/Seminar/Conference Attended | Date | Organiser/Co-ordinator |
|---|---|---|---|
| **Ang Hsin Hsien** | Bursa Malaysia's Sustainability Forum 2017: "The Velocity of Global Change & Sustainability - The New Business Model" | 10 January 2017 | Bursa Malaysia - MINDA |
| | ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2016 | 10 January 2017 | Bursa Malaysia – MINDA |
| | Global Transformation Forum 2017 (GTF 2017) - Registration ID :704 | 22 and 23 March 2017 | GTF 2017 Secretariat |
| | Corporate Governance Breakfast Series Entitled: Integrating an Innovation Mindset with Effective Governance | 7 November 2017 | Bursa Malaysia with Co-Partner MINDA |
| | Corporate Governance Breakfast Series entitled: "Leading Change @ The Brain" | 5 December 2017 | Bursa Malaysia – The Iclif Leadership and Governance Centre |
| **Satria Ahmad** | SSM National Conference 2017 on Implementing the Companies Act 2016 | 22 and 23 August 2017 | Suruhanjaya Syarikat Malaysia |
| **Azman Karim** | Mandatory Accreditation Programme for Directors of Public Listed Companies | 6 and 7 April 2017 | The Iclif Leadership and Governance Centre |
| **Zainal 'Abidin Abd Jalil** | Makmal Sindikasi Hala Tuju Transformasi Ekonomi Bumiputera 2.0 (BETF 2.0) | 3 April to 11 April 2017 | Unit Peneraju Agenda Bumiputera, Jabatan Perdana Menteri (TERAJU) |
| | Audit Committee Leadership Track Effective Oversight of IA Functions – Are Boards in Sync with Regulatory Expectations? | 9 October 2017 | The Institute of Internal Auditors Malaysia |

## 6. UPHOLD INTEGRITY IN FINANCIAL REPORTING

### 6.1 Compliance with Applicable Financial Reporting Standards

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

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

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

### 6.2 Statement of Directors' Responsibility

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

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

The Statement of Directors' Responsibility in respect of the preparation of the annual audited financial statements of the Group pursuant to Section 251 of the Companies Act, 2016 is set out on pages 92 to 97 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 once 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 266 of the Companies Act 2016. The external auditors also attend each AGM in order to assist in giving clarifications to shareholders on the audited financial statements.

## 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 to 68 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 71 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's announcements, business, corporate, financial information and annual reports 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 (Constitution) and the MMLR of Bursa Securities as the case may be.

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

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

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

While members of the media are not invited into the AGM meeting hall, a media conference is usually held immediately after the AGM where the Chairman, Executive Deputy Chairman and 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 pages 72 and 73.

## 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 2017.

This Statement on Corporate Governance has been approved by the Board of DNeX on 27 February 2018.

## 1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

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

## 2. AUDIT AND NON-AUDIT FEES

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

| | Company (RM'000) | Group (RM'000) |
|---|---|---|
| Audit Fees | 110 | 337 |
| Non-Audit Fees | 15 | 115 |

## 3. RECURRENT RELATED PARTY TRANSACTIONS

During the financial year 2017, 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 2017, 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 2017 or entered into since the end of the previous financial year.

## 5. CONTRACTS RELATING TO LOANS

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

## 6. ESOS

The Employees' Share Option Scheme ("ESOS") implemented on 14 September 2016 is the only ESOS in existence during the financial year ended 31 December 2017. During the financial year, a total of 22,480,786 new ordinary shares were issued and allotted pursuant to the exercise of the ESOS Options.

Brief details on the number of ESOS Options granted, exercised, forfeited and outstanding since commencement on 14 September 2016 to 31 December 2017 are set out in the table below:-

| | Number of Options ('000) | |
|---|---|---|
| **Description** | **Grand Total** | **Directors and Chief Executive** |
| Granted | 38,892 | 7,500 |
| Exercised | 22,481 | 2,500 |
| Forfeited | 170 | 0 |
| Outstanding | 16,241 | 5,000 |

Percentages of options applicable to Directors and Senior Management under the ESOS during the financial year and since its commencement up to the financial year ended 31 December 2017 are set out below:

| | Percentage | |
|---|---|---|
| **Directors and Senior Management** | **During the financial Year** | **Since commencement up to 31 December 2017** |
| (i) Aggregate maximum allocation | 0% | 58% |
| (ii) Actual options granted | 0% | 54% |

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

## INTRODUCTION

In pursuant to the Listing Requirements, the Board is pleased to provide the Statement on Risk Management and Internal Control which was prepared in guidance with the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" endorsed by Bursa Malaysia Securities Berhad. The statement outlines the key features of the risk management and internal control system of the Group during the year under review.

## BOARD RESPONSIBILITIES

The Board recognises its overall responsibility for the establishment of the Group's risk management framework and internal control system as well as periodically reviewing its adequacy and integrity to safeguard shareholders' investments, stakeholders' interests and Group's assets. In recognising this, the Board has established a governance structure to ensure effective oversight of risks and controls by the Management.

The key process in place is assurance from the Management team whom undertake the direct responsibilities to ensure that the Group operates a risk management process according to the Group's Risk Management framework. The Management is required to update and/or report the Board at least on quarterly basis the key business risks and its mitigating activities. The Board has to be ensured that:

i. Each operating unit is working within the Group's risk appetite;
ii. Controls are put in place to mitigate the risks identified; and
iii. The adequacy and integrity of control framework is viable, robust, warrants compliance and provide accurate information for reporting in all material aspects.

Matters being discussed throughout the year are financial results, risk management, auditor's appointment, annual internal audit plan and audit findings to satisfy the Board members that systems in place are reliable and functioning adequately. Additionally, the Board is actively involved and constructively challenges the Group's strategic directions and reviews the Group's annual strategic business plan. The Board probes the Management to ensure they have taken into consideration the varying opportunities and risks whilst developing the annual strategic business plan and ad-hoc investment proposals. Decisions are made by the Board only after the required information is adequately presented and deliberated to facilitate appropriate oversight and responsibility on the direction of the Group.

However, in view of the inherent limitations, the risk management and internal control system can only provide reasonable assurance that the significant risks impacting the Group's strategies and objectives are managed within the risk appetite set by the Board and Management, rather than completely eliminate the risks of failure to realise the Group's objectives and against any material financial misstatement, fraud or loss. The Group will continue to take measures to strengthen the risk management and internal controls system of the Group.

## RISK MANAGEMENT

Risk management is firmly embedded in the Group's management system as its deemed critical for the Group's sustainability and enhancement of shareholder value. The Group's risk management framework is consistent with the Enterprise Risk Management framework of the Committee Sponsoring Organisations ("COSO") and ISO 31000:2009. The updates to the COSO framework introduced in September 2017 and newly released ISO 31000:2018 will be reviewed for adoption by the Management for the year(s) moving forward.

The Group has emplaced a risk management process guided by our framework to ensure principal risks are identified and dealt with efficiently. It involves systematic process of identifying, analysing, measuring, managing, monitoring and reporting on the risks that may affect the key risk areas namely finance, business operations and sustainability, regulatory compliance, brand and reputation, information security and cyber security.

The risk identification process take effect as early as the initial junctures of key projects, investments and even selected operational activities. The process of control and monitoring are in place through the use of appropriate risks performance indicators to ensure that risk profiles are managed within policy limits. Databases of all identified risks are recorded in the Group's risk register for monitoring purposes.

Responsibility of risk management and control is delegated to appropriate levels of Management. Strategic level risk management function rests with the Board and Executive Deputy Chairman whilst the Group Managing Director and Chief Financial Officer are accountable for operational risks. The Chief Financial Officer serves as the patron in this area and therefore independently advice, monitors, and maintains the Group's Risk Management framework and Risk Register with assistance of respective risk owners. This promotes an effective management of all risk categories and fosters the establishment and maintenance of an effective risk culture throughout the Group. In order to fulfil his responsibilities effectively, the Chief Financial Officer reports functionally to the Board through the Audit Committee and administratively to the Group Executive Deputy Chairman.

With the increasingly complex and dynamic business environment, the Group tries to carefully balance between seizing opportunities for gains and minimising risk exposure to the Group.

The level of risk tolerance of the Group is articulated through the use of a risk impact and likelihood matrix. Once the risk level is determined, the risk owner is obliged to manage the relevant risks by adhering to the Group's risk treatment management and support on the actions to be taken in arriving at desired results. Although the risks are consistently monitored, risk review is undertaken on quarterly basis by the Management to ensure that the risk profile is up to date and is managed efficiently. The status and outcome of the review is consequently reported by the Chief Financial Officer to the Audit Committee and subsequently the Board. This facilitates informed decision making and a conscious evaluation of opportunities and risks at strategic level.

## INTERNAL CONTROL

The Group recognises that access to timely information is important for effecting sound risk management practices and internal controls to improve business processes and operations. In this regard, the Executive Deputy Chairman fulfils his responsibilities by providing leadership and direction. The Executive Deputy Chairman ensures that the Group's organisational structure is adequately segregated by functions, and that there is proper assignment of authority and responsibilities. This enables Divisional leaders to make empowered decisions and stand accountable in fulfilling their commitments.

The Group has in place policies and procedures directed to provide clarity to the reader when dealing with accountability issues or activities that are of critical importance to the organisation surrounding financial, administrative, and operational and human resources subjects that have serious consequences.These policies and procedures are clearly documented and strictly observed and maintained by respective divisions. Discretionary Authority Limit is another key control document that formally sets out the delegation of authorities. It is a comprehensive document that summarises the Management's strategic and operational delegated authorities and are crossed referenced to related policies and procedures. The effectiveness of the Limits of Authority and policies and procedures are reviewed periodically and where necessary updated with the approval of Management and ultimately the Board with the recommendation of the Audit Committee.

The Board also receives apprises from independent internal auditors of the Group to evaluate the adequacy and effectiveness of the risk management and internal control system of the Group. The auditors check for compliance with policies and procedures and the effectiveness of the internal control system and highlights significant findings of non-compliance or process improvement during quarter Audit Committee meetings. The auditors play a significant role in verifying and validating whether the management has met its responsibilities and if internal controls are being complied with. This is carried out by evaluating controls, risk management, business and governance processes as well as monitoring whether agreed action plans in line with recommendations for improvements in controls, risk management and governance processes have been implemented.

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, the Board Charter and Term of Reference for the Board of Directors of DNeX Group. Various audit recommendations have been considered and implemented in view of improving internal controls, 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 statutory audit by the external auditors were brought to the attention of the Board accordingly.

## FINANCIAL REPORTING

The Executive Deputy Chairman assists the Board in the execution of strategies towards achieving the corporate goal and targets in alignment with the corporate objectives as well as the policies and business directions that have been approved. A comprehensive budgeting and forecasting system is in place where each operating unit submits an annual budget for approval by the Board. The actual results are monitored, analysed and reported on performance against the budget. The performance measurement is set out in the Balanced Scorecard and is measured against the targeted key result areas or initiatives on monthly basis. This allows timely response and corrective action to be taken to meet targeted plan by the financial year end.

Annual budgets are prepared in advance of the preceding five (5) years using a detailed budgeting process. These budgets are subjected to evaluation and scrutiny by the corporate and business leaders and supporting units before it is recommended to the Board for approval. The expectations of the Board are clearly discussed with, and understood by the Management. The Board is also responsible for monitoring the implementation of the strategic business plan and for assessing the actual performance of the Group against the annual strategic business plan and budget as well as to provide guidance to the Management.

On a monthly basis, all Chief Executive Officers within the Group reviews their respective key financial performance with the Management team and highlights any concerns and issues, where necessary. The actual performance of the Group is assessed against the approved budget where explanations, clarifications and corrective action taken for significant variances are reported by the Management on quarterly basis to the Board. Regular and comprehensive information is provided to the Board covering financial performance, achievement of key performance indicators, progress of key projects, utilisation of funds and cash flow position.

Annual audits performed on financial statements by external auditors provide further assurance on the credibility of DNeX's financial reports. Regular briefings with Investment Analysts are conducted to update the shareholders, stakeholders and general public of the Group's performance whilst promoting transparency and open discussion.

## 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.

This statement is made in accordance with a resolution of the Board dated 27 February 2018.

The Audit Committee is pleased to present its report for the financial year ended 31 December 2017.

## 1. COMPOSITION AND MEMBERSHIP

The Audit Committee during the financial year ended 31 December 2017 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 four (4) meetings held during the financial year 2017. The details of attendance of each member at the Audit Committee Meetings are as follows:-

| | Attendance |
|---|---|
| Rosli Abdullah | 4/4 |
| Norlila Hassan | 4/4 |
| Ang Hsin Hsien | 4/4 |

## 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 2017 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, 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 2017 which covers the financial position and performance for the year and ensure that it complied with all disclosures and regulatory requirements and recommended the audited financial statements to the Board for approval.

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

(d) Reviewed the Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the MMLR of Bursa Securities for Board's approval.

**(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 assignments carried out in accordance with the Internal Audit Plan for the year 2017.

(c) Reviewed the Internal Audit Reports issued during the year 2017 as follows:-
1. Project Management for OGPC Sdn. Bhd.
2. Customer Profile Management for Dagang Net Technologies Sdn. Bhd. and DNeXPORT Sdn. Bhd.
3. Centralised Procurement and Vendor Management.
4. Project Management for DNeX Oilfield Services Sdn. Bhd.

(d) Reviewed the Follow-up Internal Audit Reports issued during the year 2017 as follows:-
1. Project Management (focusing on non-National Single Window projects).
2. Management Control and Framework for DNeX RFID Sdn. Bhd.
3. Project Management for OGPC Sdn. Bhd.
4. Customer Profile Management for Dagang Net Technologies Sdn. Bhd. and DNeXPORT Sdn. Bhd.

**(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.

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

Baker Tilly undertakes the internal audit activities 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 2017 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 2017, the total cost incurred for the internal audit function was RM72,000.00 which relates to personnel cost on audit assignments (excluding out-of-pocket expenses and Goods and Services Tax).

## AT DAGANG NeXCHANGE BERHAD ("DNeX"), WE STRIVE TO RAISE THE GROUP'S CORPORATE AWARENESS AMONGST PROSPECTIVE INVESTORS AND TO MAXIMISE VALUE TO OUR SHAREHOLDERS.

We have a dedicated Investor Relations Programme targeted at analysts, fund managers and journalists that consistently provides comprehensive insights on the Group's transformation progress, overall business strategies and performance.

This is to ensure that the Group maintains investor engagement and disclosure with the aspiration of retaining investor confidence.

Our Investor Relations activities are led by Executive Deputy Chairman Datuk Samsul Husin and Group Managing Director Encik Zainal 'Abidin Abd Jalil, supported by the Investor Relations team and members of senior management, as and when required.

During the year, we actively participated in investor conferences, large group meetings and conference calls held in Malaysia as well as abroad.

In our efforts to ensure fair and equal distribution of information, we also reached out to the retail investment community via retail conferences.

Furthermore, we undertook regular engagements with the Media to communicate the Group's developments through media releases, media conferences and interviews.

DNeX was selected to be part of the inaugural batch of 100 public listed companies selected under the Mid and Small Cap ("MidS") Research Scheme, which commenced in 2017, aimed at spurring the vibrancy of mid and small cap public listed companies.

Under the MidS scheme, the Group received regular independent analyst coverage by two research houses, CIMB Investment Bank Berhad and TA Securities Holdings Berhad. The MidS research reports are made available to the public at www.bursamarketplace.com/mkt/tools/research.

Beyond the MidS scheme, BIMB Securities Sdn Bhd also provided independent analyst coverage on DNeX.

During the 2017 Investor Relations Awards organised by the Malaysian Investor Relations Association ("MIRA"), DNeX was nominated in the following categories:-

- Best Company for Investor Relations (Small Cap)
- Best Chief Executive Officer for Investor Relations (Small Cap)
- Best Investor Relations Professional (Small Cap)
- Best Investor Relations Website (Small Cap)
- Business Knowledge & Insights of Investor Relations team (All Categories)
- Quality of one-on-one meeting (All Categories)

The nominations were submitted by over 1,500 buy-side and sell-side investment professionals globally. The awards were aimed at recognising the best Investor Relations practices by Investor Relations professionals and public listed companies on Bursa Malaysia.

Internally, our employees are provided with access to training and resources designed for improvement and knowledge sharing of Investor Relations best practices through our membership in MIRA.

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

We will continue to maintain and execute our commitment to shareholders in ensuring transparent and timely updates on Company disclosures.

Maths

COMMITTED TO
CORPORATE
SOCIAL
RESPONSIBILITY

# SUSTAINABILITY **REPORT**

## FOCUSING ON THE FUTURE

### AT DNeX, BIGGER TO OUR VISION OF BEING A LEADING MULTINATIONAL SOLUTION PROVIDER AND TRUSTED FOR OUR EXPERTISE, IS OUR DREAM OF BUILDING A TOMORROW THAT IS RICH IN OPPORTUNITIES AND POSSIBILITIES.

DNeX  is an aspiring Malaysian company that brings technology and engineering together to provide innovative solutions to customers in the industrial, commercial, and consumer markets. Amidst challenging market conditions and of transformational change for the company, we realigned our business portfolio to be a more focused enterprise.

The company portfolio now consists of two business platforms: DNeX Energy and DNeX IT & e-Services, both of which focuses to help business efficiency so that our customers and clients can create sustainable infrastructure, maximise production, protect their personnel and the environment while optimising their energy and operating costs.

# LONG TERM PROFITABILITY

## WE ASPIRE TO BUILD LONG-TERM VALUE IN THE MARKETS WHERE WE OPERATE

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

## ADVANCING PROCESS EXCELLENCE

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

# CUSTOMERS

**Customer Experience**

As a company that serves over 35,000 users in the trade facilitation and logistics fraternity, we are constantly working on enhancing our customer experience, making sure that their expectations are met and often surpassed in order to maintain customer loyalty. Our company continually invest in employee training to ensure a positive customer experience across all touch points of our business operations.

On the customer support front, we have *Careline,* a taskforce fully dedicated to assisting our customers with their problems and queries via phone and email, 24/7. We also regularly conduct training for our stakeholders. In the year under review, we successfully launched a mobile application – the Dagang Net app, to provide our valued customers an easier way to access a wealth of information on our services, solutions and announcements – anywhere and anytime. The free application is available on both iOS and Android platforms. Customers can also access the same features available on the app through the www.mydagangnet.com website.

Meanwhile, to measure the level of our customers' satisfaction, we are guided by ratings and inputs collated from our regular Customer Satisfaction Index survey. This is especially important as we rely on customer feedback to review and enhance the quality of our products and services. We also regularly conduct Customer Satisfaction Index survey to our database of more than 30,000 subscribers to gauge the effectiveness of our initiatives, such as the Customer Excellence Programme which we implemented in 2016. The programme successfully reduced the average time to process customer requests from two days to one day within six months. The survey results indicated good progress, and in 2017, in recognition of our commitment towards serving our customers, we were presented with SIRIM's Customer Service Management Best Practices Recognition Scheme. Renewable annually, this certification covers customer service and operations of Dagang Net.

**Customer Privacy and Data Protection**

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

# BUSINESS

DNeX aims to achieve sustainable business performance and competitiveness by managing and responding to business risks and opportunities, and we believe that having good governance in place is paramount in ensuring effective and responsible business practices.

**Corporate Governance & Whistleblowing Policy**

In embracing our vision to be a leading multinational corporation that is trusted for its world-class services and expertise, we strive to be an organisation that is not only profitable but also one that stands true to our "Clean" core value, in which we seek to conduct a transparent business, and to instil a culture of integrity.

Our Board is committed to achieving a high standard of Corporate Governance throughout the organisation and has applied the principles and recommendations of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") issued by the Securities Commission Malaysia and provisions in the Main Market Listing Requirements ("MLLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). For an overview of our Corporate Governance Statement, please refer to pages 51 to 63 of this Annual Report.

We have also incorporated several policies in managing the operations of the company, such as the Code of Conduct ("Code"), which require all officers and employees to observe high standards of business and ethics in carrying out duties and responsibilities. In addition, our 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 Code. The types of malpractices covered under the policy include soliciting or accepting bribe or any illegal gratification, participating in unauthorised financial transactions and breach of fiduciary relationship.

Our implementation of the Whistleblowing Policy is also in line with Section 368B of the Companies Act 1965 where provisions have been made to protect Company Officers who make disclosures on breach or non-observance of any requirement or provision of the Act or on any serious offence involving fraud and dishonesty. The complete Whistleblowing Policy is available on www.dnex.com.my/whistleblowing-policy/

**Business Continuity Plan ("BCP")**

As a company that is responsible in managing and operating the National Single Window, it is imperative that we implement a robust and comprehensive Business Continuity Plan ("BCP"), one that also refers to a Crisis Management Plan and a Disaster Recovery Plan. The BCP sets out several possible scenarios as well as guidelines for BCP Training, Awareness and Testing. We conduct BCP tests periodically to ensure that, amongst others - procedures are complete and workable, resources available at the alternative site are usable and ready, and relevant personnel are competent and aware of their responsibilities. By maintaining a comprehensive BCP, we can ensure the recovery of critical business processes and continuity of its day-to-day business operations amid threats, disasters and calamities.

## INNOVATIVE SOLUTIONS AT WORK

Our business revolves around innovation. It defines the way we do business, the way we improve our collective performance and revenue growth, and the way for us to stay relevant in the industry's fast-changing climate.

To strengthen our foothold in offering end-to-end, comprehensive e-Services for Trade Facilitation, we embarked on several key initiatives in fiscal 2017.

# LAUNCHING OF 1TRADE™

Introduced as Malaysia's first web-based solution for total cargo and trade management, 1Trade™ harnesses the power of digital intelligence to the entire transport and trade facilitation mechanism, to improve productivity of the freight logistics industry, and to provide a better electronic system for the logistics industry in the domestic and international markets.

With 1Trade™, digital logistics is made easy. All stakeholders, big and small, would have easy and secure access to a system infrastructure platform anytime, anywhere, via the Internet.

All lodged applications and submissions, be it domestic or international, would be done through 1Trade™. Common information is shared and replicated, ensuring re-usability of data and avoid re-keying in the same data more than once. Integration among stakeholders would lead to quicker decision-making, faster shipment clearance and turnaround time at each key process.

Designed to bridge global supply chains and logistics, and in line with the Malaysian Ministry of Transport's Logistics and Trade Facilitation Master Plan (2015–2020) which aims to stimulate trade, facilitate business efficiency and spur economic growth through the adoption of technology, and to increase Malaysia's competitiveness to be "The Preferred Logistics Gateway to Asia", 1Trade™ is also envisaged to complement the current massive One Belt One Road initiative as well as other international trade-related initiatives, which will further regionalise our platform.

To date, Thailand, through TIFFA EDI Services Co Ltd, have signed a partnership agreement to offer 1Trade™ to users in the country.

# DRIVING PRODUCTIVITY WITH DIRECT CONNECT

Dagang Net's customers can now enjoy increased business efficiency with the introduction of Direct Connect. Designed to provide customers with direct linkage to Dagang Net for submission of data, Direct Connect bypasses the conventional method of data entry. Data from the in-house system is specifically formatted and relayed to Dagang Net's Global Interchange Gateway ("GIG"), allowing for quicker submission to Sistem Maklumat Kastam or any other systems employed by the Custom's authority.

Going through Dagang Net's GIG ensures data integrity and security, facilitates documentation audit and eases back office processing.

# MOBILISING INNOVATION WITH PORTABLE CONTAINER SYSTEMS

Through OGPC Group, DNeX has now extended its innovative solutions to empowering communities in suburban and remote areas with its Portable Container Systems ("PCS"), a self-contained modular fuel storage and dispensing unit, ideal for distribution and consumption of petroleum products for captive markets. DNeX was recently awarded a sub-contract to install up to 100 units of PCS which are to be used for the supply of petrol at various fish landing jetties throughout Peninsular Malaysia. The contract involves designing, engineering, procurement, construction, installation, commissioning and maintenance of the same units for two years, and maintenance and supply of parts for 10 years.

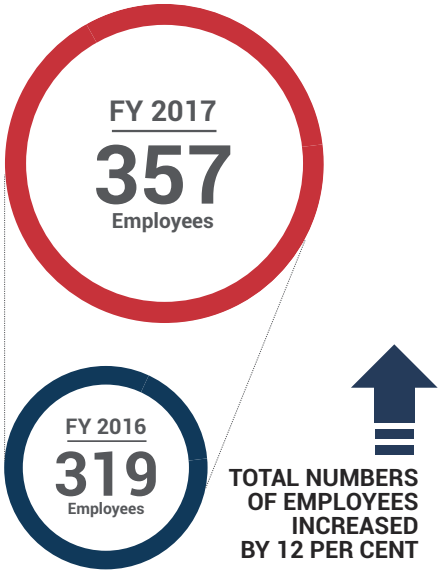
# PEOPLE & WORKPLACE

## AT DNeX, THE SUCCESS OF OUR COMPANY IS FUELLED BY THE KNOWLEDGE, SKILLS, INTEGRITY, AND ENGAGEMENT OF OUR EMPLOYEES. AS A COMPANY, WE SEEK TO CREATE A CULTURE AND WORKPLACE ENVIRONMENT TO SUPPORT OUR PEOPLE SO THEY CAN REACH THEIR GREATEST POTENTIAL.

Our belief in integrity, safety and quality, employee welfare, customer focus, continuous improvement, collaboration, and innovation are fundamental to the way we conduct our business and achieve success.

Living by our core values means DNeX expects nothing less than top performance from our employees, and reciprocally, employees expect a destination-of-choice workplace from DNeX. Our employee management process has always centred on open and honest communication. This philosophy guides our broad efforts to create a workforce that encourages diversity and embraces inclusion while promoting workplace safety and fair labour practices.

We continually look to break new ground in these areas to promote DNeX as an employer of choice, which in turn drives innovation and delivers excellence for our customers and stakeholders.



## OUR CULTURE

DNeX has developed a culture that is innovative and responsive to our projects' needs, within an ethical and disciplined framework. DNeX Core Values and Code of Conduct ("Code") serves as a lighthouse to our belief system, unmistakably guiding our engagement and relationships with employees, clients and stakeholders.

The DNeX Core Values ensure that our teams operate at the cutting edge of their fields, with a focus on providing our partners with the highest standards of excellence.

## CORE VALUES

### LEAN

We seek to achieve effective cost management and operational efficiency in all areas of business

### CLEAN

We seek to conduct a transparent business, and to instil a culture of integrity

### AGILE

We seek to constantly innovate our business offerings to suit the demands of the current market

### ENTERPRISING

We seek to continuously invest in solutions that achieves efficiency for our customers, people and communities.

**Code of Conduct ("Code")**

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

# PROMOTING SAFETY AND HEALTH

The safety and health of our people remains a top priority within our company. Our DNeX Corporate Safety and Health Committee oversees the progress of our safety programmes by identifying and improving key areas to work on. They are also responsible in instilling a safe and responsible culture within the organisation, which begins immediately after a new hire joins the company. During this session, new hires are briefed on the relevant safety and health objectives and protocols. This ensures that everyone will play their part in ensuring a safe and healthy working environment.

The Committee has appointed certified Floor Marshalls and First Aiders on every floor of our office buildings, to ensure that everyone is accounted for and attended to promptly if a disaster strikes. In 2017, as per the company's annual practice, the Committee also conducted a fire drill exercise to ensure that, amongst others, relevant personnel are competent in carrying out their duties and responsibilities, and all officers and employees are aware of the safety procedures.

Our employees, especially 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, for example, is rightly equipped with a Radioactive License from the Atomic Energy Licensing Board, which permits the handling and possession of radioactive materials. Our oil & gas business arm also implements a Stop Work Policy, where we expect and empower all levels of management and employees to not only anticipate hazards, but also to address them and stop risky processes if they deem a work environment or task to be unsafe.

# NURTURING TALENT AND 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 Division is constantly working to promote DNeX as an employer of choice based on competitive wages and benefits, the quality of our workplace, and the opportunities our group of companies provide.

We strive to attract and employ people with exceptional skills who share our values. We undertake resourcing activities at the local, national and international levels 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.

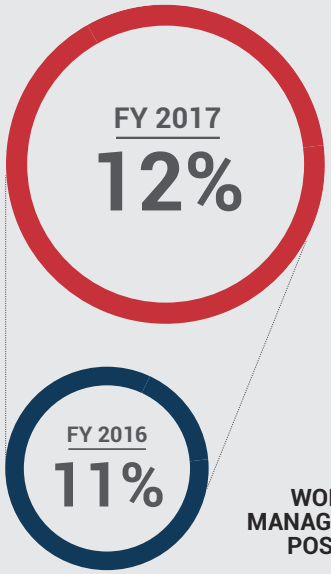
We also build our people up through training, which forms an integral part of our talent development strategy. We encourage our employees to seek training that widens their perceptive, sharpen their skills, and motivate them to do better, not just at work, but life outside of work. In 2017, we have invited 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.

# PROMOTING WORK LIFE BALANCE AND ADVANCING WOMEN

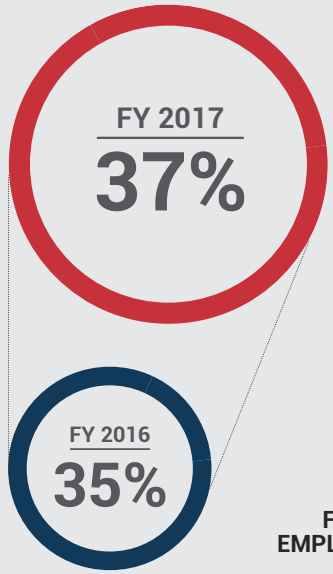
DNeX aims to be a company that promotes business and personal life achievements. We believe that by offering the right support and empowerment to our employees, we are directly embedding human rights and encouraging a healthy work-life balance across all our business. Our working environment is one where all employees are treated with respect, feel safe from discrimination and harassment, and can thrive in a supportive and conducive atmosphere. Our Group Human Resource Division works actively to create an employer of choice environment within the industry we work in by offering competitive salary and benefits packages, promotions, transfers, compensation, career mentoring, company sponsored training, tuition assistance, eligibility to fitness amenities, and social and recreational programs for our employees.

***Eligibility of all full-time DNeX employees***

We also believe that women are change agents, capable of influencing society and an economies' growth through the effect she has on her family's progress. We target to achieve a goal where our female employees can have the freedom and empowerment to build the life they want, unrestrained by harmful norms and stereotypes. Therefore, as a company that operates in a typically male dominated industries, we are taking proactive approach to support the women in our workforce and accelerate their progress. We see this as a crucial factor in order to achieve gender balance in our Group's management, which in turn will ensure that our leadership styles and perspectives are balanced. At present, we have amongst our midst a number of strong, female leaders who are as equally empowered as their male counterparts.




**WOMEN IN MANAGEMENT POSITIONS**




**FEMALE EMPLOYEES**

Our approach in offering support for female employees:

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

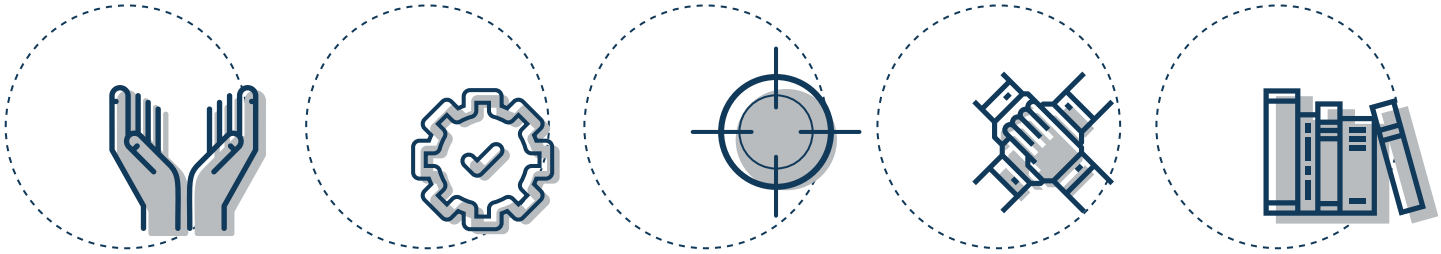
We have made some progress, with the proportion of women in management posts increasing from 11 per cent in 2016 to 12 per cent in 2017; and the number of female employees increasing from 35 per cent in 2016 to 37 per cent in 2017. At the Board level however, there is still more to do, as only 22 per cent of Directors are women.

# EMPLOYEE ENGAGEMENT

As a company growing at a fast pace, our employees are becoming more mobile, autonomous and harder to manage. With this in mind, our Group Human Resource Division have increased our employee engagement activities, so that they are constantly engaged and aligned to the Group's vision, mission and goals. After all, we depend on the commitment of our people to sustain our competitive advantage.

In the year under review, DNeX conducted several competitive outdoor and indoor activities, including DNeX Mountain Challenge (a series of five mountain climbing activities held to foster a culture of endurance and peak performance), Bowling Tournament, Hunt4Fun, GoKart Racing and Indoor Games. We also held four Communication Day, a platform where we gather all employees on quarterly basis to share DNeX's key developments and business achievements that had taken place in the preceding quarter. Communication Day also serves as a tool for the Leadership Team to foster closer working ties and boost the employees' morale so that they remain focused on the Group's long term strategies.

# 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.

## 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.

## 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.

## 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.

## 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.

CHARITABLE CONTRIBUTION FY2017

RM416,420

# PLANET & SOCIETY

## GOING GREEN & ENVIRONMENT FRIENDLY

As a company that stands by its asset-light, know-how heavy business model, DNeX not only practices environment sustainability by offering digitised and integrated trade facilitation services to its customers and stakeholders, we are also enhancing our efforts to manage our own facilities and business conduct in an environmentally friendly manner. We have implemented several initiatives designed to minimise environmental impact and carbon footprint.

**Waste reduction** – Reduced stationery consumption, default printing configuration to reduce tonnage of paper use and toner wastages.

**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.

**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.

**Energy and water saving** – Reminders to "Turn off when not in use" for common areas such as the pantry, washroom, meeting rooms and lactation rooms to encourage energy and water savings, as well as to cultivate a healthy habit to decrease our carbon footprint and utility bill.

**3324 HOURS** DNeX VOLUNTEER HOURS

# COMMUNITY INVOLVEMENT

DNeX is committed to supporting the communities where we operate within. Through our corporate philanthropy and employee volunteerism, we seek to help make these communities better and more attractive places to live and work – not just for the benefit of our own employees and their families – but for the community at large.

Our corporate giving is focused on four primary areas:

**Education -** Fostering learning through schools, universities, and related programs

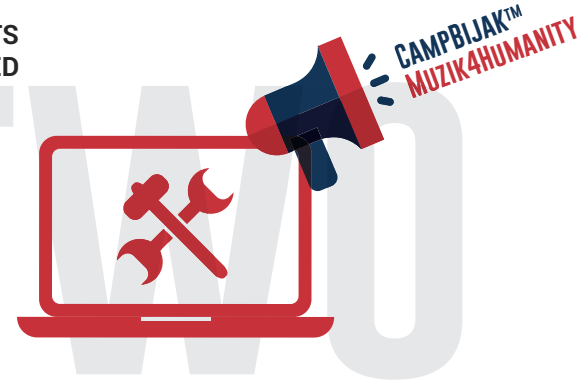
**Sports, Health and Human Services** - Promoting the health and well-being of the community

**Arts and Culture** - Enhancing the quality of life through support for arts and cultural institutions

**Civic** - Supporting infrastructure initiatives and other community needs

**PROJECTS DEPLOYED**

TWO



1980 HOURS VOLUNTEER HOURS

BENEFICIARY STUDENTS FY2017 356

## CampBijak™

As a company built on IT and engineering, DNeX is driven to support the nation's youth through scientific education and entrepreneurship. CampBijak™ as our flagship CSR programme, continues to be a supplementary syllabus programme that aims to help educate and instil a love of Mathematics and Science subjects amongst students in a structured but fun learning environment. Each camp is hosted as a two-day workshop, sees the students immersing themselves in Science and Math-themed activities and experiments conducted by experienced facilitators.

In fiscal 2017, DNeX successfully organised three CampBijak™ outreach sessions, benefiting 356 underprivileged children from three schools in Klang Valley. With the first two being hosted for UPSR candidates and utilising laboratory facilities and the schools' botanical compound, the final 2017 instalment of CamBijak™ was held as a team building bootcamp activity. Engaging 70 secondary school students and facilitated by 20 programme fellows, comprising 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.

**Muzik4Humanity**

## BRIDGING RHYTHM AND HOPE

DNeX presented a humanitarian concert Muzik4Humanity, which aimed to raise funds for programmes organised by Medical Relief Society Malaysia ("MERCY"), particularly one that mobilises education-based initiatives targeted to refugee communities.

Produced and organised by our own employees, Muzik4Humanity was hosted amidst the global crisis affecting communities that are displaced due to war, persecution and discrimination. DNeX was drawn to the plight of children within these communities, especially depravation of conducive environment for child development encapsulating nutrition, education and sanitation. The bigger goal of hosting this concert was to leverage on the universal language of music to bring artistes and musicians, music lovers and enthusiasts from all walks of life - to do their bit in making this world a better place.

The total sum of ticket sales proceeds was channeled to MERCY's Little Caliph programme in Kandahar, Afghanistan that facilitates provision of nutritional food and education for children affected by conflict, with a total of 2,000 boxes of powdered milk formula pledged for refugee children in various camps in Malaysia.

# DNeX SUSTAINABILITY GOALS

In financial year 2016, we identified several focus areas for the management of sustainability risks and opportunities to be achieved in the areas of Profitability, People, and Planet and Society. The following table charts our identified sustainability goals in 2016 and our efforts and progress in 2017:

| NO | SUSTAINABILITY GOALS | 2017 PROGRESS |
|---|---|---|
| 1 | Establish a DNeX Sustainability Committee who will be in charge of developing, implementing and monitoring the Group's Sustainability Policy and Strategy. | In moving towards establishing a DNeX Sustainability Committee, the Group Managing Director leads the implementation of the Group's sustainability action plans including the formulation of its Sustainability Policy and Strategy in consultation with the Board. |
| 2 | Track, measure and improve sustainability in our operations through energy audits and waste assessments | In January 2017, as part of our goals to conserve energy, DNeX began implementing Mini Earth Hour campaign, where all air conditioning and lights were switched off for one hour from 1 p.m. to 2 p.m. every second and fourth week of the month. However, the campaign was halted mid-year in response to increased utility charges contributed by the additional power to reactivate the air conditioning system. |
| 3 | Work towards achieving ISO 14000 environment management standards | Along with campaigns like Mini Earth Hour, we raised preliminary awareness to make our officers and employees understand and appreciate their role in conserving and decreasing their carbon footprint on the environment. |
| 4 | Expand reach of our Corporate Social Responsibility programme to deserving communities | Expanded CSR footprint through our first ever humanitarian concert, Muzik4Humanity. A total of RM220,000 was raised through ticket sales, and the sum was channelled to MERCY Malaysia's Little Caliph programme in Kandahar, Afghanistan. The concert also sees the successful pledge of 2,000 boxes of powdered milk formula for the children under the programme.<br><br>Our Camp Bijak™ programme benefited more underprivileged students this year, with a significant increase of 89 per cent compared to last year. |
| 5 | Increase employee engagement | In 2017, average attendance for employee engagement activities increased to 94 per cent, an increase of one per cent compared to last year. |
| 6 | Embrace diversity in the workforce | At present, the Board is 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 diverse target which includes gender diversity in line with the strategic stewardship of the company at that time. The current female representation on the Board is 22 per cent. |
| 7 | Establish measures and stewardship to attain long term profitability within the Group | Profitability is always a key priority in our company. The Board will continually assess our investments, return on investments, and our contribution to our people, the community, and planet. |

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## FINANCIAL STATEMENTS


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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 2017.

## 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.

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

## RESULTS

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Profit for the year attributable to: | | |
| Owners of the Company | 56,599 | 41,614 |
| Non-controlling interests | (1,408) | - |
| | 55,191 | 41,614 |

## 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:

i) an interim dividend of 0.5 sen net per ordinary share amounting to RM8,674,459 in respect of the financial year ended 31 December 2016 on 28 February 2017; and

ii) an interim dividend of 0.5 sen net per ordinary share amounting to RM8,765,699 in respect of the financial year ended 31 December 2017 on 2 October 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 during the financial year until the date of this 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 Karim (Appointed on 20 January 2017)

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

## DIRECTORS' INTERESTS

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

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | At 1.1.2017 | Bought | Sold | At 31.12.2017 |
| **Interests in the Company:** | | | | |
| Datuk Samsul Husin* | | | | |
| - Direct | - | 1,000,000 | - | 1,000,000 |
| - Indirect | 310,800,369 | - | (25,743,760) | 285,056,609 |
| Zainal 'Abidin Abd Jalil | | | | |
| - Indirect ** | 233,676,000 | 130,000,000 | - | 363,676,000 |
| Azman Karim | | | | |
| - Direct | 190,906,315 | 51,834,629 | (137,000,000) | 105,740,944 |

* Deemed interest through Censof Holdings Berhad pursuant to Section 8(4)(a) of the Companies Act, 2016.
** Indirect/deemed interest by virtue of his 78% shareholdings in Arcadia Acres Sdn. Bhd. (360,000,000 ordinary shares).
** Indirect/deemed interest through his spouse, Puan Rusmin binti Jaafar (3,676,000 ordinary shares).

**DIRECTORS' INTERESTS (CONTINUED)**

| | Number of options over ordinary shares | | | |
|---|---|---|---|---|
| | At 1.1.2017 | Granted | Exercised | At 31.12.2017 |
| **Interests in the Company:** | | | | |
| Datuk Samsul Husin | 2,250,000 | - | (1,000,000) | 1,250,000 |
| Zainal 'Abidin Abd Jalil | 2,250,000 | - | - | 2,250,000 |
| Dato' Wong Kam Yin | 1,500,000 | - | - | 1,500,000 |
| Azman Karim | 1,500,000 | - | (1,500,000) | - |

| | Number of Warrants 2016/2021 | | | |
|---|---|---|---|---|
| | At 1.1.2017 | Purchase | Disposal | At 31.12.2017 |
| **Interests in the Company:** | | | | |
| Zainal 'Abidin Abd Jalil[(a)]<br>- Indirect | 763,000 | - | (763,000) | - |
| Azman Karim<br>- Direct | 95,453,158 | 35,796,842 | (80,000,000) | 51,250,000 |

(a) Indirect/deemed interest through his spouse, Puan Rusmin binti Jaafar.

None of the other Directors holding office at 31 December 2017 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 remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 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").

## DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 30 to the financial statements.

## INDEMNITY AND INSURANCE COSTS

During the financial year, Directors and Officers of the Company and its subsidiaries are covered under the Directors and Officers Liability Insurance Policy in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the Policy. The total amount of indemnity coverage and insurance premium paid for the Directors and certain Officers of the Company and of the Group were RM15,000,000 and RM15,510 respectively.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up capital from RM346,578,299 to RM353,502,381 by way of issuance of 22,480,786 new ordinary shares from the exercise of options under the Company's ESOS at the exercise prices as disclosed in Note 13 to the financial statements which amounted to RM6,924,082.

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

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

There were no debentures issued during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## EMPLOYEE SHARE OPTION SCHEME

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

The details of the ESOS are disclosed in Note 13 to the financial statements.

## WARRANTS 2016/2021

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

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

The details of the Warrants are disclosed in Note 13 to the financial statements.

## 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) there are no known bad debts 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 render the amount written off for bad debts, or the additional allowance for impairment losses on receivables in the Group and in the Company inadequate to any substantial extent, or

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

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2017 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.

The auditors' remuneration are disclosed in Note 21 to the financial statements.

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

**Datuk Samsul Husin**

**Rosli Abdullah**

Kuala Lumpur,

Date: 27 February 2018

# STATEMENTS OF FINANCIAL POSITION

As At 31 December 2017

| | Note | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | 31.12.2017 RM'000 | Restated 31.12.2016 RM'000 | 1.1.2016 RM'000 | 31.12.2017 RM'000 | Restated 31.12.2016 RM'000 | 1.1.2016 RM'000 |
| **Assets** | | | | | | | |
| Property, plant and equipment | 3 | 65,279 | 32,255 | 21,250 | 106 | 237 | 28 |
| Goodwill | 4 | 49,740 | 49,740 | 1,636 | - | - | - |
| Intangible assets | 5 | 44,688 | 49,031 | 3,553 | - | - | - |
| Investments in subsidiaries | 6 | - | - | - | 249,413 | 204,273 | 69,975 |
| Investments in associates | 7 | 175,660 | 170,376 | - | - | - | - |
| Other investments | 8 | 4,233 | 4,674 | 4,172 | - | - | - |
| Trade and other receivables | | - | - | 985 | - | - | - |
| **Total non-current assets** | | 339,600 | 306,076 | 31,596 | 249,519 | 204,510 | 70,003 |
| Inventories | 9 | 2,770 | 649 | - | - | - | - |
| Trade and other receivables | 10 | 105,923 | 68,610 | 93,657 | 667 | 899 | 13,654 |
| Amount due from subsidiaries | 11 | - | - | - | 60,297 | 76,373 | 15,454 |
| Tax recoverable | | 2,740 | 2,216 | 1,916 | - | - | 1,727 |
| Cash and cash equivalents | 12 | 51,834 | 72,283 | 46,120 | 1,145 | 11,241 | 2,290 |
| **Total current assets** | | 163,267 | 143,758 | 141,693 | 62,109 | 88,513 | 33,125 |
| **Total assets** | | 502,867 | 449,834 | 173,289 | 311,628 | 293,023 | 103,128 |
| **Equity** | | | | | | | |
| Share capital | 13 | 353,502 | 346,578 | 155,049 | 353,502 | 346,578 | 155,049 |
| Warrant reserve | 13 | 5,691 | 5,691 | - | 5,691 | 5,691 | - |
| Share option reserve | 13 | 998 | 2,415 | - | 998 | 2,415 | - |
| Translation reserve | 13 | (6,150) | 11,327 | (54) | - | - | - |
| Retained earnings/ (Accumulated losses) | | 72,864 | 25,031 | (53,995) | (56,643) | (89,491) | (70,721) |
| **Total equity attributable to owners of the Company** | | 426,905 | 391,042 | 101,000 | 303,548 | 265,193 | 84,328 |
| Non-controlling interests | 14 | (2,548) | (1,884) | (747) | - | - | - |
| **Total equity** | | 424,357 | 389,158 | 100,253 | 303,548 | 265,193 | 84,328 |
| **Liabilities** | | | | | | | |
| Deferred tax liabilities | 15 | 9,249 | 12,056 | 658 | - | - | - |
| Borrowing | 16 | 18,680 | - | 1,541 | - | - | - |
| **Total non-current liabilities** | | 27,929 | 12,056 | 2,199 | - | - | - |
| Trade and other payables | 17 | 44,113 | 43,196 | 50,733 | 3,761 | 12,473 | 3,452 |
| Borrowing | 16 | 1,320 | - | 18,495 | - | - | - |
| Amount due to subsidiaries | 11 | - | - | - | 593 | 11,631 | 15,348 |
| Tax payable | | 5,148 | 5,424 | 1,609 | 3,726 | 3,726 | - |
| **Total current liabilities** | | 50,581 | 48,620 | 70,837 | 8,080 | 27,830 | 18,800 |
| **Total liabilities** | | 78,510 | 60,676 | 73,036 | 8,080 | 27,830 | 18,800 |
| **Total equity and liabilities** | | 502,867 | 449,834 | 173,289 | 311,628 | 293,023 | 103,128 |

The notes on pages 105 to 160 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 December 2017

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2017 RM'000 | Restated 2016 RM'000 | 2017 RM'000 | Restated 2016 RM'000 |
| Revenue | 18 | 203,938 | 178,455 | 39,238 | 44,823 |
| Cost of sales | | (96,977) | (96,345) | - | - |
| **Gross profit** | | 106,961 | 82,110 | 39,238 | 44,823 |
| Sales and marketing expenses | | (4,932) | (2,975) | - | - |
| Administrative expenses | | (7,533) | (7,919) | (862) | (1,111) |
| Other operating expenses | | (57,780) | (56,249) | (14,322) | (29,544) |
| Other operating income | 19 | 7,156 | 3,071 | 14,922 | 13,604 |
| **Results from operating activities** | | 43,872 | 18,038 | 38,976 | 27,772 |
| Finance costs | 20 | (694) | (890) | (253) | (770) |
| Finance income | 20 | 1,213 | 233 | 2,891 | 1,659 |
| Share of results in associates, net of tax | | 22,200 | 117,385 | - | - |
| **Profit before tax** | 21 | 66,591 | 134,766 | 41,614 | 28,661 |
| Zakat | | (500) | (450) | - | - |
| Tax expense | 22 | (10,900) | (14,103) | - | (4,727) |
| **Profit for the year** | | 55,191 | 120,213 | 41,614 | 23,934 |
| **Other comprehensive income, net of tax** | | | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | | | |
| Foreign currency translation differences for foreign operations | | (561) | 345 | - | - |
| Share of other comprehensive income of associates | | (16,916) | 11,036 | - | - |
| **Other comprehensive income for the year, net of tax** | | (17,477) | 11,381 | - | - |
| **Total comprehensive income for the year** | | 37,714 | 131,594 | 41,614 | 23,934 |
| **Profit attributable to:** | | | | | |
| Owners of the Company | | 56,599 | 121,730 | 41,614 | 23,934 |
| Non-controlling interests | | (1,408) | (1,517) | - | - |
| **Profit for the year** | | 55,191 | 120,213 | 41,614 | 23,934 |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the Company | | 39,122 | 133,111 | 41,614 | 23,934 |
| Non-controlling interests | | (1,408) | (1,517) | - | - |
| **Total comprehensive income for the year** | | 37,714 | 131,594 | 41,614 | 23,934 |
| Earnings per ordinary share (sen) | 23 | | | | |
| - Basic | | 3.24 | 10.45 | | |
| - Diluted | | 3.20 | 10.45 | | |

The notes on pages 105 to 160 are an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 December 2017

| | | ← Attributable to the owners of the Company → | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | ← Non-distributable → | | | | | Distributable | | | |
| Group | Note | 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 |
| **1 January 2016** | | 155,049 | - | - | - | (54) | (53,995) | 101,000 | (747) | 100,253 |
| Profit for the year | | | | | | | | | | |
| - As previously reported | | - | - | - | - | - | 133,743 | 133,743 | (1,517) | 132,226 |
| - Prior year adjustments | 33 | - | - | - | - | - | (12,013) | (12,013) | - | (12,013) |
| - As restated | | - | - | - | - | - | 121,730 | 121,730 | (1,517) | 120,213 |
| Foreign currency translation differences for foreign operations | | - | - | - | - | 345 | - | 345 | - | 345 |
| Share of other comprehensive income of associates | | | | | | | | | | |
| - As previously reported | | - | - | - | - | 11,520 | - | 11,520 | - | 11,520 |
| - Prior year adjustments | 33 | - | - | - | - | (484) | - | (484) | - | (484) |
| - As restated | | - | - | - | - | 11,036 | - | 11,036 | - | 11,036 |
| **Total comprehensive income for the year** | | - | - | - | - | 11,381 | 121,730 | 133,111 | (1,517) | 131,594 |
| 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 shares 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 | 11,327 | 25,031 | 391,042 | (1,884) | 389,158 |
| | | Note 13 | | Note 13 | Note 13 | Note 13 | | | Note 14 | |

| | *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 31 December 2016/ 1 January 2017** | 346,578 | - | 5,691 | 2,415 | 11,327 | 25,031 | 391,042 | (1,884) | 389,158 |
| Profit for the year | - | - | - | - | - | 56,599 | 56,599 | (1,408) | 55,191 |
| Foreign currency translation differences for foreign operations | - | - | - | - | (561) | - | (561) | - | (561) |
| Share of other comprehensive income of associates | - | - | - | - | (16,916) | - | (16,916) | - | (16,916) |
| **Total comprehensive income for the year** | - | - | - | - | (17,477) | 56,599 | 39,122 | (1,408) | 37,714 |
| Contributions by and distribution to owners of the Company | | | | | | | | | |
| - Effect of acquisition of subsidiaries | - | - | - | - | - | - | - | 94 | 94 |
| - Issue of shares of subsidiaries to non-controlling interests | - | - | - | - | - | - | - | 650 | 650 |
| - Share options exercised | 6,924 | - | - | (1,417) | - | - | 5,507 | - | 5,507 |
| - Dividends to owners of the Company | - | - | - | - | - | (8,766) | (8,766) | - | (8,766) |
| **Total transactions with owners of the Company** | 6,924 | - | - | (1,417) | - | (8,766) | (3,259) | 744 | (2,515) |
| **At 31 December 2017** | 353,502 | - | 5,691 | 998 | (6,150) | 72,864 | 426,905 | (2,548) | 424,357 |
| | Note 13 | | Note 13 | Note 13 | Note 13 | | | Note 14 | |

# STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 December 2017 (continued)

| | | *Attributable to the owners of the Company* | | | | | |
|---|---|---|---|---|---|---|---|
| | | *Non-distributable* | | | | | |
| **Company** | **Note** | **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 2016** | | 155,049 | - | - | - | (70,721) | 84,328 |
| Profit for the year | | | | | | | |
| - As previously reported | | - | - | - | - | 29,797 | 29,797 |
| - Prior year adjustments | 33 | - | - | - | - | (5,863) | (5,863) |
| - As restated | | - | - | - | - | 23,934 | 23,934 |
| **Total comprehensive income for the year** | | - | - | - | - | 23,934 | 23,934 |
| 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 2016/1 January 2017** | | 346,578 | - | 5,691 | 2,415 | (89,491) | 265,193 |
| Profit for the year | | - | - | - | - | 41,614 | 41,614 |
| **Total comprehensive income for the year** | | - | - | - | - | 41,614 | 41,614 |
| Contributions by and distribution to owners of the Company | | | | | | | |
| - Share options exercised | | 6,924 | - | - | (1,417) | - | 5,507 |
| - Dividends to owners of the Company | 24 | - | - | - | - | (8,766) | (8,766) |
| **Total transactions with owners of the Company** | | 6,924 | - | - | (1,417) | (8,766) | (3,259) |
| **At 31 December 2017** | | 353,502 | - | 5,691 | 998 | (56,643) | 303,548 |
| | | Note 13 | | Note 13 | Note 13 | | |

The notes on pages 105 to 160 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

For The Year Ended 31 December 2017

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| **Cash flows from operating activities** | | | | |
| Dividends received from investees | - | - | 34,237 | 46,023 |
| Management fee received from subsidiaries | - | - | 16,374 | 9,147 |
| Cash receipts from customers | 191,188 | 195,399 | - | - |
| Cash payments to suppliers | (91,794) | (76,176) | - | - |
| Cash payments to employees and for expenses | (81,522) | (51,750) | (15,711) | (13,203) |
| **Cash flows generated from operating activities** | 17,872 | 67,473 | 34,900 | 41,967 |
| Net taxation | (14,506) | (12,638) | - | 726 |
| Interest and other income received | - | - | 154 | 11 |
| Zakat paid | (521) | (432) | - | - |
| **Net cash generated from operating activities** | 2,845 | 54,403 | 35,054 | 42,704 |
| **Cash flows from investing activities** | | | | |
| Advances to subsidiaries | - | - | (41,502) | (119,378) |
| Interest received | 1,213 | 233 | 2,737 | 1,648 |
| Payment from subsidiary companies | - | - | 5,729 | 46,054 |
| Proceeds from disposal of property, plant and equipment | 140 | 7 | 72 | - |
| Purchase of property, plant and equipment, and intangible assets | (31,102) | (5,927) | - | (315) |
| Acquisition of subsidiaries | - | (57,411) | - | (79,520) |
| Acquisition of investment | - | (37,965) | - | - |
| Deposit for acquisition of investments | (1,000) | (1,246) | - | - |
| Capital repayment by a subsidiary to non-controlling interests | - | (23,287) | - | - |
| **Net cash used in investing activities** | (30,749) | (125,596) | (32,964) | (151,511) |
| **Cash flows from financing activities** | | | | |
| Drawdown of bank borrowings | 21,619 | 26,330 | - | - |
| Proceeds from issuance of ordinary shares | - | 126,281 | - | 126,281 |
| Proceeds from share options exercised | 5,507 | - | 5,507 | - |
| Dividend paid to owners of the Company | (17,440) | (7,753) | (17,440) | (7,753) |
| Dividend paid by a subsidiary to non-controlling interests | - | (300) | - | - |
| Repayment of borrowing interests | (612) | (835) | (253) | (770) |
| (Increase)/Decrease in pledged deposits and restricted cash | (1,487) | 3,565 | - | - |
| Repayment of borrowing principal | (1,619) | (46,367) | - | - |
| **Net cash generated from/(used in) financing activities** | 5,968 | 100,921 | (12,186) | 117,758 |

| | Note | Group 2017 RM'000 | Group 2016 RM'000 | Company 2017 RM'000 | Company 2016 RM'000 |
|---|---|---|---|---|---|
| Net change in cash and cash equivalents | | (21,936) | 29,728 | (10,096) | 8,951 |
| Cash and cash equivalents at 1 January | | 66,629 | 36,901 | 11,241 | 2,290 |
| **Cash and cash equivalents at 31 December** | (i) | 44,693 | 66,629 | 1,145 | 11,241 |

**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 2017 RM'000 | Group 2016 RM'000 | Company 2017 RM'000 | Company 2016 RM'000 |
|---|---|---|---|---|
| **Current** | | | | |
| *Restricted and pledged* | | | | |
| - Cash and bank balances | 185 | - | - | - |
| - Deposits with licensed banks | 6,956 | 5,654 | - | - |
| | 7,141 | 5,654 | - | - |
| *Unrestricted* | | | | |
| - Cash and bank balances | 20,400 | 28,637 | 1,145 | 2,563 |
| - Deposits with licensed banks | 24,293 | 37,992 | - | 8,678 |
| | 44,693 | 66,629 | 1,145 | 11,241 |
| | 51,834 | 72,283 | 1,145 | 11,241 |
| Less: Cash and cash equivalents pledged as security | (7,141) | (5,654) | - | - |
| | 44,693 | 66,629 | 1,145 | 11,241 |

The notes on pages 105 to 160 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 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 2017 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 27 February 2018.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

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

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

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

Amendments to MFRS 107: Disclosure Initiative
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12 Clarification of the Scope of the Standard

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 as issued by IASB in July 2014) | 1 January 2018 |
| MFRS 15 Revenue from Contracts with Customers | 1 January 2018 |
| MFRS 16 Leases | 1 January 2019 |
| MFRS 17 Insurance Contracts | 1 January 2021 |
| IC Interpretation 22 Foreign Currency Transactions and Advance Consideration | 1 January 2018 |
| IC Interpretation 23 Uncertainty Over Income Tax Treatments | 1 January 2019 |
| Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions | 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) | Effective Date |
|---|---|
| Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts | 1 January 2018 |
| Amendments to MFRS 9: Prepayment Features with Negative Compensation | 1 January 2019 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |
| 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 |
| Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures | 1 January 2019 |
| Amendments to MFRS 140: Transfers of Investment Property | 1 January 2018 |
| 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 |

(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.

The Directors of the Company shall comply with the adoption of MFRS 9 and 15 respectively in the financial statements of the Group and of the Company for the financial year ending 31 December 2018.

### (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.

## 1. BASIS OF PREPARATION (CONTINUED)

### (d) Use of estimates and judgements

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

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

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

#### (i) Revenue

The Group's contract for the implementation of National Single Window ("NSW") will be ending in August 2019. 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. The carrying amount of goodwill as at the reporting date is disclosed in Note 4 to the financial statements.

#### (iii) Impairment of property, plant and equipment, intangible assets and investments in associates

The Group determines whether its property, plant and equipment, intangible assets and investments in associates are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount such as discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment, intangible assets and investments in associates as at the reporting date are disclosed in Notes 3, 5 and 7 to the financial statements respectively.

#### (iv) Impairment of trade receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its trade receivables and analyses their ageing profiles, historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 10 to the financial statements.

## 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 Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

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

#### (ii) Business combinations

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

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

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

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

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

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

#### (iii) Acquisitions of non-controlling interests

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

#### (iv) Loss of control

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of consolidation (continued)

#### (v) Associates

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

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

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

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

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

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

#### (vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Foreign currency

#### (i) Foreign currency transactions

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

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

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value 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 which are recognised in other comprehensive income.

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

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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.

***(c) Available-for-sale financial assets***

Available-for-sale category comprises investments 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 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

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

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 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.

#### (iv) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specific payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

## 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 the leased assets are not recognised in the statement of financial position.

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 are 3 - 6 years respectively.

### (g) Inventories

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

Cost is determined on the first-in, first-out basis and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

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

### (h) 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 reversal is recognised in profit or loss.

#### (ii) Other assets

The carrying amounts of other assets (other than 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 period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

## 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 capital account upon the exercise of the warrants and the warrant reserve in relation to the unexercised warrants at the expiry of the warrant period will be transferred to the retained earnings.

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

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

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

## 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.

#### (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.

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 statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### (t) Government grant

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related expenses which they are intended to compensate for. These grants are presented as other operating income in profit or loss.

### (u) 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 2016 | - | - | 4,077 | 28,033 | - | 1,980 | 40,783 | 933 | 75,806 |
| Acquisitions through business combinations | 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/ 1 January 2017 | 7,669 | 2,539 | 6,200 | 28,147 | 2,174 | 3,909 | 42,031 | 2,808 | 95,477 |
| Additions | - | - | 344 | 2,777 | 546 | 151 | 2,917 | 32,765 | 39,500 |
| Disposals | - | - | - | - | (1,065) | - | (8) | - | (1,073) |
| Written off | - | - | - | - | - | - | (786) | - | (786) |
| Reclassifications | 16,873 | 5,624 | - | - | - | 64 | 1,362 | (23,923) | - |
| Adjustment | - | - | - | - | - | 13 | - | (58) | (45) |
| At 31 December 2017 | 24,542 | 8,163 | 6,544 | 30,924 | 1,655 | 4,137 | 45,516 | 11,592 | 133,073 |

## 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 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 | - | 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/ 1 January 2017 | | | | | | | | | |
| 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 |
| Depreciation charge | - | 83 | 360 | 2,084 | 138 | 351 | 3,413 | - | 6,429 |
| Disposals | - | - | - | - | (1,065) | - | (6) | - | (1,071) |
| Written off | - | - | - | - | - | - | (786) | - | (786) |
| At 31 December 2017 | | | | | | | | | |
| Accumulated depreciation | - | 999 | 4,708 | 11,015 | 920 | 2,539 | 42,803 | - | 62,984 |
| Accumulated impairment loss | - | - | - | 4,810 | - | - | - | - | 4,810 |
| | - | 999 | 4,708 | 15,825 | 920 | 2,539 | 42,803 | - | 67,794 |
| ***Carrying amounts*** | | | | | | | | | |
| At 1 January 2016 | - | - | 389 | 16,229 | - | 511 | 3,188 | 933 | 21,250 |
| At 31 December 2016/ 1 January 2017 | 7,669 | 1,623 | 1,852 | 14,406 | 327 | 1,721 | 1,849 | 2,808 | 32,255 |
| At 31 December 2017 | 24,542 | 7,164 | 1,836 | 15,099 | 735 | 1,598 | 2,713 | 11,592 | 65,279 |

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Company | Motor vehicles RM'000 | Office equipment, furniture and fittings RM'000 | Computer equipment RM'000 | Total RM'000 |
|---|---|---|---|---|
| ***Cost*** | | | | |
| At 1 January 2016 | - | 75 | 82 | 157 |
| Additions | 308 | - | 7 | 315 |
| At 31 December 2016/1 January 2017 | 308 | 75 | 89 | 472 |
| Transfer to a subsidiary | (101) | - | - | (101) |
| At 31 December 2017 | 207 | 75 | 89 | 371 |
| ***Accumulated depreciation*** | | | | |
| At 1 January 2016 | - | 71 | 58 | 129 |
| Depreciation charge | 77 | 2 | 27 | 106 |
| At 31 December 2016/1 January 2017 | 77 | 73 | 85 | 235 |
| Depreciation charge | 56 | 1 | 2 | 59 |
| Transfer to a subsidiary | (29) | - | - | (29) |
| At 31 December 2017 | 104 | 74 | 87 | 265 |
| ***Carrying amounts*** | | | | |
| At 1 January 2016 | - | 4 | 24 | 28 |
| At 31 December 2016/1 January 2017 | 231 | 2 | 4 | 237 |
| At 31 December 2017 | 103 | 1 | 2 | 106 |

The freehold land and buildings of the Group amounting to approximately RM21,323,000 (2016: Nil) have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 16 to the financial statements.

## 4. GOODWILL

| | Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Cost | | |
| 1 January | 49,740 | 1,636 |
| Acquisitions through business combinations | - | 48,104 |
| 31 December | 49,740 | 49,740 |

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

| | Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| OGPC Sdn. Bhd. and OGPC O & G Sdn. Bhd. ("OGPC Group") | 48,104 | 48,104 |
| Other cash-generating units | 1,636 | 1,636 |
| | 49,740 | 49,740 |

(b) The Group has assessed the recoverable amounts of goodwill allocated and determined that 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 in the respective budgeting years are as follows:

| | Average Gross Margin | | Average Growth Rate | | Discount Rate | | Terminal Growth Rate | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| OGPC Group | 33.00% | 29.00% | 5.68% | 5.68% | 16.97% | 12.50% | 0% | 0% |

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

Management has determined the average gross profit margin and weighted average growth rate based on past performance and its expectation of market development. The discount rate used are computed based on the weighted average cost of capital of the 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 other than as follows:

The above estimates are particularly sensitive in the following areas:

- An increase in 2.0 percentage point in the pre-tax discount rate used would have resulted in an impairment loss of approximately RM2,544,000.

## 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 2016 | 3,021 | 14,333 | 315 | - | 17,669 |
| Acquisitions through business combinations | - | - | - | 48,106 | 48,106 |
| Additions | 828 | 259 | - | - | 1,087 |
| Written off | - | (153) | - | - | (153) |
| Reclassification | (636) | 636 | - | - | - |
| At 31 December 2016/1 January 2017 | 3,213 | 15,075 | 315 | 48,106 | 66,709 |
| Additions | 2,776 | 83 | - | - | 2,859 |
| Adjustment | (392) | - | - | - | (392) |
| Reclassification | (2,165) | 2,165 | - | - | - |
| At 31 December 2017 | 3,432 | 17,323 | 315 | 48,106 | 69,176 |
| ***Accumulated amortisation and impairment loss*** | | | | | |
| At 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 2016/1 January 2017 | | | | | |
| Accumulated amortisation | - | 14,390 | 315 | 2,781 | 17,486 |
| Accumulated impairment loss | - | 192 | - | - | 192 |
| | - | 14,582 | 315 | 2,781 | 17,678 |
| Amortisation for the year | - | 783 | - | 6,027 | 6,810 |
| Accumulated amortisation | - | 15,173 | 315 | 8,808 | 24,296 |
| Accumulated impairment loss | - | 192 | - | - | 192 |
| At 31 December 2017 | - | 15,365 | 315 | 8,808 | 24,488 |
| ***Carrying amounts*** | | | | | |
| At 1 January 2016 | 3,021 | 532 | - | - | 3,553 |
| At 31 December 2016/1 January 2017 | 3,213 | 493 | - | 45,325 | 49,031 |
| At 31 December 2017 | 3,432 | 1,958 | - | 39,298 | 44,688 |

## 5. INTANGIBLE ASSETS (CONTINUED)

| Company | Software RM'000 |
|---|---|
| ***Cost*** | |
| At 1 January 2016/31 December 2016/1 January 2017/31 December 2017 | 9 |
| ***Accumulated amortisation*** | |
| At 1 January 2016/31 December 2016/1 January 2017/31 December 2017 | 9 |
| ***Carrying amounts*** | |
| At 1 January 2016/31 December 2016/1 January 2017/31 December 2017 | - |

## 6. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| At cost | | |
| Unquoted shares | 294,808 | 249,668 |
| Less: Impairment loss | (45,395) | (45,395) |
| | 249,413 | 204,273 |

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

| | Company | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| At 1 January | 45,395 | 42,500 |
| Impairment loss recognised | - | 2,895 |
| At 31 December | 45,395 | 45,395 |

## 6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

| Name of subsidiary | Principal place of business/ country of incorporation | Principal activities | Effective Ownership Interest 2017 % | Effective Ownership Interest 2016 % |
|---|---|---|---|---|
| ***Information Technology*** | | | | |
| Dagang Net Technologies Sdn. Bhd. | Malaysia | Development, management and provision of business to government (B2G) e-commerce and computerised transaction in trade facilitation services. | 100 | 100 |
| DNeX RFID Sdn. Bhd.* | Malaysia | Research and development, design, manufacturing and trading of radio-frequency technology. | 51 | 51 |
| Global eCommerce Limited * | Federal Territory of Labuan, Malaysia | Yet to commence business. | 100 | 100 |
| MyCall Gateway Sdn. Bhd.* | Malaysia | Providing of eWork Permit System and other related services. | 100 | - |
| DNeX Telco Services Sdn. Bhd. * | Malaysia | Providing of services for infrastructure works for telecommunication industry. | 51 | - |
| Global Market eCommerce Sdn. Bhd. * | Malaysia | Dealing in the business for online marketing and e-market place. | 100 | - |
| DNeX Imizu Sdn. Bhd.** | Malaysia | Trading, dealing in any manner whatsoever in all type of drinking water and beverages on retail as well as on wholesale basis in Malaysia or elsewhere. | 55 | - |
| 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 Global Market eCommerce Sdn. Bhd.*
*** *The subsidiary's interest is held under DNeXPORT Sdn. Bhd.*

## 6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows (continued):

| Name of subsidiary | Principal place of business/ country of incorporation | Principal activities | Effective Ownership Interest 2017 % | Effective Ownership Interest 2016 % |
|---|---|---|---|---|
| ***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 |
| 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 | 100 |
| OGPC O & G Sdn. Bhd. | Malaysia | Sale of oil and gas related equipment, provision of engineering and technical support services for the oil and gas industry. | 100 | 100 |

^ *The subsidiaries interest are held under Forward Energy Sdn. Bhd.*
\# *This subsidiary was audited by other firm of chartered accountants.*
\+ *This Company has been placed under members' voluntary liquidation during the year and no audit report was issued for financial year ended 31 December 2017. The result of this Company (prior to liquidation) is consolidated using management accounts.*

The Company assessed the recoverable amount of the investments in the subsidiaries and determined that no additional impairment loss is required as the recoverable amount is higher than the carrying amount. The recoverable amount of the cash-generating unit is determined using the fair value less costs to sell approach, and this is derived from the net assets position of the respective subsidiaries as at end of the reporting period.

## 6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### Non-controlling interests in subsidiaries

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

| | 2017 RM'000 | 2016 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% |
| - DNeX GIS Sdn. Bhd. | 59.00% | - |
| - DNeX Telco Services Sdn. Bhd. | 49.00% | - |
| - DNeX Imizu Sdn. Bhd. | 45.00% | - |
| Carrying amount of NCI | (2,548) | (1,884) |
| Loss allocated to NCI | (1,408) | (1,517) |

### 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 | |
|---|---|---|---|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| **As at 31 December** | | | | | | | | |
| Non-current assets | 2,046 | 232 | 300 | 610 | 27,754 | 12,697 | 4,233 | 4,676 |
| Current assets | 38,271 | 23,896 | 5,052 | 3,592 | 9,040 | 4,876 | 1,093 | 1,180 |
| Current liabilities | (37,565) | (24,187) | (1,743) | (1,538) | (45,365) | (22,192) | (10,561) | (8,498) |
| Net assets/(liabilities) | 2,752 | (59) | 3,609 | 2,664 | (8,571) | (4,619) | (5,235) | (2,642) |
| **Year ended 31 December** | | | | | | | | |
| Revenue | 30,196 | 34,079 | 2,889 | 2,019 | 4,355 | 2,190 | - | - |
| Profit/(Loss) for the year | 2,812 | 1,398 | 944 | 189 | (4,752) | (7,172) | (2,051) | (2,038) |
| Total comprehensive income/(loss) | 2,812 | 1,398 | 944 | 189 | (4,752) | (7,172) | (2,594) | (2,622) |
| Net cash flows used in operating activities | (6,967) | (10,781) | (797) | (409) | (13,742) | (2,601) | (1,738) | (1,852) |
| Net cash flows used in investing activities | (1,880) | (260) | (20) | (92) | (6,452) | (670) | - | (1,246) |
| Net cash flows generated from/ (used in) financing activities | 8,794 | 11,072 | 219 | (1,215) | 17,768 | 3,309 | 1,738 | 2,818 |

## 6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

**Summarised financial information before intra-group elimination (continued)**

| | DNeX GIS Sdn. Bhd. | | DNeX Telco Services Sdn. Bhd. | | DNeX Imizu Sdn. Bhd. | |
|---|---|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| **As at 31 December** | | | | | | |
| Non-current assets | - | - | - | - | 5 | - |
| Current assets | 99 | - | 1,046 | - | 1,566 | - |
| Current liabilities | (2) | - | (1,697) | - | (1,960) | - |
| Net assets/(liabilities) | 97 | - | (651) | - | (389) | - |
| **Year ended 31 December** | | | | | | |
| Revenue | - | - | - | - | 13 | - |
| Loss for the year | (3) | - | (1,651) | - | (489) | - |
| Total comprehensive loss | (3) | - | (1,651) | - | (489) | - |
| Net cash flows used in operating activities | (1) | - | (2,609) | - | (2,028) | - |
| Net cash flows used in investing activities | - | - | - | - | (5) | - |
| Net cash flows generated from financing activities | 2 | - | 2,616 | - | 2,033 | - |

## 7. INVESTMENTS IN ASSOCIATES

| | Group | |
|---|---|---|
| | 2017 RM'000 | Restated 2016 RM'000 |
| At carrying amount | | |
| Unquoted shares | | |
| - outside Malaysia | | |
| - at cost | 41,955 | 41,955 |
| - share of pre-acquisition gain of excess fair value | 88,954 | 88,954 |
| Share of post-acquisition profits | 50,631 | 28,431 |
| Share of post-acquisition other comprehensive income | (5,880) | 11,036 |
| | 175,660 | 170,376 |

## 7. INVESTMENTS IN ASSOCIATES

Details of the associates are as follows:

| Name of associate | Principal place of business/ country of incorporation | Principal activities | Effective Ownership Interest 2017 % | Effective Ownership Interest 2016 % |
|---|---|---|---|---|
| Ping Petroleum Limited | Bermuda | Exploration, development and production of crude oil and natural gas. | 30 | 30 |

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 2017 RM'000 | Ping Petroleum Limited Restated 2016 RM'000 |
|---|---|---|
| **Group**<br>**Summarised financial information**<br>**As at 31 December** | | |
| Non-current assets | 1,121,023 | 1,255,927 |
| Current assets | 181,088 | 194,724 |
| Non-current liabilities | (667,265) | (782,313) |
| Current liabilities | (49,313) | (100,271) |
| Net assets | 585,533 | 568,067 |
| **Year ended 31 December** | | |
| Revenue | 269,910 | 114,169 |
| Profit for the year | 74,001 | 94,770 |
| **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 | 175,660 | 170,376 |
| **Group's share of results for the year ended 31 December** | | |
| Group's share of profit for the year | 22,200 | 28,431 |
| 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 | - | 88,954 |
| Group's share of other comprehensive income | (16,916) | 11,036 |
| Group's share of total comprehensive income | 5,284 | 128,421 |

## 8. OTHER INVESTMENTS

| | Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Unquoted shares outside Malaysia, at cost | 4,233 | 4,674 |

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 | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| At cost | | |
| Trading merchandise in transit | 2,071 | 649 |
| Goods held for resale | 699 | - |
| | 2,770 | 649 |
| Recognised in profit or loss: | | |
| Inventories recognised as cost of sales | 39,028 | 16,855 |

## 10. TRADE AND OTHER RECEIVABLES

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| **Trade** | | | | | |
| Trade receivables | | 61,951 | 53,493 | - | - |
| Less: Impairment loss | | (5,459) | (5,130) | - | - |
| | | 56,492 | 48,363 | - | - |
| Unbilled receivables | 10.1 | 12,812 | - | - | - |
| Advances to suppliers | 10.2 | 2,978 | 5,256 | - | - |
| | | 72,282 | 53,619 | - | - |

## 10. TRADE AND OTHER RECEIVABLES (CONTINUED)

| | Note | Group 2017 RM'000 | Group 2016 RM'000 | Company 2017 RM'000 | Company 2016 RM'000 |
|---|---|---|---|---|---|
| **Non-trade** | | | | | |
| Other receivables | 10.3 | 17,535 | 6,108 | 708 | 911 |
| Less: Impairment loss | | (520) | (520) | (406) | (406) |
| | | 17,015 | 5,588 | 302 | 505 |
| Deposits | 10.4 | 13,241 | 4,851 | 348 | 347 |
| Prepayments | | 3,385 | 4,552 | 17 | 47 |
| | | 33,641 | 14,991 | 667 | 899 |
| | | 105,923 | 68,610 | 667 | 899 |

10.1 Unbilled receivables represent services provided but not yet billed.

10.2 The amount owing will be recovered against future purchases from the suppliers.

10.3 Included in other receivables of the Group is a grant receivable of RM6,371,000 (2016: Nil) from a government agency.

10.4 Included in deposits of the Group is a cash collateral of RM7,485,447 (2016: RM2,257,713) paid for the hardware, operating and maintenance of the Vehicle Entry Permit and Road Charge (VEP & RC) contracts.

Included in deposits of the Group is an amount of RM1,000,000 (2016: RM956,000) paid for the acquisitions of investments.

## 11. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

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

| | Company 2017 RM'000 | Company 2016 RM'000 |
|---|---|---|
| Amount due from subsidiaries | | |
| - Non-trade | 71,173 | 87,249 |
| Less: Impairment loss | (10,876) | (10,876) |
| | 60,297 | 76,373 |
| Amount due to subsidiaries | | |
| - Trade | (40) | (13) |
| - Non-trade | (553) | (11,618) |
| | (593) | (11,631) |

## 11. AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONTINUED)

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

Certain inter-company advances bear interest at 4% (2016: 4%) per annum with no fixed repayment terms.

Accumulated impairment losses relate to subsidiaries that were suffering continuous financial losses as at the end of the reporting period.

## 12. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| **Current** | | | | |
| Deposits with licensed banks | 31,249 | 43,646 | - | 8,678 |
| Cash and bank balances | 20,585 | 28,637 | 1,145 | 2,563 |
| | 51,834 | 72,283 | 1,145 | 11,241 |

Included in cash and cash equivalents of the Group are:

i) Bank balance of RM185,000 (2016: Nil) held in a Sinking Fund Account and is pledged to a licensed bank for credit facilities.

ii) Included in deposits with licensed banks of the Group is an amount of RM6,956,000 (2016: RM5,654,000) which is pledged to a licensed bank for credit facilities.

## 13. CAPITAL AND RESERVES

**Share capital**

| | Group and Company | | | |
|---|---|---|---|---|
| | Amount 2017 RM'000 | Number of shares 2017 '000 | Amount 2016 RM'000 | Number of shares 2016 '000 |
| Authorised: | | | | |
| Ordinary shares of RM0.20 each | N/A | N/A | 2,000,000 | 10,000,000 |
| Issued and fully paid: | | | | |
| Ordinary shares with no par value (2016: Par value of RM0.20 each) | | | | |
| At 1 January | 346,578 | 1,732,891 | 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 |
| - Employee share option scheme | 6,924 | 22,481 | - | - |
| At 31 December | 353,502 | 1,755,372 | 346,578 | 1,732,891 |

## 13. CAPITAL AND RESERVES (CONTINUED)

*N/A – Not applicable pursuant to the Companies Act 2016 which came into operation on 31 January 2017 as disclosed in item (b) below.*

(a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

(b) The new Companies Act 2016 ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

**Warrant reserve**

On 1 August 2016, the warrant reserve arose from the following:

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

ii) a special issue of 130,000,000 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 salient features of the Warrants are as follows:

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

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

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

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

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

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

| | Entitlement for ordinary shares | | | |
|---|---|---|---|---|
| | At 1.1.2017 | Issued | Exercised | At 31.12.2017 |
| Number of unexercised Warrants | 711,396,809 | - | - | 711,396,809 |

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

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

## 13. CAPITAL AND RESERVES (CONTINUED)

### Share option reserve

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

At an extraordinary general meeting held on 27 January 2016, the Company's shareholders approved the establishment of an Employee Share Option Scheme (ESOS) of up to 5% of the issued and paid-up share capital of the Company, to eligible Directors and employees of the Company and of its subsidiaries ("Eligible Persons"). A total of 38,912,800 ESOS options were offered to Eligible Persons as defined in the ESOS By-Laws to subscribe for new ordinary shares in the Company under its ESOS. On 14 September 2016, the Group granted share options to qualified employees and Executive Directors to purchase shares in the Company.

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

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

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

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

| | | Number of options over ordinary shares | | | |
|---|---|---|---|---|---|
| **Date of offer** | **Exercise price** | **At 1.1.2017** | **Exercised** | **Forfeited** | **At 31.12.2017** |
| 14 September 2016 | RM0.245 | 38,891,900 | (22,480,786) | (169,700) | 16,241,414 |

The fair values of the share options granted were estimated using the Binomial Option pricing model, taking into account the terms and conditions upon which the options were granted. The fair values of the share options measured at grant date and the assumptions used are as follows:

| | |
|---|---|
| Fair value of share options at the grant date | RM0.063 |
| Weighted average ordinary share price | RM0.275 |
| Exercise price of share option | RM0.245 |
| Expected volatility | 39.85% |
| Expected life | 5 years |
| Risk free rate | 3.25% |
| Expected dividend yield | 11.13% |

### Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations and 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 | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Property, plant and equipment, intangible assets | - | - | (9,249) | (12,056) | (9,249) | (12,056) |
| Net deferred tax assets/(liabilities) | - | - | (9,249) | (12,056) | (9,249) | (12,056) |

### Movement in temporary differences during the year

| Group | At 1.1.2016 RM'000 | Recognised in profit or loss (Note 22) RM'000 | Arising from business combinations RM'000 | At 31.12.2016 RM'000 | Recognised in profit or loss (Note 22) RM'000 | At 31.12.2017 RM'000 |
|---|---|---|---|---|---|---|
| Property, plant and equipment, intangible assets | (681) | 681 | (12,056) | (12,056) | 2,807 | (9,249) |
| Provisions | 181 | (181) | - | - | - | - |
| Other items | (158) | 158 | - | - | - | - |
| | (658) | 658 | (12,056) | (12,056) | 2,807 | (9,249) |

Deferred tax assets/(liabilities) have not been recognised in respect of the following items:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | Restated 2016 RM'000 | 2017 RM'000 | Restated 2016 RM'000 |
| Unutilised tax losses | 10,932 | 9,779 | - | - |
| Unabsorbed capital allowances | 15,194 | 10,300 | - | 204 |
| Property, plant and equipment, intangible assets | (8,777) | (7,187) | (58) | (99) |
| Provisions | 3,380 | 2,968 | 406 | 406 |
| Others | 12 | 2,789 | - | - |
| | 20,741 | 18,649 | 348 | 511 |
| Unrecognised deferred tax assets | 4,978 | 4,475 | 84 | 123 |

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 | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| **Non-current** | | |
| Term loan | 18,680 | - |
| **Current** | | |
| Term loan | 1,320 | - |
| | 20,000 | - |

The term loan is secured and repayable in installment over an installments period of 10 years and subject to a Base Financing Rate minus 1.25% per annum.

## 17. TRADE AND OTHER PAYABLES

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2017 RM'000 | Restated 2016 RM'000 | 2017 RM'000 | Restated 2016 RM'000 |
| **Trade** | | | | | |
| Trade payables | | 13,501 | 9,380 | - | - |
| **Non-trade** | | | | | |
| Other payables and accrued expenses | 17.1 | 30,530 | 25,142 | 3,761 | 3,799 |
| Dividend payable | | - | 8,674 | - | 8,674 |
| Interest payable | | | | | |
| - Borrowing | | 82 | - | - | - |
| | | 30,612 | 33,816 | 3,761 | 12,473 |
| | | 44,113 | 43,196 | 3,761 | 12,473 |

17.1 Included in other payables of the Group is an amount of RM3,160,077 (2016: Nil) for operating and maintaining the VEP & RC system.

Included in other payables of the Group is an amount of RM10,269,000 (2016: Nil) for purchase of directional drilling machines.

## 18. REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Sale of customised equipment | 70,804 | 70,336 | - | - |
| Rendering of services | 133,134 | 108,119 | - | - |
| Gross dividend income from: | | | | |
| - subsidiaries | - | - | 39,238 | 44,823 |
| | 203,938 | 178,455 | 39,238 | 44,823 |

## 19. OTHER OPERATING INCOME

Included in other operating income are the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Bad debts recovered | 58 | 52 | - | - |
| Gain on disposal of property, plant and equipment | 138 | - | - | - |
| Gain on foreign exchange: | | | | |
| - realised | 22 | 198 | - | 4 |
| - unrealised | - | 511 | - | - |
| Management fee | - | - | 14,922 | 11,129 |
| Rental income | 32 | 286 | - | 15 |
| Reversal of impairment loss: | | | | |
| - trade receivables | 86 | 621 | - | - |
| - other receivables | - | 50 | - | - |

## 20. FINANCE COSTS/(INCOME)

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Finance charges on: | | | | |
| Borrowing | 568 | 743 | - | - |
| Advances from subsidiaries | - | - | 253 | 770 |
| Others | 126 | 147 | - | - |
| | 694 | 890 | 253 | 770 |
| Finance income: | | | | |
| Investment in deposits placed with licensed bank and short-term investments | (1,213) | (233) | (154) | (11) |
| Advances to subsidiaries | - | - | (2,737) | (1,648) |
| | (1,213) | (233) | (2,891) | (1,659) |

## 21. PROFIT BEFORE TAX

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Profit before tax is arrived at after charging: | | | | |
| Amortisation of intangible assets | 6,810 | 3,715 | - | - |
| Auditors' remuneration:- | | | | |
| - audit fees | | | | |
| - Crowe Horwath in Malaysia | 319 | 291 | 110 | 108 |
| - local affiliate of Crowe Horwath in Malaysia | 18 | 18 | - | - |
| - other auditors | - | 2 | - | - |
| - non-audit fees | | | | |
| - Crowe Horwath in Malaysia | 115 | 215 | 15 | 110 |
| Bad debts written off | - | 87 | - | 87 |
| Depreciation of property, plant and equipment | 6,429 | 6,039 | 59 | 106 |
| Directors' remuneration | 5,929 | 4,283 | 5,775 | 4,221 |
| Impairment loss of:- | | | | |
| - investments in subsidiaries | - | - | - | 2,895 |
| - trade receivables | 415 | 3,250 | - | - |
| - other receivables | - | 369 | - | 369 |
| - amount due from subsidiaries | - | - | - | 10,876 |
| Loss on disposal of property, plant and equipment | - | 4 | - | - |
| Personnel expenses:- | | | | |
| - contributions to Employees Provident Fund | 4,605 | 3,631 | 442 | 488 |
| - wages, salaries and others | 43,742 | 33,284 | 5,390 | 4,010 |
| - termination benefits | 36 | 220 | - | - |
| - share options expenses | - | 2,415 | - | 723 |
| Realised loss on foreign exchange | 145 | 102 | - | - |
| Rental of premises | 3,875 | 3,492 | - | - |
| Rental of site and equipment | 628 | 201 | 25 | 26 |
| Rental of storage and others | 90 | 103 | 35 | 42 |
| Unrealised loss on foreign exchange | 45 | 247 | 6 | 217 |

## 22. TAX EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | Restated 2016 RM'000 | 2017 RM'000 | Restated 2016 RM'000 |
| ***Recognised in profit or loss*** | | | | |
| **Current tax expense** | | | | |
| - Current year | 13,402 | 14,470 | - | 4,726 |
| - Under provision in prior year | 305 | 291 | - | 1 |
| Total current tax expense | 13,707 | 14,761 | - | 4,727 |
| Deferred tax expense (Note 15) | | | | |
| - Current year | (2,807) | - | - | - |
| - Over provision in prior year | - | (658) | - | - |
| Total deferred tax expense | (2,807) | (658) | - | - |
| Total tax expense | 10,900 | 14,103 | - | 4,727 |
| *Reconciliation of tax expense* | | | | |
| Net profit after tax | 55,191 | 120,213 | 41,614 | 23,934 |
| Total tax expense | 10,900 | 14,103 | - | 4,727 |
| Zakat payment | 500 | 450 | - | - |
| Net profit excluding tax and Zakat | 66,591 | 134,766 | 41,614 | 28,661 |
| Income tax using Malaysian tax rate of 24% (2016: 24%) | 15,982 | 32,344 | 9,987 | 6,879 |
| Income not subject to tax | (1,861) | (1,288) | (10,591) | (11,349) |
| Expenses not deductible for tax purposes | 1,545 | 7,924 | 643 | 9,140 |
| Share of results in associates | (5,328) | (28,172) | - | - |
| Tax exempt income due to pioneer status | (239) | (53) | - | - |
| Effect of unrecognised deferred tax assets | 1,237 | 3,901 | - | 56 |
| Recognition of previously unrecognised deferred tax assets | (734) | (284) | (39) | - |
| Effects of differential in tax rate of subsidiary | (7) | 98 | - | - |
| | 10,595 | 14,470 | - | 4,726 |
| Under provision of tax expense in prior year | 305 | 291 | - | 1 |
| Over provision of deferred tax expense in prior year | - | (658) | - | - |
| Total tax expense | 10,900 | 14,103 | - | 4,727 |

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 2017 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

| | Group | |
|---|---|---|
| | 2017 | Restated 2016 |
| Profit for the year attributable to owners of the Company (RM'000) | 56,599 | 121,730 |
| Weighted average number of ordinary shares (in'000): | | |
| Ordinary shares at 1 January | 1,732,892 | 775,245 |
| Effect of new ordinary shares issued | 14,377 | - |
| 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 |
| | 1,747,269 | 1,164,246 |
| Basic earnings per ordinary share (sen) | 3.24 | 10.45 |

### Diluted earnings per ordinary share

| | Group | |
|---|---|---|
| | 2017 | Restated 2016 |
| Profit for the year attributable to owners of the Company for diluted earnings per ordinary share computation (RM'000) | 56,599 | 121,730 |
| Weighted average number of ordinary shares for basic earnings per ordinary share (in'000) | 1,747,269 | 1,164,246 |
| Shares deemed to be issued for no consideration: | | |
| - exercise of Warrants* | - | - |
| - exercise of share options | 24,123 | - |
| Weighted average number of ordinary shares for diluted earnings per ordinary share computation | 1,771,392 | 1,164,246 |
| Diluted earnings per ordinary share (sen) | 3.20 | 10.45 |

* The potential conversion of Warrants is anti-dilutive as its exercise price is higher than the average market price of the Company's ordinary shares during the current financial year. Accordingly, the exercise of Warrants has been ignored in the calculation of dilutive earnings per ordinary share.

## 24. DIVIDENDS

Dividends recognised by the Company:

| | Sen per share | Total amount RM'000 | Date of payment |
|---|---|---|---|
| **2017** | | | |
| Interim 2017 ordinary | 0.5 | 8,766 | 2 October 2017 |
| **2016** | | | |
| 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/INCORPORATION OF SUBSIDIARIES

During the financial year, the Group acquired/incorporated:

(i) a 100% equity interest in MyCall Gateway Sdn. Bhd. ("MyCall") comprising 2 ordinary shares for a total cash consideration of RM2.

(ii) a 51% equity interest in DNeX Telco Services Sdn. Bhd. ("DNeX Telco") comprising 1,000,000 ordinary shares for a total cash consideration of RM510,000 which represents 51% issued and paid up capital of DNeX Telco. The non-controlling interests of DNeX Telco are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

(iii) a 100% equity interest in Global Market eCommerce Sdn. Bhd. ("GMEC") comprising 2 ordinary shares for a total cash consideration of RM2.

(iv) a 55% equity interest in DNeX Imizu Sdn. Bhd. ("DNeX Imizu") comprising 100,000 ordinary shares for a total cash consideration of RM55,000 which represents 55% issued and paid up capital of DNeX Imizu. The non-controlling interests of DNeX Imizu are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

(v) a 51% equity interest in DNeX GIS Sdn. Bhd. ("DNeX GIS") comprising 100,000 ordinary shares for a total cash consideration of RM51,000 which represents 51% issued and paid up capital of DNeX GIS. The non-controlling interests of DNeX GIS are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

## 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 in trade facilitation services, providing of cyber security solutions, managed services, project fulfilment, assets maintenance and contact centres, research and development, design, manufacturing and trading of radio-frequency technology.

**(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<br>2017 | Information Technology RM'000 | Energy RM'000 | Corporate RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|
| ***Business segments*** | | | | | |
| Revenue from external customers | 140,193 | 63,745 | - | - | 203,938 |
| Inter-segment revenue | 2,107 | - | 39,238 | (41,345) | - |
| **Total revenue** | 142,300 | 63,745 | 39,238 | (41,345) | 203,938 |
| **Segment result** | | | | | |
| Profit/(Loss) from operations | 43,831 | 303 | 38,976 | (39,238) | 43,872 |
| Finance costs | (527) | (2,816) | (253) | 2,902 | (694) |
| Finance income | 462 | 597 | 2,891 | (2,737) | 1,213 |
| Share of results in associates, net of tax | - | 22,200 | - | - | 22,200 |
| Profit before tax | 43,766 | 20,284 | 41,614 | (39,073) | 66,591 |
| Zakat | | | | | (500) |
| Tax expense | | | | | (10,900) |
| Net profit after tax | | | | | 55,191 |
| Attributable to: | | | | | |
| Owners of the Company | | | | | 56,599 |
| Non-controlling interests | | | | | (1,408) |
| **Profit for the year** | | | | | 55,191 |
| **Segment assets** | 181,787 | 368,588 | 311,628 | (359,136) | 502,867 |
| **Segment liabilities** | 103,649 | 83,484 | 7,715 | (116,338) | 78,510 |
| Capital expenditure | 24,512 | 17,847 | - | - | 42,359 |
| Depreciation and amortisation | 3,960 | 9,220 | 59 | - | 13,239 |
| Impairment loss: | | | | | |
| - trade receivables | 415 | - | - | - | 415 |
| Reversal of impairment loss: | | | | | |
| - trade receivables | (83) | (3) | - | - | (86) |

## 26. OPERATING SEGMENTS (CONTINUED)

| Business segment<br>Restated 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) | 33,376 | (34,842) | 18,038 |
| Finance costs | (517) | (373) | (770) | 770 | (890) |
| Finance income | 178 | 44 | 1,659 | (1,648) | 233 |
| Share of results in associates, net of tax | - | 117,385 | - | - | 117,385 |
| Profit before tax | 31,423 | 104,798 | 34,265 | (35,720) | 134,766 |
| Zakat | | | | | (450) |
| Tax expense | | | | | (14,103) |
| Net profit after tax | | | | | 120,213 |
| Attributable to: | | | | | |
| Owners of the Company | | | | | 121,730 |
| Non-controlling interests | | | | | (1,517) |
| **Profit for the year** | | | | | 120,213 |
| **Segment assets** | 119,023 | 353,460 | 293,023 | (315,672) | 449,834 |
| **Segment liabilities** | 58,024 | 96,616 | 27,831 | (121,795) | 60,676 |
| Capital expenditure | 4,933 | 773 | 315 | - | 6,021 |
| Depreciation and amortisation | 4,602 | 5,046 | 106 | - | 9,754 |
| Impairment loss: | | | | | |
| - investments 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)

### Geographical segment

No geographical segment information has been prepared as all the business operations of the Group are located in Malaysia.

### Major customers

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

| | Revenue | | Segment |
|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | |
| Customer A | 33,661 | 33,910 | Information Technology |
| Customer B | 30,196 | 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** | | | | |
| **2017** | | | | |
| Other investments | 4,233 | - | - | 4,233 |
| Trade and other receivables (excluding prepayments and advances) | 99,560 | 99,560 | - | - |
| Cash and cash equivalents | 51,834 | 51,834 | - | - |
| | 155,627 | 151,394 | - | 4,233 |
| **2016** | | | | |
| Other investments | 4,674 | - | - | 4,674 |
| Trade and other receivables (excluding prepayments and advances) | 58,802 | 58,802 | - | - |
| Cash and cash equivalents | 72,283 | 72,283 | - | - |
| | 135,759 | 131,085 | - | 4,674 |

## 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** | | | | |
| **2017** | | | | |
| Trade and other receivables (excluding prepayments and advances) | 650 | 650 | - | - |
| Amount due from subsidiaries | 60,297 | 60,297 | - | - |
| Cash and cash equivalents | 1,145 | 1,145 | - | - |
| | 62,092 | 62,092 | - | - |
| **2016** | | | | |
| Trade and other receivables (excluding prepayments and advances) | 852 | 852 | - | - |
| Amount due from subsidiaries | 76,373 | 76,373 | - | - |
| Cash and cash equivalents | 11,241 | 11,241 | - | - |
| | 88,466 | 88,466 | - | - |

| Financial liabilities | Carrying amount RM'000 | OL RM'000 |
|---|---|---|
| **Group** | | |
| **2017** | | |
| Trade and other payables (excluding deferred income) | 43,513 | 43,513 |
| Borrowing | 20,000 | 20,000 |
| | 63,513 | 63,513 |
| **Restated 2016** | | |
| Trade and other payables (excluding deferred income) | 42,596 | 42,596 |
| **Company** | | |
| **2017** | | |
| Trade and other payables (excluding deferred income) | 3,761 | 3,761 |
| Amount due to subsidiaries | 593 | 593 |
| | 4,354 | 4,354 |
| **Restated 2016** | | |
| Trade and other payables (excluding deferred income) | 12,473 | 12,473 |
| Amount due to subsidiaries | 11,631 | 11,631 |
| | 24,104 | 24,104 |

## 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 and advances) as at the end of the reporting period by geographical region was:

| | Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Domestic | 98,527 | 58,343 |
| Republic of Korea | 843 | 301 |
| Singapore | - | 75 |
| Switzerland | - | 61 |
| United Arab Emirates | - | 22 |
| India | 190 | - |
| | 99,560 | 58,802 |

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### 27.3 Credit risk (continued)

**Receivables (continued)**

*Impairment losses*

The ageing of receivables (excluding prepayments and advances) as at the end of the reporting period was:

| | Net | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| **Group** | | |
| Not past due | 81,135 | 48,400 |
| Past due 31 - 60 days | 7,017 | 5,729 |
| Past due 61 - 90 days | 3,310 | 1,405 |
| Past due more than 90 days | 8,098 | 3,268 |
| | 99,560 | 58,802 |
| **Company** | | |
| Not past due | 650 | 852 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| At 1 January | 5,650 | 1,453 | 406 | 140 |
| Acquisition through business combinations | - | 1,352 | - | - |
| Impairment loss recognised | 415 | 3,619 | - | 369 |
| Impairment loss reversed | (86) | (671) | - | - |
| Impairment loss written off | - | (103) | - | (103) |
| At 31 December | 5,979 | 5,650 | 406 | 406 |

**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.

*Impairment losses*

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### 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 | > 5 years RM'000 |
|---|---|---|---|---|---|---|
| **2017** | | | | | | |
| *Non-derivative financial liabilities* | | | | | | |
| Trade and other payables (excluding deferred income) | 43,513 | - | 43,513 | 43,513 | - | - |
| Borrowing | 20,000 | 5.50 | 26,062 | 2,171 | 10,418 | 13,473 |
| | 63,513 | | 69,575 | 45,684 | 10,418 | 13,473 |
| **Restated 2016** | | | | | | |
| *Non-derivative financial liabilities* | | | | | | |
| Trade and other payables (excluding deferred income) | 42,596 | - | 42,596 | 42,596 | - | - |
| **Company** | | | | | | |
| **2017** | | | | | | |
| *Non-derivative financial liabilities* | | | | | | |
| Trade and other payables (excluding deferred income) | 3,761 | - | 3,761 | 3,761 | - | - |
| Amount due to subsidiaries | 593 | - | 593 | 593 | - | - |
| | 4,354 | | 4,354 | 4,354 | - | - |
| **Restated 2016** | | | | | | |
| *Non-derivative financial liabilities* | | | | | | |
| Trade and other payables (excluding deferred income) | 12,473 | - | 12,473 | 12,473 | - | - |
| Amount due to subsidiaries | 11,631 | - | 11,631 | 11,631 | - | - |
| | 24,104 | | 24,104 | 24,104 | - | - |

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### 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.

*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:

| | Denominated in | | | | |
|---|---|---|---|---|---|
| **Group** | **USD RM'000** | **Euro RM'000** | **GBP RM'000** | **SGD RM'000** | **Total RM'000** |
| **2017** | | | | | |
| Balances recognised in the statement of financial position | | | | | |
| Other investments | 4,233 | - | - | - | 4,233 |
| Trade and other receivables | 5,562 | 5 | 1,112 | 570 | 7,249 |
| Cash and cash equivalents | 296 | 161 | 895 | - | 1,352 |
| Trade and other payables | (13,680) | (1,091) | (3,164) | (304) | (18,239) |
| **Net exposure** | (3,589) | (925) | (1,157) | 266 | (5,405) |
| **2016** | | | | | |
| Balances recognised in the statement of financial position | | | | | |
| Other investments | 4,674 | - | - | - | 4,674 |
| Trade and other receivables | 7,521 | 258 | 6,577 | - | 14,356 |
| Cash and cash equivalents | 2,051 | 1,680 | 3,757 | - | 7,488 |
| Trade and other payables | (3,585) | (736) | (4,211) | (252) | (8,784) |
| **Net exposure** | 10,661 | 1,202 | 6,123 | (252) | 17,734 |

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### 27.5 Market risk (continued)

#### 27.5.1 Foreign currency risk (continued)

*Exposure to foreign currency risk (continued)*

| Company | Denominated in USD | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Balances recognised in the statement of financial position | | |
| Cash and cash equivalents | 13 | 33 |
| Net exposure | 13 | 33 |

*Currency risk sensitivity analysis*

A 10% (2016: 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 | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| USD | 273 | (810) | (1) | (3) |
| Euro | 70 | (91) | - | - |
| GBP | 88 | (465) | - | - |
| SGD | (20) | 19 | - | - |

A 10% (2016: 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 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.

## 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 | > 5 years RM'000 |
|---|---|---|---|---|---|
| **2017** | | | | | |
| **Fixed rate instruments** | | | | | |
| Deposits with licensed banks | 2.45 - 3.10 | 31,249 | 31,249 | - | - |
| **Floating rate instruments** | | | | | |
| Borrowing | 5.50 | (20,000) | (1,320) | (7,327) | (11,353) |
| **2016** | | | | | |
| **Fixed rate instruments** | | | | | |
| Deposits with licensed banks | 2.50 - 3.50 | 43,646 | 43,646 | - | - |

#### 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:

| | | 2017 | | 2016 | |
|---|---|---|---|---|---|
| Group | Note | Carrying amount RM'000 | Fair value RM'000 | Carrying amount RM'000 | Fair value RM'000 |
| Other investments | 8 | 4,233 | # | 4,674 | # |
| Borrowing | 16 | (20,000) | (20,000) | - | - |

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### 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 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Group** | **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** |
| **2017** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Other investments: | | | | | | | | | | |
| - unquoted shares | - | - | - | - | - | - | - | - | # | 4,233 |
| **Financial liabilities** | | | | | | | | | | |
| Borrowing | - | - | - | - | - | (20,000) | - | (20,000) | (20,000) | (20,000) |
| **2016** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Other investments: | | | | | | | | | | |
| - unquoted shares | - | - | - | - | - | - | - | - | # | 4,674 |

# 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. (2016: 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.

## 28. CAPITAL MANAGEMENT (CONTINUED)

The debt-to-equity ratio at the end of the reporting period are as follows:

| | Group | |
|---|---|---|
| | 2017 RM'000 | Restated 2016 RM'000 |
| Total borrowing | 20,000 | - |
| Less: Cash and cash equivalents (Page 104) | (44,693) | (66,629) |
| Net cash | (24,693) | (66,629) |
| Total equity | 424,357 | 389,158 |
| 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 | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Capital commitments: | | |
| Property, plant and equipment | | |
| Authorised and contracted for within one year | 9 | 20,048 |

## 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 | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| **Subsidiary companies** | | | | |
| Management fee income | - | - | 14,922 | 11,129 |
| Dividend income | - | - | 39,238 | 44,823 |
| Purchase of IT products and services | - | - | (25) | (27) |
| **Other related parties*** | | | | |
| Secondment of manpower | 161 | - | - | - |
| Purchase of IT products and services | - | (200) | - | - |

* 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 | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| **Key management personnel compensation** | | | | |
| *Non-executive Directors* | | | | |
| - Fees | 520 | 381 | 456 | 321 |
| - Remuneration | 147 | 45 | 57 | 43 |
| Total short-term benefits | 667 | 426 | 513 | 364 |
| *Executive Directors* | | | | |
| - Remuneration | 3,491 | 2,760 | 3,491 | 2,760 |
| - Short-term employee benefits | | | | |
| - EPF | 606 | 446 | 606 | 446 |
| - Others | 1,165 | 651 | 1,165 | 651 |
| Total short-term employee benefits | 5,262 | 3,857 | 5,262 | 3,857 |
| *Other key management personnel* | | | | |
| - Remuneration | 7,563 | 4,968 | 1,159 | 1,093 |
| - Short-term employee benefits | | | | |
| - EPF | 1,238 | 768 | 218 | 204 |
| - Others | 1,653 | 941 | 378 | 348 |
| Total short-term employee benefits | 10,454 | 6,677 | 1,755 | 1,645 |
| | 16,383 | 10,960 | 7,530 | 5,866 |

## 31. FINANCIAL GUARANTEE CONTRACT

The Company provides corporate guarantee to a licensed bank in relation to a term loan obtained by a subsidiary company during the financial year (Note 16).

## 32. SIGNIFICANT EVENTS

Significant events during and subsequent to the financial year are as follows:-

(i) On 16 May 2017, a subsidiary of the Company had incorporated a subsidiary known as DNeX Telco Services Sdn. Bhd. ("DNeX Telco"). The paid up share capital of DNeX Telco is RM100 comprising 100 ordinary shares. The subsidiary had subscribed for 51% of the issued and paid up share capital of DNeX Telco in cash and the remaining 49% by ZKZ Euphoria Sdn. Bhd.

(ii) On 5 July 2017, a subsidiary of the Company had received a letter of award to undertake the design, engineering, procurement, construction, installation, commissioning and maintenance of up to 100 portable container systems from Petro Teguh (M) Sdn. Bhd. for a total contract sum between RM50,000,000 to RM75,000,000.

(iii) On 16 August 2017, a subsidiary of the Company had incorporated a subsidiary known as DNeX Imizu Sdn. Bhd. ("DNeX Imizu"). The paid up share capital of DNeX Imizu is RM100,000 comprising 100,000 ordinary shares. The subsidiary had subscribed for 55% of the issued and paid up share capital of DNeX Imizu in cash and the remaining 45% by Miresco Integrated Sdn. Bhd.

(iv) On 6 November 2017, a 51% owned subsidiary, DNeX RFID Sdn. Bhd. ("DNeX RFID") received a letter of award to undertake the encryption of RFID vehicle entry permit ("VEP") tag on foreign vehicles.

(v) On 20 December 2017, 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 until 31 August 2019.

(vi) On 25 January 2018, Dagang Net entered into a conditional share Sale and Purchase Agreement ("SPA") with Nuraslina Zainal Abidin for the proposed acquisition of 510,000 ordinary shares, equivalent to 51% of the issued and paid-up share capital of Genaxis Sdn. Bhd. ("Genaxis") for a total consideration of RM10,000,000.

(vii) On 25 January 2018, a subsidiary of the Company had incorporated a subsidiary known as DNeX VMS Sdn. Bhd. ("DNeX VMS"). The paid up share capital of DNeX VMS is RM100,000 comprising 100,000 ordinary shares. The subsidiary had subscribed for 51% of the issued and paid up share capital of DNeX VMS in cash and is in the process of acquiring the remaining 49% equity interest of DNeX VMS.

## 33. PRIOR YEAR ADJUSTMENTS

*Prior year adjustment 1 – Restatement of share of results in associate*

The prior year adjustment relates to the incorrect discount rate of 10% based on weighted average cost of capital ("WACC") used in determining the net present value of the associate's asset retirement obligations ("ARO"). The use of this incorrect rate was considered to be an accounting error. Therefore, a revised discount rate of 4.3% based upon a risk-free approach was adopted to reflect the retrospective restatement.

*Prior year adjustment 2 – Restatement of tax expense*

The prior year adjustment relates to incorrect unutilised tax losses recorded in the previous financial year of approximately RM4,726,000. This amount has been adjusted and represents a correction in the financial statements for the year ended 31 December 2016.

| Group | As previously reported RM'000 | Effects of prior year adjustment 1 RM'000 | Effects of prior year adjustment 2 RM'000 | As restated RM'000 |
|---|---|---|---|---|
| **At 31 December 2016** | | | | |
| **Statement of Financial Position** | | | | |
| Investments in associates | 177,010 | (6,634) | - | 170,376 |
| Tax recoverable | 3,216 | - | (1,000) | 2,216 |
| Translation reserve | 11,811 | (484) | - | 11,327 |
| Retained earnings | 37,044 | (6,150) | (5,863) | 25,031 |
| Trade and other payables | (42,059) | - | (1,137) | (43,196) |
| Tax payable | (1,698) | - | (3,726) | (5,424) |
| **Statement of Profit or Loss and Other Comprehensive Income** | | | | |
| Other operating expenses | (55,112) | - | (1,137) | (56,249) |
| Share of results in associates, net of tax | 123,535 | (6,150) | - | 117,385 |
| Tax expense | (9,377) | - | (4,726) | (14,103) |
| Share of other comprehensive income of associates | 11,520 | (484) | - | 11,036 |

| Company | As previously reported RM'000 | Effects of prior year adjustment 2 RM'000 | As restated RM'000 |
|---|---|---|---|
| **At 31 December 2016** | | | |
| **Statement of Financial Position** | | | |
| Tax recoverable | 1,000 | (1,000) | - |
| Accumulated losses | (83,628) | (5,863) | (89,491) |
| Trade and other payables | (11,336) | (1,137) | (12,473) |
| Tax payable | - | (3,726) | (3,726) |
| **Statement of Profit or Loss and Other Comprehensive Income** | | | |
| Other operating expenses | (28,407) | (1,137) | (29,544) |
| Tax expense | (1) | (4,726) | (4,727) |

## STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act, 2016

In the opinion of the Directors, the financial statements set out on pages 98 to 160 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

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

**Datuk Samsul Husin**

**Rosli Abdullah**

Kuala Lumpur,

Date: 27 February 2018

## STATUTORY DECLARATION

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

I, **Lim Kek Siang**, being the Officer primarily responsible for the financial management of Dagang NeXchange Berhad, do solemnly and sincerely declare that the financial statements set out on pages 98 to 160 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 27 February 2018.

**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 2017 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 98 to 160.

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 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

**Goodwill impairment**
Refer to Note 4 to the financial statements

| KEY AUDIT MATTER | HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER |
|---|---|
| The Group has goodwill of RM48.10 million relating to OGPC Group's cash generating unit ("CGU").<br><br>This is an area of focus given the materiality of the Group's goodwill balances and the inherent subjectivity in impairment testing.<br><br>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:-<br>• Making enquiries of and challenging the Management on the key assumptions made, including:<br>  • the consistent application of management's methodology;<br>  • the achievability of the business plans;<br>  • assumptions in relation to terminal growth in the business at the end of the plan period; and<br>  • revenue growth, operating margin and discount rate.<br>• Evaluating the reasonableness of Management's estimate of expected future cash flows by taking into consideration the past performances of OGPC Group's CGU;<br>• Performing sensitivity analysis to assess the impact on the recoverable amount of the CGU; and<br>• Reviewing the adequacy of disclosure of goodwill in the financial statements. |

**Key Audit Matters (Cont'd)**

**Investments in associates**
Refer to Note 7 to the financial statements

| KEY AUDIT MATTER | HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER |
|---|---|
| **Key Audit Matters in relation to Ping Petroleum Limited ("Ping")**<br><br>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 2017 was RM22.20 million and the Group's share of Ping net assets was RM175.66 million as at 31 December 2017. The amounts noted below are those in the Ping financial statements (i.e. on a 100% basis).<br><br>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:<br><br>i. Revenue recognition<br><br>Ping's revenue amounted to RM269.91 million for the financial year ended 31 December 2017. 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.<br><br>ii. Impairment of intangible assets and equipment ("Upstream Assets")<br><br>The carrying amount of Upstream Assets as at 31 December 2017 was RM1,121.02 million. These Upstream Assets relate to the production fields of the Anasuria Cluster.<br><br>We focused on this area as the recoverability of the carrying amount of the Upstream Assets is dependent upon the future cash flows of the business. Given the current oil price environment, significant degree of Management judgement is involved. | 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.<br><br>In addition, we also communicated with Ping's statutory auditors ("Component Auditor") and discussed their identified audit risk areas.<br><br>Our procedures covers performing an audit for the financial year ended 31 December 2017 to address the audit risk areas:<br><br>• Conducting and understanding the detailed revenue walkthrough tests; and<br>• Performing transaction testing on sampling basis and revenue cut-off to support physical delivery of crude oil and gas sales for the financial year.<br><br>• 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 information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditor's report thereon.

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

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

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

**Responsibilities of Directors for the Financial Statements**

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

**Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Crowe Horwath**
Firm No: AF 1018
Chartered Accountants

**Chan Kuan Chee**
Approval No: 02271/10/2019 J
Chartered Accountant

Kuala Lumpur

27 February 2018

# LIST OF PROPERTIES

| Location | Description | Tenure | Area (sq. feet) | Existing use | Approximate age of building | Fair Value as at 31 December 2017 | 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 | 19 years | RM1,459,818 | 2016 (R) |
| No 1, Jalan Riyal U3/37, iParc3@Shah Alam, 40150 Shah Alam, Selangor | Industry lot | Freehold | 12,012 | Occupied | 5 years | RM4,221,394 | 2016 (R) |
| No 3, Jalan Riyal U3/37, iParc3@Shah Alam, 40150 Shah Alam, Selangor | Industry lot | Freehold | 7,920 | Occupied | 5 years | RM3,536,843 | 2016 (R) |
| Block 10A & 10B, Star Central Corporate Park @ Cyberjaya 63000 Cyberjaya | Corporate office / Retail suites | Freehold | 36,959 | Vacant | 1 year | RM22,487,951 | 2017(A) |

# ISSUED SHARE CAPITAL
as at 30 March 2018

The total number of issued shares of the Company as at 30 March 2018 stood at 1,757,339,178 ordinary shares.

The changes in the number of issued shares from 775,244,683 ordinary shares since 8 October 2009 to 1,757,339,178 ordinary shares as at 30 March 2018 are as set out in the table below:-

| Date of Allotment | Number of Shares Allotted | Consideration | Total Number of Issued Shares |
|---|---|---|---|
| Up to 08.10. 2009 | | | 775,244,683 |
| 01.08.2016 | 465,146,809 | Rights Issue 3 : 5 at an issue price of RM0.21 per share (a) | 1,240,391,492 |
| 01.08.2016 | 98,000,000 | Special Issue Shares at an issue price of RM0.22 per share (b) | 1,338,391,492 |
| 01.08.2016 | 362,500,000 | Consideration Shares at an issue price of RM0.24 per share (c) | 1,700,891,492 |
| 19.08.2016 | 32,000,000 | Special Issue Shares at an issue price of RM0.22 per share (d) | 1,732,891,492 |
| 03.01.2017 | 1,500,000 | Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share | 1,734,391,492 |
| 13.01.2017 | 500,000 | Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share | 1,734,891,492 |
| 06.03.2017 | 330,042 | Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share | 1,735,221,534 |
| 24.03.2017 | 6,210,100 | Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share | 1,741,431,634 |
| 07.04.2017 | 1,735,400 | Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share | 1,743,167,034 |
| 21.04.2017 | 1,411,000 | Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share | 1,744,578,034 |
| 09.05.2017 | 1,770,279 | Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share | 1,746,348,313 |
| 31.05.2017 | 2,111,000 | Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share | 1,748,459,313 |
| 07.06.2017 | 1,310,300 | Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share | 1,749,769,613 |
| 20.06.2017 | 1,191,100 | Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share | 1,750,960,713 |
| 18.07.2017 | 976,800 | Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share | 1,751,937,513 |
| 07.08.2017 | 1,202,100 | Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share | 1,753,139,613 |

| Date of Allotment | Number of Shares Allotted | Consideration | Total Number of Issued Shares |
|---|---|---|---|
| 20.09.2017 | 887,700 | Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share | 1,754,027,313 |
| 11.10.2017 | 385,465 | Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share | 1,754,412,778 |
| 10.11.2017 | 245,100 | Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share | 1,754,657,878 |
| 24.11.2017 | 714,400 | Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share | 1,755,372,278 |
| 11.01.2018 | 133,400 | Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share | 1,755,505,678 |
| 06.03.2018 | 1,833,500 | Exercise of ESOS Option under DNeX ESOS at the subscription price of RM0.245 per share | 1,757,339,178 |

***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 30 March 2018

| | | |
|---|---|---|
| Total Number of Issued Shares | : | 1,757,339,178 |
| Issued Share Capital | : | RM352,477,981.470 |
| Class of Shares | : | Ordinary Shares |
| Number of Shareholders | : | 27,601 |
| 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 | 561 | 6 | 8,566 | 172 | 0.00 | 0.00 |
| 100 to 1,000 shares | 4,489 | 57 | 3,928,550 | 47,770 | 0.22 | 0.00 |
| 1,001 to 10,000 shares | 12,606 | 174 | 68,222,321 | 906,333 | 3.88 | 0.05 |
| 10,001 to 100,000 shares | 8,167 | 135 | 282,611,210 | 5,253,900 | 16.08 | 0.30 |
| 100,001 to less than 5% of issued shares | 1,338 | 65 | 573,238,552 | 92,324,251 | 32.62 | 5.26 |
| 5% and above of issued shares | 3 | 0 | 730,797,553 | 0 | 41.59 | 0.00 |
| **TOTAL** | **27,164** | **437** | **1,658,806,752** | **98,532,426** | **94.39** | **5.61** |

## CLASSIFICATION OF SHAREHOLDERS

| Category | No. of Shares | Percentage (%) | No. of Shareholders | Percentage (%) |
|---|---|---|---|---|
| Individuals | 692,239,053 | 39.39 | 22,806 | 82.63 |
| Nominee Companies | 1,037,022,951 | 59.01 | 4,641 | 16.81 |
| Industrial & Commercial Companies | 16,987,274 | 0.97 | 122 | 0.44 |
| Government Agencies | 202,000 | 0.01 | 3 | 0.01 |
| Banks/Finance Companies | 10,746,900 | 0.61 | 21 | 0.08 |
| Foundation/Investment Trusts/Charities | 141,000 | 0.01 | 8 | 0.03 |
| **TOTAL** | **1,757,339,178** | **100.00** | **27,601** | **100.00** |

## DIRECTORS' INTERESTS IN SHARES IN THE COMPANY

| Name of Directors | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| | No. of Shares | Percentage (%) | No. of Shares | Percentage (%) |
| Tan Sri Abd Rahman Mamat | 0 | 0.00 | 0 | 0.00 |
| Datuk Samsul Husin | 1,000,000 | 0.06 | 285,056,609* | 16.22 |
| Datuk Johar Che Mat | 5,000 | 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 | 363,676,000** | 20.70 |
| Ang Hsin Hsien | 0 | 0.00 | 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 (360,000,000 shares).

# ANALYSIS OF SHAREHOLDINGS
as at 30 March 2018 (continued)

**30 LARGEST SHAREHOLDERS AS AT 30 MARCH 2018**

| No. | Name of Shareholders | No. of Shares | Percentage (%) |
|---|---|---|---|
| 1. | BI Nominees (Tempatan) Sdn Bhd<br>- Arcadia Acres Sdn Bhd | 360,000,000 | 20.49 |
| 2. | Kenanga Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Censof Holdings Berhad | 280,056,609 | 15.94 |
| 3. | Azman Karim | 90,740,944 | 5.16 |
| 4. | Citigroup Nominees (Asing) Sdn Bhd<br>- Exempt An For Citibank New York (Norges Bank 14) | 45,077,400 | 2.57 |
| 5. | Khoo Kok Seng | 13,434,262 | 0.76 |
| 6. | Citigroup Nominees (Asing) Sdn Bhd<br>- CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc | 11,455,308 | 0.65 |
| 7. | RHB Capital Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Fong Loong Tuck (CEB) | 10,600,000 | 0.60 |
| 8. | Citigroup Nominees (Asing) Sdn Bhd<br>- CBNY For DFA Emerging Markets Small Cap Series | 6,814,892 | 0.39 |
| 9. | Maybank Nominees (Tempatan) Sdn Bhd<br>- Ling Soon Hing | 5,630,000 | 0.32 |
| 10. | HSBC Nominees (Asing) Sdn Bhd<br>- Exempt An For Skandinaviska Enskilda Banken AB (UCITS V Swedish) | 5,386,300 | 0.31 |
| 11. | Eashwary A/P Mageswaren | 5,065,440 | 0.29 |
| 12. | Maybank Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Censof Holdings Berhad (51401202116B) | 5,000,000 | 0.28 |
| 13. | Maybank Nominees (Tempatan) Sdn Bhd<br>- Exempt An For Maybank Asset Management Sdn Bhd (Resident ) | 4,912,500 | 0.28 |
| 14. | Derrick Wee Hoe Eng | 4,850,000 | 0.28 |
| 15. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Oon Poh Choo (7000110) | 4,743,000 | 0.27 |
| 16. | Cimsec Nominees (Tempatan) Sdn Bhd<br>- CIMB Bank For Erwin Selvarajah A/L Peter Selvarajah (M53001) | 4,600,000 | 0.26 |
| 17. | Maybank Nominees (Tempatan) Sdn Bhd<br>- Ng Kim Looi | 4,000,200 | 0.23 |
| 18. | Lee Sik Pin | 3,729,000 | 0.21 |
| 19. | Lim Kooi Fui | 3,413,280 | 0.19 |
| 20. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Lim Bee Kua (7000839) | 3,356,000 | 0.19 |
| 21. | Maybank Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Law Teck Peng | 3,280,000 | 0.19 |
| 22. | Amanahraya Trustees Berhad<br>- Amanah Saham Bank Simpanan Nasional | 3,070,000 | 0.18 |
| 23. | Ho Khim Chan | 3,020,000 | 0.17 |
| 24. | Ng Eng Siong | 3,000,000 | 0.17 |
| 25. | Citigroup Nominees (Tempatan) Sdn Bhd<br>- Kumpulan Wang Persaraan (Diperbadankan) (MYBK AM SC E) | 3,000,000 | 0.17 |
| 26. | Maybank Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Celeste Assets Sdn Bhd | 2,951,000 | 0.17 |
| 27. | Abdul Manaf Shariff | 2,930,000 | 0.17 |
| 28. | Ng Chai Hock | 2,870,000 | 0.16 |
| 29. | Public Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Lee Yuen Hon (SRB/PMS) | 2,866,100 | 0.16 |
| 30. | Maybank Nominees (Tempatan) Sdn Bhd<br>- Medical Fund (IFM Maybank) | 2,840,500 | 0.16 |
| | **TOTAL** | **902,692,735** | **51.37** |

## SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 MARCH 2018

| No. | Name of Shareholders | No. of Shares | Percentage (%) |
|---|---|---|---|
| 1. | BI Nominees (Tempatan) Sdn Bhd<br>- Arcadia Acres Sdn Bhd | 360,000,000 | 20.49 |
| 2. | Kenanga Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Censof Holdings Berhad | 280,056,609 | 15.94 |
| 3. | Azman Karim | 90,740,944 | 5.16 |

# ANALYSIS OF WARRANT HOLDINGS

as at 30 March 2018

| | | |
|---|---|---|
| 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 | : | 7,469 |
| 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 | 28 | 0 | 1,422 | 0 | 0.00 | 0.00 |
| 100 to 1,000 | 325 | 2 | 216,761 | 1,600 | 0.03 | 0.00 |
| 1,001 to 10,000 | 2,172 | 22 | 12,434,287 | 142,000 | 1.75 | 0.02 |
| 10,001 to 100,000 | 3,724 | 30 | 156,111,239 | 1,200,900 | 21.94 | 0.17 |
| 100,001 to less than 5% of issued Warrants | 1,141 | 25 | 527,145,480 | 14,143,120 | 74.10 | 1.99 |
| 5% and above of issued Warrants | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| **TOTAL** | **7,390** | **79** | **695,909,189** | **15,487,620** | **97.82** | **2.18** |

## CLASSIFICATION OF WARRANT HOLDERS

| Category | No. of Warrants | Percentage (%) | No. of Warrant holders | Percentage (%) |
|---|---|---|---|---|
| Individuals | 431,129,967 | 60.60 | 5,637 | 75.47 |
| Nominee Companies | 270,152,742 | 37.98 | 1,791 | 23.98 |
| Industrial & Commercial Companies | 4,845,700 | 0.68 | 31 | 0.42 |
| Government Agencies | 0 | 0.00 | 0 | 0.00 |
| Banks/Finance Companies | 5,268,400 | 0.74 | 10 | 0.13 |
| Foundation/Investment Trusts/Charities | 0 | 0.00 | 0 | 0.00 |
| **TOTAL** | **711,396,809** | **100.00** | **7,469** | **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 |
| Datuk Johar Che Mat | 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 |

## 30 LARGEST WARRANT HOLDERS AS AT 30 MARCH 2018

| No. | Name of Warrant holders | No. of Warrants | Percentage (%) |
|---|---|---|---|
| 1. | Kenanga Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Ling Yoke Tek (10MG00001) | 14,600,000 | 2.05 |
| 2. | Nor Aini Mohammad | 11,692,000 | 1.64 |
| 3. | JF Apex Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Rajinder Kaur A/P Piara Singh (Margin) | 10,525,100 | 1.48 |
| 4. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Yap Chee Kheng (8055840) | 9,600,000 | 1.35 |
| 5. | Maybank Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Law Teck Peng | 7,332,200 | 1.03 |
| 6. | Kenanga Nominees (Tempatan) Sdn Bhd<br>- Olivia Lim Shiyun | 7,000,000 | 0.98 |
| 7. | Piara Singh A/L Anokh Singh | 6,000,000 | 0.84 |
| 8. | Fang Choon Ying | 5,300,000 | 0.75 |
| 9. | Goh Chee Meng | 4,275,000 | 0.60 |
| 10. | RHB Capital Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Fong Loong Tuck (CEB) | 3,800,000 | 0.53 |
| 11. | Cimsec Nominees (Tempatan) Sdn Bhd<br>- CIMB Bank For Minhat Mion (MY1530) | 3,763,000 | 0.53 |
| 12. | Maybank Nominees (Tempatan) Sdn Bhd<br>- Tee Gim Yaw | 3,677,000 | 0.52 |
| 13. | RHB Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Chua Meng Keat | 3,600,000 | 0.51 |
| 14. | HLIB Nominees (Tempatan) Sdn Bhd<br>- Hong Leong Bank Bhd For Tee Gim Yaw | 3,590,000 | 0.51 |
| 15. | Lim Chaur Kuan | 3,550,000 | 0.50 |
| 16. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Si Tho Yoke Meng (6000156) | 3,500,000 | 0.49 |
| 17. | Lim Sze Hock | 3,000,000 | 0.42 |
| 18. | Lew Tin Yang @ Leu Ting Yeang | 2,860,000 | 0.40 |
| 19. | Eashwary A/P Mageswaren | 2,672,040 | 0.38 |
| 20. | Maybank Nominees (Asing) Sdn Bhd<br>- Pledged Securities Account For Rustom Framroze Chothia | 2,650,000 | 0.37 |
| 21. | Citigroup Nominees (Tempatan) Sdn Bhd<br>- Exempt An For OCBC Securities Private Limited (Client A/C-R ES) | 2,628,000 | 0.37 |
| 22. | Maybank Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Choo Lee Yoong | 2,598,600 | 0.37 |
| 23. | Ching Eng Seong | 2,500,000 | 0.35 |
| 24. | AmBank (M) Berhad<br>- Pledged Securities Account For Wong Ah Yong (SMART) | 2,500,000 | 0.35 |
| 25. | Lew Tin Yang @ Leu Ting Yeang | 2,500,000 | 0.35 |
| 26. | Maybank Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Mohamed Adzman Mohamed S Ura | 2,500,000 | 0.35 |
| 27. | Loh Wooi Kee | 2,500,000 | 0.35 |
| 28. | Maybank Securities Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account For Fong Kiah Yeow (Margin) | 2,400,000 | 0.34 |
| 29. | Maybank Nominees (Tempatan) Sdn Bhd<br>- Goh Chee Meng | 2,366,100 | 0.33 |
| 30. | Ooi Sow Teck @ Ooi Soon Teik | 2,310,000 | 0.33 |
| | **TOTAL** | **137,789,040** | **19.37** |

# NOTICE OF FORTY EIGHTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Forty Eighth Annual General Meeting ("48th AGM") of Dagang NeXchange Berhad ("DNeX" or the "Company") will be held at the Ballroom 2, Level 1, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 6 June 2018 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 2017 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 (Constitution) and who being eligible offer themselves for re-election:

   (a) Datuk Samsul Husin **Resolution 1**

   (b) Rosli Abdullah **Resolution 2**

   (c) Satria Ahmad **Resolution 3**

3. To re-elect Datuk Johar Che Mat who retires pursuant to Article 99 of the Company's Articles of Association (Constitution) 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 2018: **Resolution 5**

   (a) Directors' fees of RM10,000 per month for the Non-Executive Chairman and 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) Directors' fees of RM4,000 per month for the Non-Executive Chairman of the Board Audit Committee and 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 (Constitution) 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 total number of issued shares of the Company for the time being 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 (Constitution).

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member who shall be entitled to attend this 48th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 55(b) of the Company's Articles of Association (Constitution) and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 31 May 2018. Only a depositor whose name appears on the Record of Depositors as at 31 May 2018 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
30 April 2018

**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 2017**

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 (Constitution)**

8. Article 94 of the Company's Articles of Association (Constitution) 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 (Constitution). The shareholders' approval is sought under Resolutions 1, 2 and 3.

9. Article 99 of the Company's Articles of Association (Constitution) 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. Datuk Samsul Husin, Rosli Abdullah and Satria Ahmad 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 three (3) 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 31, 34 and 37 of the Company's Annual Report for the financial year ended 31 December 2017. The Board, through the NRC had carried out an assessment of the independence of Rosli Abdullah and Satria Ahmad pursuant to the criteria as prescribed by the MMLR and Malaysian Code on Corporate Governance and are satisfied that they meet the criteria for independence. Rosli Abdullah and Satria Ahmad were appointed as Directors on 12 December 2013 and 5 June 2014, respectively and do 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 pay Directors' fees to the Non-Executive Directors on a quarterly basis after the end of each quarter. The Directors' fees and benefits payable to the Non-Executive Directors for the financial year ending 31 December 2018 are based on the existing rates as approved by the shareholders during the 47th Annual General Meeting held on 2 May 2017.

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 48th 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 47th Annual General Meeting ("47th AGM") held on 2 May 2017 and which shall lapse at the conclusion of the 48th AGM.

The proposed Resolution 7 is a renewal of the General Mandate obtained from the shareholders of the Company at the 47th 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 total number of issued shares 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 48th 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 re-election at the 48th 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 48th AGM.

## STATEMENT ACCOMPANYING NOTICE OF THE FORTY EIGHTH ANNUAL GENERAL MEETING ("48TH AGM")

(Pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

**1. DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS**

There is no individual standing for election as directors (excluding directors standing for re-election) at the 48th AGM of the Company.

**2. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016**

Details on the authority to issue and allot shares in the Company pursuant to Section 75 of the Companies Act 2016 are provided under the explanatory notes on special business in the Notice of the 48th AGM set out on page 177 of this Annual Report.

# ADMINISTRATIVE DETAILS

**Date** **6 June 2018**
**Time** **10.00 a.m.**
**Venue** **Ballroom 2, Level 1, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 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 48th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 55(b) of the Company's Articles of Association (Constitution) and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 31 May 2018. Only the depositor whose name appears in the Record of Depositors as at 31 May 2018 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 2017

1. The Annual Report 2017 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 2017, 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

   (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 Eighth Annual General Meeting ("48th AGM") of the Company to be held at the Ballroom 2, Level 1, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 6 June 2018 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 Datuk Samsul Husin who retires by rotation pursuant to Article 94 of the Company's Articles of Association (Constitution) and who being eligible offers himself for re-election. | **Resolution 1** | | |
| 2. | To re-elect Rosli Abdullah who retires by rotation pursuant to Article 94 of the Company's Articles of Association (Constitution) and who being eligible offers himself for re-election. | **Resolution 2** | | |
| 3. | To re-elect Satria Ahmad who retires by rotation pursuant to Article 94 of the Company's Articles of Association (Constitution) and who being eligible offers himself for re-election. | **Resolution 3** | | |
| 4. | To re-elect Datuk Johar Che Mat who retires pursuant to Article 99 of the Company's Articles of Association (Constitution) 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 2018. | **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 ..... 2018

_____
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 (Constitution) and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 31 May 2018. Only a depositor whose name appears on the Record of Depositors as at 31 May 2018 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

**DAGANG NeXCHANGE BERHAD** (10039-P)
Tower 3, Avenue 5
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No. 8 Jalan Kerinchi
59200 Kuala Lumpur

T: (03) 2730 0300
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www.DNeX.com.my